SUNTAR ECO-CITY LIMITED
(Company Registration No. 200613997H)
(Incorporated in the Republic of Singapore)

FURTHER CLARIFICATION ON THE ANNOUNCEMENT OF FOURTH QUARTER AND TWELVE MONTHS ENDED 31 DECEMBER 2019

The Board of Directors (the "**Board**") of Suntar Eco-City Limited (the "**Company**" or together with its subsidiary, the "**Group**") refers to the announcement made by the Company of its Fourth Quarter and Twelve Months ended 31 December 2019 ("**Results Announcement**") released to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 28 February 2020 (Announcement Reference: SG200228OTHRTPQD) and the clarification announcement of Fourth Quarter and Twelve Months ended 31 December 2019 released to the SGX-ST on 7 March 2020 (Announcement Reference: SG200307OTHRIWMC).

The Board wishes to provide the additional information in response to the SGX-ST's Query 3 as follows: -

Query 3:

On page 11 of the Company's FY2019 results, the Company disclosed that "The Group has entered into discussions with North China Pharmaceutical Company (NCPC) regarding the prospects of a potential investment to manufacture and distribute health and nutrition products. NCPC is a well-established Pharmaceutical SOE based in Shijiazhuang, Hebei, that was the first pharmaceutical factory set up during China's First Five Year Plan. NCPC is interested in working with the Group to rebrand and expand its health and nutrition business line in China, South East Asia and beyond. Both parties have entered serious discussions and are aligned strategically. The Group has placed a refundable deposit with a third party, Beijing Property Exchange (北京产权交易有限公司) for the investment to move the process forward."

i. Please provide the background information and shareholders of NCPC;
ii. Please provide details of the potential investment and the consideration amount;
iii. Please disclose when the discussions and negotiations are expected to complete;
iv. Please explain why a deposit was placed when no agreement was signed;
v. Please provide the background information, the date of incorporation and its shareholders;
vi. Please explain why the deposit was placed with Beijing Property Exchange; and
vii. Please disclose its nature of business and how significant its asset base is.

Company's Response to Query 3:

i. Please provide the background information and shareholders of NCPC;

NCPC（华北制药股份有限公司）is a publicly traded company on the Shanghai Stock Exchange with 52.66% of shares held by Jizhong Energy and its subsidiaries(冀中能源集团). Jizhong Energy Group Company Limited is a state-owned company under the administration of the State-owned Assets Supervision and Administration Commission (SASAC) of the Hebei government.

NCPC traces its beginnings to China's First Five-Year Plan in 1953 and has since grown into a pharmaceutical company that employs more than 10,000 people with over RMB18 billion in assets and close to RMB10 billion in revenue. NCPC's main business is in the

R&D, manufacturing, and sales and distribution of its portfolio of chemical drugs, biological medicine, and health and nutrition products. This portfolio of over 700 products includes antibiotics, semi-synthetic antibiotics, pharmaceutical intermediates, synthetic vitamins, biotechnology products, veterinary and neutraceuticals, etc.

ii. Please provide details of the potential investment and the consideration amount;

The potential investment will be part of a capital injection into Huawei (华北制药河北华维健康产业有限公司), currently a wholly owned subsidiary of NCPC focusing on health and nutrition products. Xian Reyphon proposes to inject a total of RMB21.3 million.

iii. Please disclose when the discussions and negotiations are expected to complete;

Discussions and negotiations are expected to be completed in first half of 2020.

iv. Please explain why a deposit was placed when no agreement was signed;

As Huawei is a wholly owned subsidiary of NCPC, which the SOE Jizhong Energy has a controlling stake, capital injections into Huawei will need to go through a listing process on a public exchange before it can proceed with the approval process by regulators. The agreement can only be signed after this approval process by the SASAC of the Hebei government.

As part of the listing process, a 30% refundable deposit is required to confirm a potential investor's intention to participate in said capital injections. After which, the target company will enter further negotiations with potential investors. As such, a deposit was placed with the Beijing Equity Exchange (北京产权交易有限公司).

v. Please provide the background information, the date of incorporation and its shareholders;

Please see (i) for information on NCPC.

Huawei was established in 1998 and it is a wholly owned subsidiary of NCPC.

vi. Please explain why the deposit was placed with Beijing Property Exchange; and

Please see (iv)

vii. Please disclose its nature of business and how significant its asset base is.

China Beijing Equity Exchange (北京产权交易有限公司), or CBEX, is a comprehensive equity trading institution approved by the People's Government of Beijing Municipality, and established in 2004.

As a marketized platform with government authorization, CBEX, with the spot transaction of state-owned equity as an opportunity, has established complete transaction regulations and rules, set up complete transaction systems, and assembled numerous domestic and foreign investors and intermediary service agencies. CBEX has achieved total annual transaction value over 5 trillion RMB since 2015. In 2019, its annual trading volume increased to 8 trillion RMB. Today, it has developed into a central market and leading institution in China's equity exchange market.

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

8 March 2020