

SUNTAR ECO-CITY LIMITED

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

CLARIFICATION ON DISCREPANCIES BETWEEN UNAUDITED AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

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 unaudited full year results for the financial year ended 31 December 2016 released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 1 March 2017 (Announcement Reference: SG170301OTHR02B4).

Pursuant to Rule 704(6) of the Listing Manual of the SGX-ST, the Board wishes to clarify the discrepancies between the unaudited full year results and the audited financial statements for financial year ended 31 December 2016 of the Company as below:-

Consolidated Statement of Profit and Loss and other Comprehensive Income

	Note	Previously Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)
Revenue	a	40,272	34,899	(5,373)
Cost of sales	a	(30,697)	(26,600)	4,097
Income tax expense	a	(665)	(558)	107
Profit for the year		3,710	2,541	(1,169)

Statement of Financial Position

	Note	Previously Announced (RMB'000)	Audited (RMB'000)	Variance (RMB'000)
Trade receivables	b	10,040	2,979	(7,061)
Other receivables	a	3,617	3,921	304
Property held for sale	a	25,087	29,184	4,097
Trade payables	c	19,066	17,682	(1,384)
Income tax payable	a	1,938	1,831	(107)

a. During the audit, it was discovered that 10 units of sold property could not meet the criteria of revenue recognition because the Group did not receive the notification of approval of loans from the banks in relation to the full settlement of remaining sales proceeds for those 10 units as of 31 December 2016. This led to the following adjustments:

- 1) Reversal of revenue amounting to RMB5.4 million
- 2) Reversal of cost of sales amounting to RMB4.1 million
- 3) Adjustment for income tax expense and income tax payable amounting to RMB107,000
- 4) Adjustment for prepayment for land appreciation tax, which was classified under other receivables, amounting to RMB304,000
- 5) Adjustment for property held for sale, in line with the reversal of cost of sales, amounting to RMB4.1 million

b. The variance of trade receivables was due to :

- 1) Reversal of RMB4.1 million due to the above mentioned decrease in revenue as set out under (a)
- 2) Re-classification of trade receivable amounting to RMB2.9 million from trade receivables to trade payables

c. The variance of trade payables was due to:

- 1) Increase of advance payment from customers, which was classified under trade payables, by RMB1.5 million due to the above mentioned decrease in revenue as set out under (a)
- 2) Decrease of RMB2.9 million due to re-classification from trade receivables

BY ORDER OF THE BOARD

Dr Lan Weiguang
Non-Independent Non-Executive Chairman

8 April 2017