

**SUNTAR ECO-CITY LIMITED**

(Company Registration No. 200613997H)  
(Incorporated in the Republic of Singapore)

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**CLARIFICATION ON THE ANNOUNCEMENT OF FIRST QUARTER ENDED 31 MARCH 2017**

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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 First Quarter ended 31 March 2017 (“**Results Announcement**”) released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 27 April 2017 (Announcement Reference: SG170427OTHRXSD4).

The Board wishes to provide the additional information in response to the SGX-ST’s queries as follows: -

**Query 1:**

Please provide details of the factors that affected turnover for:

- a. pharmaceutical ingredients products; and
- b. property development, with reference to projects and the sales of the respective projects so far.

**Company’s Response to Query 1:**

- a. The pharmaceutical ingredients saw an increase in revenue in Q1 2017 as compared to Q1 2016 as no sales were made in the previous corresponding period as the Company was in the process of obtaining the GMP licence.
- b. The turnover of the property development segment consisted of the recognition of sales of the residential units from the Lan County project. For the Q1 2017 results, the recognition of sales mainly comprised units which the Group had signed sale and purchase agreements, achieved status of ready for hand-over to customers and received notification of approval of loans in Q1 2017.

**Query 2:**

On page 8 of the Results Announcement, it was disclosed that trade receivables had increased “due to slower collection from customers”. Please elaborate on which segment and provide the reasons why collection is slowing down.

**Company’s Response to Query 2:**

These customers were from the pharmaceutical ingredients products segment. Although some customers paid slower as compared to previously, the payments were still made within the agreed credit term.

**Query 3:**

It was disclosed that other receivables and prepayments had decreased “due to collection from the receivables for sale of sapling”. Please provide further elaboration of this sale and the reasons for recording such it under “Other receivables and prepayments”.

**Company's Response to Query 3:**

The principal activities of our Group are manufacture and sale of pharmaceutical ingredients products and property development. Therefore, the Company classified the sale of sapling and the corresponding receivables under "other operating income" and "other receivables and prepayments".

**Query 4:**

Please elaborate on the prospects of the Lan County project "which is expected to continue to contribute to the Group's revenue". Please also elaborate on the prospects of the pharmaceutical division.

**Company's Response to Query 4:**

Of the 69 residential units in the Lan County Project, 47 units had been sold to date, with more sales expected throughout the year. Only 29 units had been recognized for sales in 2016, and 10 units recognized for sales in Q1 2017. Hence, the Group expects the Lan County project to continue to contribute to its revenue in the year 2017.

Our pharmaceutical ingredients products segment continued its production process restructuring in 2017, which started since we obtained our GMP licence in Q1 2016. The Group expects a successful production process restructuring to improve our cost position once the Group is able to manufacture all products along the production chain, which will reduce our need to purchase chemical intermediaries to be used as raw materials since the Group will be able to produce these intermediaries from chemical raw products.

**BY ORDER OF THE BOARD**

**Dr Lan Weiguang**  
**Non-Independent Non-Executive Chairman**

**15 May 2017**