

**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 2017**

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 2017 released to the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 1 March 2018 (Announcement Reference: SG180301OTHRPU5V).

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 2017 of the Company as below:-

**Consolidated Statement of Profit and Loss and other Comprehensive Income**

	<b>Previously Announced (RMB'000)</b>	<b>Audited (RMB'000)</b>	<b>Variance (RMB'000)</b>	<b>Explanation</b>
Revenue	47,724	44,281	-3,443	1) sales returns of pharmaceutical products amounting to RMB1,688k 2) reversal of 7 units of Lan County properties amounting to RMB1,755k as either bank loans were not yet approved or handover was not complete as at 31 December 2017.
Cost of sales	-43,801	-40,036	3,765	1) reversal of the cost of sales associated with the item returned amounting to RMB1,801k 2) reversal of the cost of sales associated with 7 units sold property amounting to RMB1,649k 3) adjustment on cost allocation related to property held for sale amounting to RMB315k
Other operating income	551	1,773	1,222	1) adjustments of loss on disposal of and depreciation of property, plant and equipment recorded in 2017, now restated as an impairment loss relating to 2016. 2) other adjustment to administrative expenses of RMB777k
Administrative expenses	-11,667	-11,117	550	
Other operating expenses	0	-11,226	-11,226	Impairment of property, plant and equipment due to loss incurred in pharmaceutical ingredient products segment in the current financial year.
Income tax	-452	-612	-160	Due to the change of one subsidiary's tax rate
Loss for the year	-8,182	-17,474	-9,292	

**Statement of Financial Position**

	<b>Previously Announced</b>	<b>Audited</b>	<b>Variance</b>	<b>Explanation</b>
	<b>(RMB'000)</b>	<b>(RMB'000)</b>	<b>(RMB'000)</b>	
Trade receivables	7,805	9,203	1,398	1) sales return of pharmaceutical products RMB1,503k 2) re-gross of notes receivable not yet mature RMB2,901k
Other receivables and prepayments	5,134	2,910	-2,224	1) reclassification of RMB838k to "Property under development" 2) reclassification of RMB1,288k to "Property held for sale" 3) reclassification of RMB98k to "Inventory"
Property held for sale	19,343	22,595	3,252	1) reclassification of RMB1,288k from "Other receivables and prepayments" 2) reversal of Property held for sale associated with 7 units sold property amounting to RMB1,649k 3) adjustment on cost allocation related to property held for sale amounting to RMB315k
Inventories	17,220	19,171	1,951	1) sales return of pharmaceutical products RMB1,801k 2) reclassification of RMB98k from "Other receivables and prepayments" 3) adjustment of RMB52k on "Allowance for inventory obsolescence"
Property, plant and equipment	16,824	5,944	-10,880	1) impairment of property, plant and equipment RMB11,226k 2) other adjustments of RMB346k
Property under development	0	838	838	Reclassification from other receivables
Trade payables	19,889	25,299	5,410	1) sales return of pharmaceutical products RMB408k 2) reversal of "Advance payment from customers" associated with 7 units sold property amounting to RMB1,755k 3) adjustment of RMB2,901k due to re-gross of notes receivable not yet mature 4) accrual of expenses of RMB431k

**BY ORDER OF THE BOARD**

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

**11 April 2018**