

SAN TEH LTD

(Company Registration No. 197901039W)

RESPONSE TO QUERY RAISED BY SINGAPORE EXCHANGE SECURITIES TRADING LIMITED ("SGX-ST")

In response to the query raised by the SGX-ST on 7 June 2018 with regards to the First Quarter Financial Statement Announcement for the period ended 31 March 2018 which was released on 30 April 2018, the Directors of San Teh Ltd (the "Company" and together with its subsidiaries, the "Group") would like to provide following additional information:

SGX-ST's query:

On page 5 of the 1Q2018 Results, the Company disclosed that "Trade and other receivables" of S\$15.1 million, which exceeds "Revenue" of S\$3.54 million. Please provide:

- i. A breakdown between trade and other receivables;
- ii. An aging schedule in bands of 3 months with upper limit specified;
- iii. Nature of other receivables, if significant; and
- iv. Reason for the significant outstanding and why customers are unable to make payment for the Company's sales.

The Company's response:

- i. The breakdown of trade and other receivables is as follows:

	S\$'000
Trade receivables from:	
PVC pipes and fitting operation	8,541
Shanghai Anting project	2,050
Others	684
	<u>11,275</u>
Less: Impairment loss on trade receivables	<u>(625)</u>
	10,650
Other receivables	
Associate	1,225
Non-related parties	1,283
Less: Impairment loss on other receivables	(1,426)
Deposits paid	2,456
Interest receivables	220
Prepayments	759
	<u>15,167</u>

- ii. Aging analysis of trade and other receivables:

	S\$'000
0 - 90 days	4,597
91 - 180 days	2,732
181 - 270 days	2,541
271 - 365 days	886
More than 365 days	4,411
	<u>15,167</u>

- iii. Other receivables consist of:
- Deposit paid for the construction of the property project in Dali;
 - Non-trade advances due from the associated company;
 - Non-trade advances due from third parties and advance payment made to government agencies such as tax authority and provident fund;
 - Security deposit paid for project tendering undertaken by the PVC plant;
 - Interest receivables from short-term deposits; and
 - Miscellaneous prepayments made by the Group.
- iv. The significant outstanding amount of trade and other receivables is due mainly to most of the trade receivables of PVC pipes and fittings operation are from government projects that take longer time to collect. These government projects for supplying pipes and fittings require audit by the relevant authority to be conducted before outstanding amounts are approved for payment and such audit takes considerable amount of time to complete.

BY ORDER OF THE BOARD

Lim Wee Tziang
Company Secretary

8 June 2018