



MEMSTAR TECHNOLOGY LTD.

Third Quarter Financial Statement and Dividend Announcement for the Period Ended 31 March 2014

PART I: Information required for announcements of Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Results

1 (a)(i) A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group						
	3 months ended 31/03/2014 RMB'000	3 months ended 31/03/2013 RMB'000	Increase/ (Decrease) %		9 months ended 31/03/2014 RMB'000	9 months ended 31/03/2013 RMB'000	Increase/ (Decrease) %
Revenue	-	-	n/a		-	-	n/a
Cost of sales	-	-	n/a		-	-	n/a
Gross profit	-	-	n/a		-	-	n/a
Other income	-	-	n/a		-	-	n/a
Selling and distribution expenses	-	-	n/a		-	-	n/a
Administrative expenses	(989)	(791)	25.0		(4,227)	(5,186)	(18.5)
Research and development costs	-	-	n/a		-	-	n/a
Other operating expenses	-	-	n/a		-	-	n/a
Finance cost (net)	-	-	n/a		-	-	n/a
Loss before income tax from continuing operations	(989)	(791)	25.0		(4,227)	(5,186)	(18.5)
Income tax expense	-	-	n/a		-	-	n/a
Net loss from continuing operations	(989)	(791)	25.0		(4,227)	(5,186)	(18.5)
Profit from discontinued operations ⁽¹⁾	2,918	11,508	(74.6)		37,356	58,451	(36.1)
Profit for the period	1,929	10,717	(82.0)		33,129	53,265	(37.8)
Profit attributable to Owners of the Company							
- from continuing operations	(989)	(791)	25.0		(4,227)	(5,186)	(18.5)
- from discontinued operations	1,641	10,223	(83.9)		32,265	52,913	(39.0)
Non-controlling interests	652	9,432	(93.1)		28,038	47,727	(41.3)
- from discontinued operations	1,277	1,285	(0.6)		5,091	5,538	(8.1)
	1,929	10,717	(82.0)		33,129	53,265	(37.8)
Statement of Comprehensive Income							
Net profit for the period	1,929	10,717	(82.0)		33,129	53,265	(37.8)
Currency translation gain	(1,179)	(887)	32.9		(510)	2,940	(117.3)
Total comprehensive income for the period	750	9,830	(92.4)		32,619	56,205	(42.0)
Total comprehensive income attributable to Owners of the Company							
- from continuing operations	(989)	(791)	25.0		(4,227)	(5,186)	(18.5)
- from discontinued operations	945	8,939	(89.4)		31,549	55,637	(43.3)
	(44)	8,148	(100.5)		27,322	50,451	(45.8)
Non-controlling interests							
- from discontinued operations	794	1,682	(52.8)		5,297	5,754	(7.9)
	750	9,830	(92.4)		32,619	56,205	(42.0)

n/a – not applicable

Note 1

As announced by the Company on 29 July 2013, the Company entered into a conditional sale and purchase agreement with United Envirotech Ltd to dispose of its principal and wholly-owned subsidiary, Memstar Pte Ltd

through the sale of 1,670,383 ordinary shares and to transfer and/or novate certain sale assets for a consideration of S\$293,414,807.

Pursuant to the Shareholders' approval for the proposed disposal, all the conditions precedent to the disposal have been satisfactorily fulfilled or waived and the completion of the disposal took place on 11 April 2014. The operations which are to be sold have been classified as discontinued operations.

The results for the reporting period of the discontinued operations and the results of the previous reporting period, adjusted for the discontinued operations are as follows:

Group							
	3 months ended 31/03/2014 RMB'000	3 months ended 31/03/2013 RMB'000	Increase/ (Decrease) %		9 months ended 31/03/2014 RMB'000	9 months ended 31/03/2013 RMB'000	Increase/ (Decrease) %
Revenue	39,344	49,122	(19.9)		131,804	169,886	(22.4)
Cost of sales	(24,940)	(21,843)	14.2		(62,224)	(66,104)	(5.9)
Gross profit	14,404	27,279	(47.2)		69,580	103,782	(33.0)
Other income	10,678	1	n.m.		11,119	28	n.m.
Selling and distribution expenses	(999)	(1,825)	(45.3)		(3,057)	(5,996)	(49.0)
Administrative expenses	(4,297)	(5,038)	(14.7)		(11,801)	(13,347)	(11.6)
Research and development costs	(2,190)	(3,708)	(40.9)		(6,408)	(8,597)	(25.5)
Other operating (expenses)/income	(629)	823	(176.4)		1,992	(1,291)	(254.3)
Finance cost (net)	(8,664)	(2,676)	223.8		(13,110)	(8,874)	47.7
Profit before income tax	8,303	14,856	(44.1)		48,315	65,705	(26.5)
Income tax expense	(5,385)	(3,348)	60.8		(10,959)	(7,254)	51.1
Profit for the period from discontinued operations	2,918	11,508	(74.6)		37,356	58,451	(36.1)

1 (a)(ii) The accompanying notes to the financial statements form an integral part of the financial statements

	3 months ended 31/03/2014 RMB'000	3 months ended 31/03/2013 RMB'000	Increase/ (Decrease) %		9 months ended 31/03/2014 RMB'000	9 months ended 31/03/2013 RMB'000	Increase/ (Decrease) %
Profit before income tax is arrived at after charging/(crediting) the following:							
<u>From discontinued operations:</u>							
Cost of inventories sold	13,596	14,173	(4.1)		36,695	51,714	(29.0)
Depreciation of property, plant and equipment	2,682	2,981	(10.0)		8,311	7,150	16.2
Amortisation of land use rights	60	60	-		180	180	-
Amortisation of intangible asset	97	101	(4.0)		293	306	(4.2)
Disposal of assets	117	104	12.5		117	104	12.5
Loss/(Gain) on foreign exchange	486	(796)	(161.1)		(2,133)	1,308	(263.1)
Interest expense (net)	8,664	2,676	223.8		13,110	8,874	47.7

n.m – not meaningful

1(b)(i) A statement of financial position (for the Issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31/03/14 RMB'000	As at 30/6/13 RMB'000	As at 31/03/14 RMB'000	As at 30/6/13 RMB'000
Current assets				
Cash and cash equivalents	5,312	12,972	5,312	12,972
Assets of Disposal Group classified as Held for sale ⁽²⁾	825,281	824,201	823,569	858,456
	830,593	837,173	828,881	871,428
Total assets	830,593	837,173	828,881	871,428
Equity attributable to owners of the Company				
Share capital	281,283	277,258	832,028	828,003
Reserves	266,545	239,224	(131,492)	(125,536)
	547,828	516,482	700,536	702,467
Non-controlling interests	41,904	36,607	-	-
Total equity	589,732	553,089	700,536	702,467
Current liabilities				
Other payables	1,303	5,365	1,303	5,365
Liabilities directly associated with Disposal Group classified as Held for Sale ⁽²⁾	239,558	278,719	127,042	163,596
	240,861	284,084	128,345	168,961
Total liabilities	240,861	284,084	128,345	168,961
Total equity and liabilities	830,593	837,173	828,881	871,428

Note 2

	Group		Company	
	As at 31/03/14 RMB'000	As at 30/6/13 RMB'000	As at 31/03/14 RMB'000	As at 30/6/13 RMB'000
Assets of Disposal Group classified as Held for Sale				
Investment in subsidiaries	-	-	511,672	511,672
Investment in associate	3,600	3,600	-	-
Property, plant and equipment	122,555	132,195	41	1,262
Land use rights	10,392	10,571	-	-
Intangible asset	96	390	96	390
Service concession receivables	313,170	308,848	-	-
Finance lease receivables	1,381	2,762	-	-
Inventories	44,732	44,260	-	-
Trade receivables	185,162	159,975	3,072	2,843
Other receivables	97,210	127,787	85	35,223
Due from subsidiary	-	-	308,603	307,066
Cash and cash equivalents	46,983	33,813	-	-
	825,281	824,201	823,569	858,456
Liabilities directly associated with Disposal Group classified as Held for Sale				
Bank loans	137,538	145,975	-	-
Finance lease	575	1,362	-	1,201
Deferred tax liabilities	24,504	21,000	-	-
Trade payables	26,712	46,564	-	-
Other payables	37,763	51,554	-	-
Due to subsidiary	-	-	127,042	162,395
Provision for income tax	12,466	12,264	-	-
	239,558	278,719	127,042	163,596

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	Group			
	31/03/2014		30/06/2013	
	Secured RMB'000	Unsecured RMB'000	Secured RMB'000	Unsecured RMB'000
(a) Amount repayable in one year or less, or on demand	32,007	169	26,277	254
(b) Amount repayable after one year	105,531	406	119,698	1,108

Details of any collateral

The bank loan of its subsidiary, Max Rise Water Services Holdings Ltd is secured by the service concession receivables and share pledge of its subsidiary, Bazhou Max Rise Water Services Sci-Tech Co., Ltd, charge on assets of Max Rise Water Services Holdings Ltd and corporate guarantees from its holding company (Max Rise Envirogroup Limited), ultimate holding company and a related party.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			
	3 months ended 31/03/2014 RMB'000	3 months ended 31/03/2013 RMB'000	9 months ended 31/03/2014 RMB'000	9 months ended 31/03/2013 RMB'000
Cash Flows from Operating Activities				
Profit before income tax	7,314	14,065	44,088	60,519
Adjustments for:				
Depreciation of property, plant and equipment	2,682	2,981	8,311	7,150
Amortisation of land use rights	60	60	180	180
Amortisation of intangible asset	97	101	293	306
Disposal of asset	117	104	117	104
Interest expense (net)	8,664	2,676	13,110	8,874
Unrealised exchange (gain)/loss	(1,240)	486	(3,877)	1,578
Operating cash flow before working capital changes	17,694	20,473	62,222	78,711
Changes in working capital:				
Inventories	(2,359)	(12,677)	(513)	(21,608)
Receivables	16,199	(32,069)	5,331	(35,155)
Service concession receivables	(1,256)	(2,618)	(4,322)	(21,940)
Payables	(31,647)	(11,958)	(37,001)	(33,990)
Cash used in operating activities	(1,369)	(38,849)	25,717	(33,982)
Interest paid (net)	(6,909)	(1,366)	(9,777)	(5,507)
Income tax paid	(4,526)	(822)	(7,254)	(3,543)
Net cash used in operating activities	(12,804)	(41,037)	8,686	(43,032)
Cash Flows from Investing Activities				
Purchase/Adjustments of property, plant and equipment	1,220	(709)	794	(34,963)
Finance lease receivable	460	-	1,381	552
Net cash generated from/(used in) investing activities	1,680	(709)	2,175	(34,411)
Cash Flows from Financing Activities				
Proceed from bank loan	-	-	-	40,734
Repayment of bank loan	-	(35,000)	(8,437)	(35,000)
Repayment of obligations under finance lease	(644)	(60)	(786)	(116)
Dividends paid	-	-	-	(6,852)
Exercise of share options	4,025	-	4,025	-
Increase in pledged deposits	(5,662)	(4,833)	(4,125)	(214)
Net cash used in financing activities	(2,281)	(39,893)	(9,323)	(1,448)
Net increase in cash and cash equivalents	(13,405)	(81,639)	1,538	(78,891)
Cash and cash equivalents at the beginning of the period	48,950	138,633	33,319	134,874
Effect of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	(840)	(547)	(152)	464
Cash and cash equivalents at the end of the period	34,705	56,447	34,705	56,447
Represented by:				
Cash on hand	17	84		
Bank balances	52,278	61,420		
	52,295	61,504		
Less restricted bank balances	(17,590)	(5,057)		
Cash and cash equivalents	34,705	56,447		

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group

	← Attributable to equity holders of the Company →							
	<u>Share capital</u> RMB'000	<u>Statutory reserves</u> RMB'000	<u>Share option reserve</u> RMB'000	<u>Foreign currency translation reserve</u> RMB'000	<u>Retained earnings</u> RMB'000	<u>Attributable to owners of the Company</u> RMB'000	<u>Non-controlling interests</u> RMB'000	<u>Total</u> RMB'000
Balance as at 1 January 2013	277,258	14,462	4,611	3,484	201,532	501,347	30,878	532,225
Total comprehensive (loss)/income for the period	-	-	-	(1,284)	9,432	8,148	1,682	9,830
Transfer to statutory reserve	-	4,977	-	-	(4,977)	-	-	-
Balance as at 31 March 2013	<u>277,258</u>	<u>19,439</u>	<u>4,611</u>	<u>2,200</u>	<u>205,987</u>	<u>509,495</u>	<u>32,560</u>	<u>542,055</u>
Balance as at 1 January 2014	277,258	19,439	3,824	(2)	243,328	543,847	41,110	584,957
Total comprehensive (loss)/income for the period	-	-	-	(696)	652	(44)	794	750
Share options - exercised	4,025	-	-	-	-	4,025	-	4,025
Balance as at 31 March 2014	<u>281,283</u>	<u>19,439</u>	<u>3,824</u>	<u>(698)</u>	<u>243,980</u>	<u>547,828</u>	<u>41,904</u>	<u>589,732</u>

Company

	<u>Share capital</u> RMB'000	<u>Share option reserve</u> RMB'000	<u>Foreign currency translation reserve</u> RMB'000	<u>Retained earnings</u> RMB'000	<u>Total</u> RMB'000
Balance as at 1 January 2013	828,003	4,611	5,046	(120,067)	717,593
Total comprehensive loss for the period	-	-	(3,992)	(2,623)	(6,615)
Balance as at 31 March 2013	<u>828,003</u>	<u>4,611</u>	<u>1,054</u>	<u>(122,690)</u>	<u>710,978</u>
Balance as at 1 January 2014	828,003	3,824	(8,770)	(123,157)	699,900
Total comprehensive income/(loss) for the period	-	-	34	(3,423)	(3,389)
Share options – exercised	4,025	-	-	-	4,025
Balance as at 31 March 2014	<u>832,028</u>	<u>3,824</u>	<u>(8,736)</u>	<u>(126,580)</u>	<u>700,536</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There is an increase of 11,600,000 ordinary shares in the Company's share capital during the financial period from 1 July 2013 to 31 March 2014 through the exercise of all share options (31 March 2013: 14,100,000 unexercised share options). There are no other outstanding convertible securities as at 31 March 2014 and 31 March 2013.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued ordinary shares as at 31 March 2014 is 2,667,407,337 (31 March 2013: 2,655,807,337).

1(d)(iv) A statement showing all shares, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Company does not have any treasury shares as at 31 March 2014 and 31 March 2013.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended 31 March 2014 compared to the audited financial statements for the financial year ended 30 June 2013, except as disclosed in paragraph 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted the Singapore Financial Reporting Standards ("SFRS") including improvements to SFRS and Interpretations of FRS ("INT FRS") that are mandatory for financial years beginning on or after 1 July 2013, where applicable, the application of these standards has no significant impact on the Group.

6. Earnings per ordinary share of the Memstar Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group			
	3 months ended 31/03/2014	3 months ended 31/03/2013	9 months ended 31/03/2014	9 months ended 31/03/2013
From Continuing Operations :				
(a) Weighted average number of ordinary shares in issue (in RMB cents) ⁽¹⁾	(0.04)	(0.03)	(0.16)	(0.19)
(b) Fully diluted basis (in RMB cents) ⁽²⁾	(0.04)	(0.03)	(0.16)	(0.19)
From Discontinued Operations :				
(a) Weighted average number of ordinary shares in issue (in RMB cents) ⁽¹⁾	0.06	0.38	1.21	1.99
(b) Fully diluted basis (in RMB cents) ⁽²⁾	0.06	0.38	1.21	1.99

Note:

- (1) Earnings per ordinary share of the Group for the three months and nine months period ended 31 March 2014 and 31 March 2013 have been computed based on the weighted average number of shares of 2,657,504,003 ordinary shares and 2,655,807,337 ordinary shares respectively.
- (2) Diluted earnings per ordinary share of the Group for the three months and nine months period ended 31 March 2014 and 31 March 2013 have been computed based on the weighted average number of shares of 2,657,504,003 ordinary shares and 2,655,807,337 ordinary shares respectively.

7. Net asset value for the Memstar Group per ordinary share based on issued share capital of the issuer at the end of the:-

- (a) current financial period reported on; and**
(b) immediately preceding financial year.

	Group		Company	
	31/03/2014	30/06/2013	31/03/2014	30/06/2013
Net asset value per ordinary share based on issued share capital as at the end of the period (RMB cents)	20.54	19.45	26.26	26.45

The above net asset value per ordinary share of the Group and the Company have been computed based on the total issued share capital as at 31 March 2014 of 2,667,407,337 shares (30 June 2013: 2,655,807,337 shares).

8. A review of the performance of the Memstar Group, to the extent necessary for a reasonable understanding of the Memstar Group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

Continuing Operations

As announced by the Company on 29 July 2013, the Company entered into a conditional sale and purchase agreement with United Envirotech Ltd to dispose of its principal and wholly-owned subsidiary, Memstar Pte Ltd through the sale of 1,670,383 ordinary shares and to transfer and/or novate certain sale assets for a consideration of S\$293,414,807.

Pursuant to the Shareholders' approval for the proposed disposal, all the conditions precedent have been satisfactorily fulfilled or waived and the completion of the disposal took place on 11 April 2014. The operations which are to be sold have been classified as discontinued operations.

After the disposal, the Company is currently dormant. The Group's administrative expenses amounted to RMB0.9 million comprising mainly compliance costs.

Discontinued Operations

The table below summarises the Group's revenue by business segments:-

	3 months ended 31/03/2014		3 months ended 31/03/2013		Change
	RMB'000	%	RMB'000	%	%
Membrane	21,253	54.0	32,366	65.9	(34.3)
Service Concession	18,091	46.0	16,756	34.1	8.0
Total	39,344	100.0	49,122	100.0	(19.9)

Revenue decreased by RMB9.8 million or 19.9% from RMB49.1 million for the 3 months ended 31 March 2013 ("3Q FY2013") to RMB39.3 million for the 3 months ended 31 March 2014 ("3Q FY2014"). The decrease was due mainly to project delays resulting in the drop in membrane sales.

In line with the decrease in revenue, gross profit decreased by RMB12.9 million or 47.2% from RMB27.3 million for 3Q FY2013 to RMB14.4 million for 3Q FY2014. Gross profit margin of 36.6% for 3Q FY2014 is lower than 3Q FY2013 of 55.5% as revenue is derived from smaller scale projects.

Selling and distribution expenses comprising mainly salaries, commissions, travelling, entertainment and promotion expenses decreased by RMB0.8 million from RMB1.8 million for 3Q FY2013 to RMB1.0 million for 3Q FY2014. This is in line with decrease in revenue.

Administrative expenses decreased marginally by RMB0.7 million from RMB5.0 million to RMB4.3 million for 3Q FY2014 due mainly to decrease in manpower costs.

Research and development costs comprising mainly manpower costs, depreciation and material costs decreased by RMB1.5 million from RMB3.7 million for 3Q FY2013 to RMB2.2 million for 3Q FY2014.

Other income increased by RMB10.7 million for 3Q FY2014 due to waiver by vendor of net consideration payable for the service concession arrangement.

Other operating expense of RMB0.6 million for the current quarter comprise mainly exchange loss on revaluation of SGD and HKD to RMB compared to the exchange gain incurred for 3QFY2013.

Finance cost relating to interest expense on finance leases and loan increased by RMB6.0 million from RMB2.7 million for 3Q FY2013 to RMB8.7 million for 3Q FY2014 due to arrangement fees payable on the balance of bank loan.

Resulting from the above, profit for the period is RMB2.9 million.

Review of the Group's Financial Position as at 31 March 2014 as compared to the Group's Financial Position as at 30 June 2013

Statement of Financial Position

Discontinued Operations

i) Assets of Disposal Group classified as Held for Sale

Total assets held for sale increased by RMB1.1 million from RMB824.2 million as at 30 June 2013 to RMB825.3 million as at 31 March 2014.

The increase of RMB1.1 million was due mainly to:

- a) Increase in service concession receivables of RMB4.4 million for upgrading works to water treatment plant
- b) Increase in cash and cash equivalents of RMB13.2 million
- c) Increase in trade receivables of RMB25.2 million arising mainly revenue generated during the current period
- d) Decrease in plant and equipment of RMB9.6 million, mainly on depreciation and amortization
- e) Decrease in other receivables of RMB30.6 million from the refund of deposits

ii) Liabilities directly associated with Disposal Group classified as Held for Sale

Total liabilities directly associated with assets held for sale decreased from RMB278.7 million as at 30 June 2013 to RMB239.6 million as at 31 March 2014, a decrease of RMB39.1 million. The decrease was mainly due to

- a) Decrease in bank loans of RMB8.5 million from RMB146.0 million to RMB137.5 million due to repayment
- b) Decrease in trade and other payables of RMB33.6 million from RMB98.1 million to RMB64.5 million
- c) Increase in deferred tax liabilities of RMB3.5 million arising from the temporary differences on accounting for service concession arrangements

Statement of Cash Flows

Net cash used in operating activities amounted to RMB12.8 million due mainly to profit from operations, increases in receivables and decreases in payables.

Net cash used in financing activities amounted to RMB2.3 million due mainly to repayment of finance lease obligations, increase in pledged deposits but offset by proceeds from the exercise of share options.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group had convened its Extraordinary General Meeting (EGM) on the 12th February 2014 to seek Shareholders' Approval on the disposal of its business, assets and principal operating subsidiaries to United Envirotech Ltd ("UEL"), a Mainboard listed company for an aggregate purchase consideration of approximately S\$293.4 million. On a poll vote, 99.94% of the votes cast approved the disposal.

Pursuant to the Shareholders' approval for the proposed disposal, all the conditions precedent have been satisfactorily fulfilled or waived and the completion of the disposal took place on 11 April 2014.

Following the completion, the Net Proceeds will be distributed to the Entitled Shareholders as follows:

- (a) for every 1 Share held, an Entitled Shareholder will receive S\$0.02437 in cash and 0.075 UEL Shares; and
- (b) for every 1000 Shares held, an Entitled Shareholder will receive S\$24.37 in cash and 75 UEL Shares.

The Shareholders have since 21 April 2014 received the cash and UEL shares. The Company is currently dormant and will be considering the various options available including new business acquisitions and Shareholders will be informed accordingly.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded.

13. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

There were no interested person transactions entered into by the Group for the period ended 31 March 2014.

Statement by Directors

Pursuant to SGX Listing Rule 705(5)

To the best of our knowledge and belief, nothing has come to the attention of the Directors of the Company which may render the Third Quarter Results of the Group for the financial period ended 31 March 2014 to be false or misleading in any material aspect.

On behalf of the Board

Pan Shuhong
Director

Dr Ge Hailin
Director

By Order of The Board

Lee Seng Suan
Company Secretary
15 May 2014