

Third Quarter Financial Statement Announcement for the Period Ended 30/9/2014

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			%	S\$'000		
3 months ended 30 September				9 months ended 30 September		
Note	2014	2013	Change	2014	2013	Change
Revenue	9,127	12,295	(25.77)	31,496	33,996	(7.35)
Cost of sales	(8,712)	(11,175)	(22.04)	(29,136)	(30,812)	(5.44)
Gross profit	415	1,120	(62.95)	2,360	3,184	(25.88)
Other operating income	933	69	NM	1,104	174	NM
Income from investments	739	474	55.91	1,851	1,079	71.55
Administrative expenses	(2,227)	(1,623)	37.22	(6,075)	(4,749)	27.92
Distribution costs	(267)	(563)	(52.58)	(1,233)	(1,534)	(19.62)
Other operating expenses	(197)	(182)	8.24	(565)	(581)	(2.75)
Finance costs	-	-	-	-	(5)	(100.00)
Foreign exchange gains/(losses)	1,337	(754)	NM	(300)	2,596	NM
Share of results of associates	(28)	(142)	(80.28)	(162)	(194)	(16.49)
Profit/(Loss) before tax	705	(1,601)	NM	(3,020)	(30)	NM
Income tax expense	(112)	(198)	(43.43)	(459)	(417)	10.07
Profit/(Loss) for the period	593	(1,799)	NM	(3,479)	(447)	NM
Attributable to:						
Owners of the Company	578	(1,836)	NM	(3,607)	(552)	NM
Non-controlling interests	15	37	(59.46)	128	105	21.90
	593	(1,799)	NM	(3,479)	(447)	NM

NM – Not Meaningful

Statement of Comprehensive Income

Group						
S\$'000		%	S\$'000		%	
3 months ended 30 September			9 months ended 30 September			
2014	2013	Change	2014	2013	Change	
Profit/(Loss) for the period	593	(1,799)	NM	(3,479)	(447)	NM
Other comprehensive income/(loss):						
Items that may be reclassified subsequently to income statement:						
Currency translation differences	4,362	(460)	NM	(1,178)	3,872	NM
Net gain on fair value changes of available-for-sale financial assets	855	2,073	(58.76)	307	74	NM
Other comprehensive income/(loss) for the period, net of tax	5,217	1,613	NM	(871)	3,946	NM
Total comprehensive income/(loss) for the period	5,810	(186)	NM	(4,350)	3,499	NM
Attributable to:						
Owners of the Company	5,576	(203)	NM	(4,421)	3,231	NM
Non-controlling interests	234	17	NM	71	268	(73.51)
	5,810	(186)	NM	(4,350)	3,499	NM

Other information

Group						
S\$'000		%	S\$'000		%	
3 months ended 30 September			9 months ended 30 September			
2014	2013	Change	2014	2013	Change	
Depreciation and amortisation	958	1,017	(5.80)	2,574	3,081	(16.46)

NM – Not Meaningful

Note 1

Other operating income:

Rental income
Gain on disposal of property, plant and equipment
Compensation income
Sundry income

Group					
S\$'000		%	S\$'000		%
3 months ended 30 September			9 months ended 30 September		
2014	2013	Change	2014	2013	Change
64	52	23.08	192	130	47.69
19	-	NM	49	-	NM
3	3	-	7	9	(22.22)
847	14	NM	856	35	NM
933	69	NM	1,104	174	NM

Note 2

Income from investments:

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

Group					
S\$'000		%	S\$'000		%
3 months ended 30 September			9 months ended 30 September		
2014	2013	Change	2014	2013	Change
334	331	0.91	991	899	10.23
-	(8)	(100.00)	184	175	5.14
175	46	NM	431	218	97.71
230	105	NM	245	(213)	NM
739	474	55.91	1,851	1,079	71.55

Note 3

Finance cost:

Interest expense

Group					
S\$'000		%	S\$'000		%
3 months ended 30 September			9 months ended 30 September		
2014	2013	Change	2014	2013	Change
-	-	-	-	(5)	(100.00)
-	-	-	-	(5)	(100.00)

NM – Not Meaningful

Note 4

Group						
S\$'000		%	S\$'000		%	
3 months ended 30 September			9 months ended 30 September			
2014	2013	Change	2014	2013	Change	
Income tax expense:						
Current	(134)	(216)	(37.96)	(604)	(603)	0.17
Overseas withholding tax	(9)	(46)	(80.43)	(29)	(57)	(49.12)
(Under)/Over provision in prior years	(4)	(10)	(60.00)	3	36	(91.67)
Deferred tax	35	74	(52.70)	171	207	(17.39)
	(112)	(198)	(43.43)	(459)	(417)	10.07

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	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	22,463	53,487	11,168	17,045
Trade and other receivables	11,102	10,571	25,502	25,804
Inventories	5,724	6,778	-	-
Investment securities	26,261	11,374	12,696	11,374
Total current assets	65,550	82,210	49,366	54,223
Non-current assets:				
Investment in subsidiaries	-	-	162,873	159,168
Investment in associates	1,654	1,179	-	-
Other investments	1,077	1,087	41	41
Property, plant and equipment	36,902	41,327	1,649	1,731
Investment properties	9,870	996	975	996
Property under development	118,967	107,236	-	-
Deferred tax assets	579	409	-	-
Investment securities	9,477	11,993	9,477	11,993
Land use rights	5,741	3,959	-	-
Other non-current receivables	-	-	10,447	10,449
Total non-current assets	184,267	168,186	185,462	184,378
Total assets	249,817	250,396	234,828	238,601
LIABILITIES AND EQUITY				
Current liabilities:				
Trade and other payables	26,713	20,369	578	1,072
Income tax payable	976	917	9	24
Total current liabilities	27,689	21,286	587	1,096
Non-current liabilities:				
Provision for retirement benefits	1,039	990	1,039	990
Total non-current liabilities	1,039	990	1,039	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	(309)	(616)	(309)	(616)
Foreign currency translation reserve	7,207	8,328	-	-
Statutory reserve	878	878	-	-
Capital reserve	48	48	-	-
Retained earnings	135,908	142,251	163,584	167,074
	213,659	220,946	233,202	236,515
Non-controlling interests	7,430	7,174	-	-
Total equity	221,089	228,120	233,202	236,515
Total liabilities and equity	249,817	250,396	234,828	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 30 September 2014		As at 31 December 2013	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	-

Amount repayable after one year

As at 30 September 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 30 Sep 2014	30 Sep 2013	9 months ended 30 Sep 2014	30 Sep 2013
Cash flows from operating activities:				
Profit/(Loss) before tax	705	(1,601)	(3,020)	(30)
Adjustments for:				
Depreciation of property, plant and equipment	798	974	2,327	2,952
Amortisation of other non-current assets	52	36	125	108
Depreciation of investment properties	108	7	122	21
Gain on disposal of property, plant and equipment	(19)	-	(49)	-
Loss on disposal of property, plant and equipment	8	-	19	3
Loss on disposal of land use rights	-	-	19	-
Property, plant and equipment written off	1	5	1	7
Loss/(Gain) on disposal of investment securities	-	8	(184)	(175)
Share of results of associates	28	142	162	194
Provision for retirement benefits	13	18	49	52
Dividend income from investment securities	(175)	(46)	(431)	(218)
Interest income	(334)	(331)	(991)	(899)
Interest expense	-	-	-	5
Net fair value (gains)/losses on held for trading investment securities	(230)	(105)	(245)	213
Foreign currency translation adjustment	(1,448)	609	714	(2,457)
Operating cash flows before changes in working capital	(493)	(284)	(1,382)	(224)
Trade and other receivables	467	704	(829)	(4,892)
Inventories	820	963	1,054	1,262
Trade and other payables	(2,025)	(13,564)	6,343	(4,914)
Cash (used in)/from operations	(1,231)	(12,181)	5,186	(8,768)
Interest paid	-	-	-	(5)
Income taxes paid	(216)	(185)	(565)	(411)
Net cash (used in)/from operating activities	(1,447)	(12,366)	4,621	(9,184)
Cash flows from investing activities:				
Investment in associate	(543)	-	(635)	-
Increase in property under development	(6,823)	(10,059)	(24,229)	(40,617)
Purchase of property, plant and equipment	(15)	(173)	(162)	(282)
Purchase of investment securities	(13,980)	(1,070)	(29,914)	(10,230)
Purchase of other investment	-	4	-	(1,028)
Proceeds from disposal of property, plant and equipment	149	-	2,281	-
Proceeds from disposal of investment securities	2,424	10,888	18,297	15,819
Proceeds from disposal of land use rights	6	-	212	-
Proceeds from disposal of cement operation	-	-	-	13,203
Dividends received from investment securities	144	46	367	218
Interest received	350	485	1,040	1,348
Net cash (used in)/from investing activities	(18,288)	121	(32,743)	(21,569)
Cash flows from financing activities:				
Proceeds from bank borrowings	-	-	-	1,520
Repayment of bank borrowings	-	(1,520)	-	(1,520)
Purchase of treasury shares	-	-	(130)	-
Dividends paid	-	-	(2,736)	(3,425)
Contribution from non-controlling interests	-	950	185	3,000
Net cash used in financing activities	-	(570)	(2,681)	(425)
Net decrease in cash and cash equivalents	(19,735)	(12,815)	(30,803)	(31,178)
Cash and cash equivalents at beginning of period	40,854	79,665	53,487	95,292
Effects of exchange rate changes on cash and cash equivalents	1,344	(652)	(221)	2,084
Cash and cash equivalents at end of period	22,463	66,198	22,463	66,198

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								Non-controlling interests S\$'000	Total equity S\$'000
	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		
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	-	-	-	-	-	-	(4,185)	(4,185)	113	(4,072)
Other comprehensive loss										
Currency translation differences	-	-	-	-	(5,264)	-	-	(5,264)	(276)	(5,540)
Net loss on fair value changes of available-for-sale financial assets	-	-	(548)	-	-	-	-	(548)	-	(548)
Total comprehensive loss for the period	-	-	(548)	-	(5,264)	-	(4,185)	(9,997)	(163)	(10,160)
Purchase of treasury shares	-	(130)	-	-	-	-	-	(130)	-	(130)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	185	185
Dividends paid	-	-	-	-	-	-	(2,736)	(2,736)	-	(2,736)
Balance at 30 June 2014	71,856	(1,929)	(1,164)	48	3,064	878	135,330	208,083	7,196	215,279

Group	Attributable to owners of the Company								Non-controlling interests	Total equity
	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		
Balance at 1 July 2014	71,856	(1,929)	(1,164)	48	3,064	878	135,330	208,083	7,196	215,279
Net profit for the period	-	-	-	-	-	-	578	578	15	593
Other comprehensive income										
Currency translation differences	-	-	-	-	4,143	-	-	4,143	219	4,362
Net gain on fair value changes of available-for-sale financial assets	-	-	855	-	-	-	-	855	-	855
Total comprehensive income for the period	-	-	855	-	4,143	-	578	5,576	234	5,810
Balance at 30 September 2014	71,856	(1,929)	(309)	48	7,207	878	135,908	213,659	7,430	221,089

Group	Attributable to owners of the Company								Non-controlling interests	Total equity
	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		
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	-	-	-	-	-	-	1,284	1,284	68	1,352
Other comprehensive (loss)/income										
Currency translation differences	-	-	-	-	4,149	-	-	4,149	183	4,332
Net loss on fair value changes of available-for-sale financial assets	-	-	(1,999)	-	-	-	-	(1,999)	-	(1,999)
Total comprehensive (loss)/income for the period	-	-	(1,999)	-	4,149	-	1,284	3,434	251	3,685
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	2,050	2,050
Dividends paid	-	-	-	-	-	-	(3,425)	(3,425)	-	(3,425)
Balance at 30 June 2013	71,856	(1,799)	(2,859)	48	6,495	798	142,354	216,893	5,643	222,536
Net (loss)/profit for the period	-	-	-	-	-	-	(1,836)	(1,836)	37	(1,799)
Other comprehensive income/(loss)										
Currency translation differences	-	-	-	-	(440)	-	-	(440)	(20)	(460)
Net gain on fair value changes of available-for-sale financial assets	-	-	2,073	-	-	-	-	2,073	-	2,073
Total comprehensive income/(loss) for the period	-	-	2,073	-	(440)	-	(1,836)	(203)	17	(186)
Contribution from non-controlling interests	-	-	-	-	-	-	-	-	950	950
Transfer to statutory reserve	-	-	-	-	-	80	(80)	-	-	-
Balance at 30 September 2013	71,856	(1,799)	(786)	48	6,055	878	140,438	216,690	6,610	223,300

Company	Share capital S\$'000	Treasury shares S\$'000	Fair value adjustment reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 January 2014	71,856	(1,799)	(616)	167,074	236,515
Net loss for the period	-	-	-	(2,511)	(2,511)
Other comprehensive loss					
Net loss on fair value changes of available-for-sale financial assets	-	-	(548)	-	(548)
Total comprehensive loss for the period	-	-	(548)	(2,511)	(3,059)
Purchase of treasury shares	-	(130)	-	-	(130)
Dividends paid	-	-	-	(2,736)	(2,736)
Balance at 30 June 2014	71,856	(1,929)	(1,164)	161,827	230,590
Net profit for the period	-	-	-	1,757	1,757
Other comprehensive income					
Net gain on fair value changes of available-for-sale financial assets	-	-	855	-	855
Total comprehensive income for the period	-	-	855	1,757	2,612
Balance at 30 September 2014	71,856	(1,929)	(309)	163,584	233,202
Balance at 1 January 2013	71,856	(1,799)	(860)	167,821	237,018
Net profit for the period	-	-	-	2,555	2,555
Other comprehensive loss					
Net loss on fair value changes of available-for-sale financial assets	-	-	(1,999)	-	(1,999)
Total comprehensive (loss)/income for the period	-	-	(1,999)	2,555	556
Dividends paid	-	-	-	(3,425)	(3,425)
Balance at 30 June 2013	71,856	(1,799)	(2,859)	166,951	234,149
Net loss for the period	-	-	-	(128)	(128)
Other comprehensive income					
Net gain on fair value changes of available-for-sale financial assets	-	-	2,073	-	2,073
Total comprehensive income/(loss) for the period	-	-	2,073	(128)	1,945
Balance at 30 September 2013	71,856	(1,799)	(786)	166,823	236,094

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 third quarter ended 30 September 2014.

As at 30 September 2014, the Company has 342,024,763 issued ordinary shares, excluding treasury shares.

Treasury Shares

As at 30 September 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 30 September 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, transfer, disposal, cancellation and/or use of treasury shares as at 30 September 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			
	3 months ended 30 September		9 months ended 30 September	
	2014	2013	2014	2013
Loss/(Earnings) per ordinary share for the period				
(i) Based on weighted average number of ordinary shares on issue	0.17 cent	(0.54) cent	(1.05) cent	(0.16) cent
Weighted average number of ordinary shares	342,024,763	342,456,763	342,024,763	342,456,763
(ii) On a fully diluted basis	0.17 cent	(0.54) cent	(1.05) cent	(0.16) cent
Adjusted weighted average number of ordinary shares	342,024,763	342,456,763	342,024,763	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 30/9/2014	As At 31/12/2013	As At 30/9/2014	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\$)	0.62	0.65	0.68	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 decreased by \$3.2 million from \$12.3 million in 3Q13 to \$9.1 million in 3Q14 mainly due to lower revenue recorded in the hotel and property operation. The Group reported a net profit of \$0.6 million in 3Q14 compared to a net loss of \$1.8 million in 3Q13 due mainly to the effect of exchange differences. In 3Q14, the Group reported an exchange gain of \$1.3 million whereas an exchange loss of \$0.8 million was reported in 3Q13.

Hotel and Property Operation

Hotel and property operation reported a decrease in revenue of \$3.3 million from \$7.6 million in 3Q13 to \$4.3 million in 3Q14 due to lower contribution from the build-and-transfer ("BT") project at Anxi as the project is now at completion stage. Loss of the operation decreased by \$0.1 million to \$0.9 million in 3Q14 because the Group has started to recognise rental income deriving from leasing the 15-storey building at the San Teh Commercial Plaza (the "Plaza") at Shanghai Anting to a third party hotel operator.

PVC Pipes and Fittings Operation

Revenue of the PVC pipes and fittings operation increased from \$4.7 million to \$4.8 million in 3Q14 owing to the closure sale of raw materials at the Midu plant, which is being liquidated. The operation reported a loss of \$0.4 million in 3Q14 as compared to a profit of \$0.2 million in 3Q13 because of the loss incurred at the Midu plant.

Others

Other operating income increased because of the receipt of keyman insurance payout upon the demise of the late Executive Chairman.

Income from investments increased due to higher dividend income from investment securities and higher net fair value gains on held for trading investment securities.

Administrative expenses increased mainly owing to the higher payroll and staff cost including the medical expenses incurred for the treatment of the illness of the late Executive Chairman.

The decrease in distribution costs was because of the lower revenue recorded in 3Q14.

The Group reported an exchange gain of \$1.3 million in 3Q14 mainly due to the strengthening of the US dollar and Renminbi against the Singapore dollar. The currency translation gain of \$4.4 million reported in other comprehensive income is attributable to the weakening of the Singapore dollar against the Renminbi.

Share of losses of associates decreased owing to the lower operating loss incurred by an associate.

The decrease in income tax expense was mainly due to lower taxable profit recorded by the subsidiary at Fujian Anxi that undertakes the BT project.

Net gain on fair value changes of available-for-sale financial assets of \$0.9 million in 3Q14 arose from the higher market value of available-for-sale financial assets as at 30 September 2014.

REVIEW OF FINANCIAL POSITION AND CASH FLOW ANALYSIS

Inventory decreased mainly due to sale of raw materials of PVC plant at Midu.

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

Investment in associates increased as the associate increased its share capital and all the shareholders contributed the additional paid up capital on a pro-rata basis.

The decrease in property, plant and equipment was principally due to the disposal of the building of PVC plant at Midu and depreciation charge.

Investment properties increased due to the reclassification of property at the Plaza from property under development. That property has been leased out to a third party hotel operator.

The increase in property under development was in respect of the property projects at Anxi, Fujian Province and Dali, Yunnan Province.

Long-term investment securities decreased due to disposal of equities during the financial period under review.

Land use rights increased due to reclassification of land at the Plaza from property under development.

Trade and other payables increased principally due to temporary advances by the late Executive Chairman.

The Group had a net cash outflow of \$1.4 million used in its operating activities in 3Q14 as compared to \$12.4 million in 3Q13. Net cash used in investing activities of \$18.3 million in 3Q14 was mainly due to: (i) payment of \$14.0 million for the purchase of investment securities; (ii) progress payment of \$6.8 million for the Anting redevelopment project and property projects at Anxi and Dali; and after netting receipts of \$2.4 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 third 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

In third quarter 2014, the Group began to recognise rental income from the 15-storey building at the Plaza that is leased out to a third party hotel operator. The commercial launch of the 4-storey shopping mall at the Plaza is scheduled in the current quarter. In view of the soft property market and the Plaza's excellent location, the Group has revised its original intention of selling the 10-storey Small Office Home Office ("SOHO") apartment building at the Plaza to holding it as an investment for rental income and potential appreciation in value in future.

The BT project is now at completion stage. The local government is now carrying out inspection of the project for the formal completion and acceptance.

The Nantong hotel has been in the red for the past two years. The Group has conducted a thorough review of its business, prospects and the potential of the hotel building, and decided to: (i) discontinue the Nantong hotel operation and lease out the 6th to 26th floor of the hotel building to a third party hotel operator; and (ii) refurbish and convert the 1st to 5th floor of the building to a shopping mall and lease it out for rental income.

Following the closure of the PVC plant at Midu, the Group will focus its attention to improving the performance of the PVC pipes and fittings operation at the Nantong plant.

The construction of the Dali Heqing project has recently been put on hold as the Group is taking legal action against the main contractor for non-performance of certain duties stipulated in the contract. The Group is also reviewing the project plan and will make further announcement once the revised project plan has been finalised.

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 30 September 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

3 months ended 30 September 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	-	4,327	4,802	1	9,130
Intersegment sales	-	(2)	-	(1)	(3)
External sales	-	4,325	4,802	-	9,127
Results					
Segment results	1,644	(880)	(350)	(15)	399
Interest income	130	11	4	189	334
Share of results of associates	(28)	-	-	-	(28)
Profit/(Loss) before tax	1,746	(869)	(346)	174	705
Income tax expense	(24)	(26)	(48)	(14)	(112)
Profit/(Loss) for the period	1,722	(895)	(394)	160	593
Assets					
Segment assets	42,914	171,383	17,838	15,449	247,584
Investment in associates	1,654	-	-	-	1,654
Deferred tax assets	-	544	35	-	579
Total assets	44,568	171,927	17,873	15,449	249,817
Liabilities					
Segment liabilities	1,831	24,416	1,474	31	27,752
Income tax payable	37	861	48	30	976
Total liabilities	1,868	25,277	1,522	61	28,728
Other segment information					
Additions to property, plant and equipment	-	113	2	-	115
Additions to property under development	-	6,823	-	-	6,823
Depreciation and amortisation	38	768	138	14	958
Foreign exchange gains	(1,324)	(13)	-	-	(1,337)

3 months ended 30 September 2013

	Investment Holding S\$'000	Hotel and Property S\$'000	PVC Pipes and Fittings S\$'000	Others S\$'000	Total S\$'000
Revenue					
Total sales	-	7,663	5,017	1,178	13,858
Intersegment sales	-	(21)	(364)	(1,178)	(1,563)
External sales	-	7,642	4,653	-	12,295
Results					
Segment results	(941)	(1,003)	193	(39)	(1,790)
Interest income	166	44	27	94	331
Share of results of associates	(142)	-	-	-	(142)
(Loss)/Profit before tax	(917)	(959)	220	55	(1,601)
Income tax expense	(55)	(70)	(65)	(8)	(198)
Net (loss)/profit for the period	(972)	(1,029)	155	47	(1,799)
Assets					
Segment assets	62,381	140,597	19,349	15,210	237,537
Investment in associates	952	-	-	-	952
Deferred tax assets	-	286	35	-	321
Total assets	63,333	140,883	19,384	15,210	238,810
Liabilities					
Segment liabilities	2,286	9,984	970	1,628	14,868
Income tax payable	18	548	65	11	642
Total liabilities	2,304	10,532	1,035	1,639	15,510
Other segment information					
Additions to property, plant and equipment	-	165	8	-	173
Additions to property under development	-	10,059	-	-	10,059
Depreciation and amortisation	37	805	162	13	1,017
Foreign exchange losses	460	273	-	21	754

BY ORDER OF THE BOARD

LIM WEE TZIANG
COMPANY SECRETARY
12 November 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 third quarter ended 30 September 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, 12 November 2014