

**SAN TEH LTD**

(Company Registration No. 197901039W)

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**UPDATE ON LEGAL PROCEEDINGS IN DALI**

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The Board of Directors of San Teh Ltd (the “Company”, and together with its subsidiaries, the “Group”) refers to the announcements released on 23 February 2015, 22 April 2016, 16 December 2016 and 30 May 2018, and wishes to announce that the Higher People’s Court of Yunnan Province (云南省高级人民法院) (the “Court”) has delivered its judgement on the appeal of Dali San Teh Xing Real Estate Co., Ltd (“DLSTX”), a subsidiary of the Group, in respect of the legal action with its main contractor (the “Plaintiff”).

The Court ruled that: (i) the Plaintiff to return the construction site to DLSTX; (ii) DLSTX to pay approximately RMB3.4 million (approximately S\$0.7 million) work stoppage damages to the Plaintiff for the period from 25 August 2014 to 22 May 2015; (iii) DLSTX to pay 40% of the work stoppage damages for the period from 23 May 2015 up to the day of the judgement calculated by RMB10,081 (approximately S\$2,016) per day; (iv) DLSTX to return security deposit of RMB8 million (approximately S\$1.6 million) to the Plaintiff; and (v) the Plaintiff to pay RMB1.1 million (approximately S\$0.2 million) to DLSTX for the progress payment overbilled.

The Group has already made a provision of approximately RMB4.7 million (approximately S\$0.9 million). It will make an additional provision of approximately RMB2.4 million (approximately S\$0.5 million) in the third quarter of the financial period ending 30 September 2018 .

As the above judgement is final, the Group will pursue a separate legal action to recover any cost for rectifying the work done by the Plaintiff which has quality issue.

BY ORDER OF THE BOARD

Lim Wee Tziang  
Company Secretary

26 September 2018