

Financial Statement Announcement for the First Quarter Ended 31 March 2014

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

		Group		
		S\$'000	%	
		3 months ended 31 March		
	Note	2014	2013	Change
Revenue		8,893	8,003	11.12
Cost of sales		(8,452)	(7,516)	12.45
Gross profit		441	487	(9.45)
Other operating income	1	77	50	54.00
Income from investments	2	260	348	(25.29)
Administrative expenses		(1,793)	(1,606)	11.64
Distribution costs		(397)	(306)	29.74
Other operating expenses		(173)	(192)	(9.90)
Foreign exchange (losses)/gains		(1,333)	1,627	NM
Share of results of associates		(21)	(8)	NM
(Loss)/Profit before tax		(2,939)	400	NM
Income tax expense	3	(130)	(74)	75.68
(Loss)/Profit for the period		(3,069)	326	NM
Attributable to:				
Owners of the Company		(3,101)	308	NM
Non-controlling interests		32	18	77.78
		(3,069)	326	NM

NM – Not Meaningful

Statement of Comprehensive Income

Group		
	S\$'000	%
3 months ended 31 March		
	2014	2013
(Loss)/Profit for the period	(3,069)	326
Other comprehensive (loss)/ income:		
Items that may be reclassified subsequently to income statement:		
Currency translation differences	(4,485)	1,468
Net gain/(loss) on fair value changes of available-for-sale financial assets	1,264	(1,123)
Other comprehensive (loss)/income for the period, net of tax	(3,221)	345
Total comprehensive (loss)/income for the period	(6,290)	671
Attributable to:		
Owners of the Company	(6,098)	593
Non-controlling interests	(192)	78
	(6,290)	671

Other information

Group		
	S\$'000	%
3 months ended 31 March		
	2014	2013
Depreciation and amortisation	811	1,003
		(19.14)

NM – Not Meaningful

Note 1

Other operating income:

Rental income
Compensation income
Sundry income

Group		
S\$'000		%
3 months ended 31 March		
2014	2013	Change
64	39	64.10
2	3	(33.33)
11	8	37.50
77	50	54.00

Note 2

Income from investments:

Interest income
Gain on disposal of investment securities
Dividend income from investment securities
Net fair value (losses)/gains on held for trading investment securities

Group		
S\$'000		%
3 months ended 31 March		
2014	2013	Change
318	317	0.32
26	-	NM
43	26	65.38
(127)	5	NM
260	348	(25.29)

Note 3

Income tax expense:

Current tax expense
Overseas withholding tax
Over provision in prior years
Deferred tax

Group		
S\$'000		%
3 months ended 31 March		
2014	2013	Change
(171)	(142)	20.42
(7)	(5)	40.00
2	22	(90.91)
46	51	(9.80)
(130)	(74)	75.68

NM – Not Meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

AS AT	Group		Company	
	31/3/2014	31/12/2013	31/3/2014	31/12/2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	33,549	53,487	15,679	17,045
Trade and other receivables	17,395	10,571	24,889	25,804
Inventories	7,954	6,778	-	-
Investment securities	20,333	11,374	13,076	11,374
Total current assets	79,231	82,210	53,644	54,223
Non-current assets:				
Investment in subsidiaries	-	-	159,168	159,168
Investment in associates	1,211	1,179	-	-
Other investments	1,054	1,087	41	41
Property, plant and equipment	39,354	41,327	1,704	1,731
Investment properties	989	996	989	996
Property under development	108,470	107,236	-	-
Deferred tax assets	441	409	-	-
Investment securities	11,921	11,993	11,921	11,993
Land use rights	3,802	3,959	-	-
Other non-current receivables	-	-	10,216	10,449
Total non-current assets	167,242	168,186	184,039	184,378
Total assets	246,473	250,396	237,683	238,601
LIABILITIES AND EQUITY				
Current liabilities:				
Trade and other payables	22,857	20,369	1,008	1,072
Income tax payable	908	917	24	24
Total current liabilities	23,765	21,286	1,032	1,096
Non-current liabilities:				
Provision for retirement benefits	1,008	990	1,008	990
Total non-current liabilities	1,008	990	1,008	990
Equity attributable to owners of the Company:				
Share capital	71,856	71,856	71,856	71,856
Treasury shares	(1,929)	(1,799)	(1,929)	(1,799)
Fair value adjustment reserve	648	(616)	648	(616)
Foreign currency translation reserve	4,067	8,328	-	-
Statutory reserve	878	878	-	-
Capital reserve	48	48	-	-
Retained earnings	139,150	142,251	165,068	167,074
	214,718	220,946	235,643	236,515
Non-controlling interests	6,982	7,174	-	-
Total equity	221,700	228,120	235,643	236,515
Total liabilities and equity	246,473	250,396	237,683	238,601

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

Amount repayable in one year or less, or on demand

As at 31 March 2014		As at 31 December 2013	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	-

Amount repayable after one year

As at 31 March 2014		As at 31 December 2013	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	-

Details of any collateral

None

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

	Group S\$' 000	
	3 months ended 31 Mar	
	2014	2013
Cash flows from operating activities:		
(Loss)/Profit before tax	(2,939)	400
Adjustments for:		
Depreciation of property, plant and equipment	770	961
Amortisation of other non-current assets	34	35
Depreciation of investment properties	7	7
Loss on disposal of property, plant and equipment	-	3
Gain on disposal of investment securities	(26)	-
Property, plant and equipment written off	-	2
Share of results of associates	21	8
Provision for retirement benefits	18	17
Dividend income from investment securities	(43)	(26)
Interest income	(318)	(317)
Net fair value (losses)/gains on held for trading investment securities	127	(5)
Foreign currency translation adjustment	1,564	(1,578)
Operating cash flows before movements in working capital	(785)	(493)
Trade and other receivables	(6,881)	(4,404)
Inventories	(1,176)	(792)
Trade and other payables	2,488	2,050
Cash used in operations	(6,354)	(3,639)
Income tax paid	(156)	(69)
Net cash used in operating activities	(6,510)	(3,708)
Cash flows from investing activities:		
Investment in associate	(92)	-
Purchase of investment securities	(9,058)	(1,903)
Increase in property under development	(4,570)	(9,640)
Purchase of property, plant and equipment	(30)	(89)
Proceeds from disposal of cement operation	-	13,203
Proceeds from disposal of investment securities	1,291	-
Dividend income from investment securities	43	26
Interest received	355	520
Net cash (used in)/from investing activities	(12,061)	2,117
Cash flows from financing activities:		
Purchase of treasury shares	(130)	-
Net cash used in financing activities	(130)	-
Net decrease in cash and cash equivalents	(18,701)	(1,591)
Cash and cash equivalents at beginning of financial period	53,487	95,292
Effect of exchange rate changes on cash and cash equivalents	(1,237)	1,205
Cash and cash equivalents at end of financial period	33,549	94,906

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 owners of the Company									
	Share capital S\$'000	Treasury shares S\$'000	Fair value adjustment reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2014	71,856	(1,799)	(616)	48	8,328	878	142,251	220,946	7,174	228,120
Net loss/profit for the period	-	-	-	-	-	-	(3,101)	(3,101)	32	(3,069)
Other comprehensive income/(loss)										
Currency translation differences	-	-	-	-	(4,261)	-	-	(4,261)	(224)	(4,485)
Net gain on fair value changes of available-for-sale financial assets	-	-	1,264	-	-	-	-	1,264	-	1,264
Total comprehensive income/(loss) for the period	-	-	1,264	-	(4,261)	-	(3,101)	(6,098)	(192)	(6,290)
Purchase of treasury shares	-	(130)	-	-	-	-	-	(130)	-	(130)
Balance at 31 March 2014	71,856	(1,929)	648	48	4,067	878	139,150	214,718	6,982	221,700

Group集团	Attributable to owners of the Company									
	Share capital S\$'000	Treasury shares S\$'000	Fair value adjustment reserve S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Statutory reserve S\$'000	Retained earnings S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 January 2013	71,856	(1,799)	(860)	48	2,346	798	144,495	216,884	3,342	220,226
Net profit for the period	-	-	-	-	-	-	308	308	18	326
Other comprehensive (loss)/income										
Currency translation differences	-	-	-	-	1,408	-	-	1,408	60	1,468
Net loss on fair value changes of available-for-sale financial assets	-	-	(1,123)	-	-	-	-	(1,123)	-	(1,123)
Total comprehensive (loss)/income for the period	-	-	(1,123)	-	1,408	-	308	593	78	671
Balance at 31 March 2013	71,856	(1,799)	(1,983)	48	3,754	798	144,803	217,477	3,420	220,897

Company	Share capital S\$'000	Treasury shares S\$'000	Fair value adjustment reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2014	71,856	(1,799)	(616)	167,074	236,515
Net loss for the period	-	-	-	(2,006)	(2,006)
Other comprehensive income					
Net gain on fair value changes of available-for-sale financial assets	-	-	1,264	-	1,264
Total comprehensive income/(loss) for the period	-	-	1,264	(2,006)	(742)
Purchase of treasury shares	-	(130)	-	-	(130)
Balance at 31 March 2014	71,856	(1,929)	648	165,068	235,643
Balance at 1 January 2013	71,856	(1,799)	(860)	167,821	237,018
Net profit for the period	-	-	-	1,239	1,239
Other comprehensive loss					
Net loss on fair value changes of available-for-sale financial assets	-	-	(1,123)	-	(1,123)
Total comprehensive (loss)/income for the period	-	-	(1,123)	1,239	116
Balance at 31 March 2013	71,856	(1,799)	(1,983)	169,060	237,134

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

Share Capital

There were no changes in the Company's issued and paid-up share capital during the first quarter ended 31 March 2014.

As at 31 March 2014, the Company has 342,024,763 issued ordinary shares, excluding treasury shares.

Treasury Shares

During the first quarter ended 31 March 2014, the Company acquired 432,000 of its ordinary shares which are held as treasury shares.

As at 31 March 2014, there were 5,414,000 (2013: 4,982,000) treasury shares held by the Company.

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

The total number of issued ordinary shares excluding treasury shares as at 31 March 2014 was 342,024,763 (31 December 2013: 342,456,763).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2014.

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 matter)

N/A

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 compared with those of the audited financial statements as at 31 December 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 new and revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2014. The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group's and Company's accounting policies or have any significant impact on the financial statements.

6 Earnings per ordinary share of the 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	
	Financial year ended 31 March	
	2014	2013
(Loss)/Earnings per ordinary share for the period		
(i) Based on weighted average number of ordinary shares on issue	(0.91) cent	0.09 cent
Weighted average number of ordinary shares	342,352,374	342,456,763
(ii) On a fully diluted basis	(0.91) cent	0.09 cent
Adjusted weighted average number of ordinary shares	342,352,374	342,456,763

7 Net asset value (for the issuer and 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	
	As At 31/3/2014	As At 31/12/2013	As At 31/3/2014	As At 31/12/2013
Net asset value per ordinary share based on issued share capital at the end of the period reported on (S\$)	0.63	0.65	0.69	0.69
Total number of issued shares, excluding treasury shares, at the end of the period reported on	342,024,763	342,456,763	342,024,763	342,456,763

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the 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.

PERFORMANCE REVIEW

Revenue of the Group increased by \$0.9 million from \$8.0 million in 1Q13 to \$8.9 million in 1Q14 mainly due to higher revenue recorded in the PVC pipes and fittings operation. The Group reported a net loss of \$3.1 million in 1Q14 compared to a net profit of \$0.3 million in 1Q13 due mainly to the effect of exchange differences. In 1Q14, the Group reported an exchange loss of \$1.3 million whereas an exchange gain of \$1.6 million was reported in 1Q13.

Hotel and Property Operation

Hotel and property operation reported a decrease in revenue of \$0.7 million from \$5.7 million in 1Q13 to \$5.0 million in 1Q14 due to lower contribution from the build-and-transfer project at Anxi and the hotel at Nantong. Consequently, loss of the operation widened by \$0.1 million to \$1.0 million in 1Q14.

PVC Pipes and Fittings Operation

Revenue of the PVC pipes and fittings operation increased from \$2.3 million to \$3.9 million in 1Q14 owing to higher sales quantity. Despite the increase in revenue, operating loss increased from \$2,000 in 1Q13 to \$0.1 million in 1Q14 because of the higher operating loss incurred by the Midu plant.

Others

Other operating income increased because of higher rental income.

Income from investments decreased mainly due to net fair value losses on held for trading investment securities of \$0.1 million in 1Q14.

Administrative expenses increased mainly owing to the higher payroll and related costs.

The increase in distribution costs was because of the higher revenue recorded in 1Q14.

The Group reported an exchange loss of \$1.3 million in 1Q14 mainly due to the weakening of the US dollar against the Singapore dollar. The currency translation loss of \$4.5 million reported in other comprehensive income is attributable to the strengthening of the Singapore dollar against the Renminbi.

Share of losses of associate increased owing to the decline in business of our associated company.

The increase in income tax expense was mainly due to higher taxable profit at Nantong PVC plant.

Net gain on fair value changes of available-for-sale financial assets of \$1.3 million in 1Q14 arose from the higher market value of available-for-sale financial assets as at 31 March 2014.

REVIEW OF FINANCIAL POSITION AND CASH FLOW ANALYSIS

Trade and other receivables increased mainly because of the deposit paid for tendering a project.

Inventory increased due to higher raw materials carried by the PVC pipes and fittings operation.

Short-term investment securities increased due to purchase of bonds and equities during the financial period under review.

Trade and other payables increased principally due to temporary advances by a director.

The Group had a net cash outflow of \$6.5 million used in its operating activities in 1Q14 as compared to \$3.7 million in 1Q13. Net cash used in investing activities of \$12.1 million in 1Q14 was mainly due to: (i) payment of \$9.1 million for the purchase of investment securities; (ii) progress payment of \$4.6 million for the Anting redevelopment project and property projects at Anxi and Dali; and after netting receipts of \$1.3 million sale proceeds from the disposal of investment securities.

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

The Group's performance in the first quarter of 2014 is in line with our previous announcements.

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 property projects at Shanghai Anting, Fujian Anxi and Dali Heqing are progressing in accordance to our planned completion schedule. The Group has obtained the pre-sale permit for the 10-storey SOHO apartment block of the Shanghai Anting project in March 2014.

The Group expects its PVC pipes and fittings and hotel operations continue to face challenging business environment amid the slowdown in China's economic growth and keen competition.

11 Dividend

(a) *Current Financial Period Reported On*

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

Name of Dividend

Dividend Type

Dividend Amount per Share (in cents)

Tax Rate

(b) *Corresponding Period of the Immediately Preceding Financial Year*

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

Name of Dividend

Dividend Type

Dividend Amount per Share (in cents)

Tax Rate

(c) *Date payable*

N/A

(d) *Books closure date*

N/A

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

No dividend has been declared or recommended for the period ended 31 March 2014.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company did not obtain any general mandate from its shareholders for interested person transactions.

14 Segment Information

Period ended 31 March 2014

	Investment Holding	Hotel and Property	PVC Pipes and Fittings	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
Total sales	-	4,966	3,998	1,735	10,699
Intersegment sales	-	(5)	(66)	(1,735)	(1,806)
External sales	-	4,961	3,932	-	8,893
Results					
Segment results	(2,136)	(969)	(125)	(6)	(3,236)
Interest income	109	3	28	178	318
Share of results of associates	(21)	-	-	-	(21)
(Loss)/Profit before tax	(2,048)	(966)	(97)	172	(2,939)
Income tax expense	(18)	(46)	(47)	(19)	(130)
Net (loss)/profit for the period	(2,066)	(1,012)	(144)	153	(3,069)
Assets					
Segment assets	50,442	151,606	22,484	20,289	244,821
Investment in associates	1,211	-	-	-	1,211
Deferred tax assets	-	406	35	-	441
Total assets	51,653	152,012	22,519	20,289	246,473
Liabilities					
Segment liabilities	2,017	18,183	1,711	1,954	23,865
Income tax payable	47	776	46	39	908
Total liabilities	2,064	18,959	1,757	1,993	24,773
Other segment information					
Additions to property, plant and equipment	-	24	6	-	30
Additions to property under development	-	4,570	-	-	4,570
Depreciation and amortisation	38	628	133	12	811
Foreign exchange losses/(gains)	1,312	36	-	(15)	1,333

Period ended 31 March 2013

	Investment Holding	Hotel and Property	PVC Pipes and Fittings	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
Total sales	-	5,704	2,305	761	8,770
Intersegment sales	-	(6)	-	(761)	(767)
External sales	-	5,698	2,305	-	8,003
Results					
Segment results	994	(854)	(2)	(47)	91
Interest income	258	3	19	37	317
Share of results of associates	(8)	-	-	-	(8)
Profit/(Loss) before tax	1,244	(851)	17	(10)	400
Income tax expense	(7)	(86)	(2)	21	(74)
Net profit/(loss) for the period	1,237	(937)	15	11	326
Assets					
Segment assets	117,034	99,774	18,800	6,396	242,004
Investment in associates	1,110	-	-	-	1,110
Deferred tax assets	-	128	34	-	162
Total assets	118,144	99,902	18,834	6,396	243,276
Liabilities					
Segment liabilities	2,373	7,404	992	11,137	21,906
Income tax payable	31	295	2	145	473
	2,404	7,699	994	11,282	22,379
Other segment information					
Additions to property, plant and equipment	-	60	29	-	89
Additions to property under development	-	9,640	-	-	9,640
Depreciation and amortisation	38	792	161	12	1,003
Foreign exchange (gains)/losses	(1,683)	37	-	19	(1,627)

BY ORDER OF THE BOARD

LIM WEE TZIANG
COMPANY SECRETARY
30 April 2014

RULE 705(5) – NEGATIVE ASSURANCE

SAN TEH LTD

Confirmation by the Board of Directors

Pursuant to Rule 705(5) of the SGX-ST Listing Manual, we, Kao Chuan Chi and Kao Chuan Trong, being two Directors of San Teh Limited (the “Company”), do hereby confirm on behalf of the Board of Directors of the Company that, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group’s unaudited interim financial results for the first quarter ended 31 March 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Kao Chuan Chi
Director

Kao Chuan Trong
Director

Singapore, 30 April 2014