

Second Quarter Financial Statement Announcement for the Period Ended 30/6/2018

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 June				6 months ended 30 June		
Note	2018	2017	Change	2018	2017	Change
Revenue	4,972	4,781	3.99	8,536	8,208	4.00
Cost of sales	(4,072)	(4,687)	(13.12)	(7,354)	(8,065)	(8.82)
Gross profit	900	94	NM	1,182	143	NM
Other operating income	173	520	(66.73)	320	814	(60.69)
Gain from investments	813	911	(10.76)	1,636	3,213	(49.08)
Administrative expenses	(3,135)	(1,704)	83.98	(4,447)	(3,224)	37.93
Distribution costs	(79)	(112)	(29.46)	(156)	(218)	(28.44)
Other operating expenses	(263)	(299)	(12.04)	(551)	(536)	2.80
Finance costs	(17)	(4)	NM	(41)	(13)	NM
Foreign exchange gains/(losses)	80	33	NM	657	(1,365)	NM
Share of results of associate	(20)	(18)	11.11	(39)	(37)	5.41
Loss before tax	(1,548)	(579)	NM	(1,439)	(1,223)	17.66
Income tax expense	3	(290)	NM	(69)	(381)	(81.89)
Loss for the period	(1,545)	(869)	77.79	(1,508)	(1,604)	(5.99)
Attributable to:						
Owners of the Company	(1,522)	(999)	52.35	(1,523)	(1,782)	(14.53)
Non-controlling interests	(23)	130	NM	15	178	(91.57)
	(1,545)	(869)	77.79	(1,508)	(1,604)	(5.99)

NM – Not Meaningful

Statement of Comprehensive Income

Group						
S\$'000		%	S\$'000		%	
3 months ended 30 June			6 months ended 30 June			
2018	2017	Change	2018	2017	Change	
Loss for the period	(1,545)	(869)	77.79	(1,508)	(1,604)	(5.99)
Other comprehensive (loss)/income:						
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences	(1,336)	590	NM	1,056	(3,284)	NM
Net fair value gain on other financial assets	-	28	(100.00)	-	1,480	(100.00)
Net fair value changes on other financial assets reclassified to profit or loss	-	(298)	(100.00)	-	(1,788)	(100.00)
Other comprehensive (loss)/income for the period, net of tax	(1,336)	320	NM	1,056	(3,592)	NM
Total comprehensive loss for the period	(2,881)	(549)	NM	(452)	(5,196)	(91.30)
Attributable to:						
Owners of the Company	(2,653)	(715)	NM	(391)	(5,181)	(92.45)
Non-controlling interests	(228)	166	NM	(61)	(15)	NM
	(2,881)	(549)	NM	(452)	(5,196)	(91.30)

Other information

Group						
S\$'000		%	S\$'000		%	
3 months ended 30 June			6 months ended 30 June			
2018	2017	Change	2018	2017	Change	
Depreciation and amortisation	1,005	990	1.52	2,011	1,974	1.87
Provision for litigation	1,155	-	NM	1,155	104	NM

NM – Not Meaningful

Note 1

Group						
S\$'000			%	S\$'000		%
3 months ended 30 June			6 months ended 30 June			
2018	2017	Change	2018	2017	Change	
55	58	(5.17)	111	113	(1.77)	
15	-	NM	15	-	NM	
4	14	(71.43)	8	14	(42.86)	
32	-	NM	32	-	NM	
-	430	(100.00)	-	631	(100.00)	
67	18	NM	154	56	NM	
173	520	(66.73)	320	814	(60.69)	

As all the outstanding contract sum of the Anxi build-and-transfer ("BT") project had been fully received in 2017, the Group did not receive any interest income from the BT project in 2Q18. This caused the decrease in other operating income.

Note 2

Group					
S\$'000		%	S\$'000		%
3 months ended 30 June			6 months ended 30 June		
2018	2017	Change	2018	2017	Change
273	368	(25.82)	667	651	2.46
71	-	NM	71	1,774	(96.00)
126	86	46.51	204	118	72.88
343	457	(24.95)	694	670	3.58
813	911	(10.76)	1,636	3,213	(49.08)

Note 3

Administrative expenses increased mainly because of a provision made in respect of the litigation involving Dali San Teh Xing ("DLSTX") with its main contractor. The provision was made as the Dali Bai Autonomous Prefecture Intermediate People's Court of Yunnan Province (the "Court") ruled that DLSTX is to compensate its main contractor for work stoppage damages and interest on the security deposit. DLSTX has appealed against this ruling as the Court did not adjudicate on the compensation by the main contractor to DLSTX for work quality issues, although it was stated in the judgement that such issues are present.

Note 4

The decrease in distribution costs was due to the lower carriage costs incurred in the PVC pipes and fitting operation.

Note 5

Other operating expenses decreased due to lower depreciation charges.

NM – Not Meaningful

Note 6

Group					
S\$'000		%	S\$'000		%
3 months ended 30 June			6 months ended 30 June		
2018	2017	Change	2018	2017	Change
(17)	(4)	NM	(41)	(13)	NM
(17)	(4)	NM	(41)	(13)	NM

Finance cost:

Interest expense

The increase in finance costs was because of the higher interest expense arising from the loan obtained by the subsidiary in June 2017.

Note 7

The Group reported an exchange gain of \$80,000 in 2Q18 due mainly to the strengthening of the US dollar against the Singapore dollar and Renminbi. The currency translation loss of \$1.3 million reported in other comprehensive income was attributable to the weakening of the Renminbi against the Singapore dollar.

Note 8

Group					
S\$'000		%	S\$'000		%
3 months ended 30 June			6 months ended 30 June		
2018	2017	Change	2018	2017	Change
10	(14)	NM	(56)	(100)	(44.00)
(7)	(203)	(96.55)	(13)	(210)	(93.81)
-	11	(100.00)	-	11	(100.00)
-	(84)	(100.00)	-	(82)	(100.00)
3	(290)	NM	(69)	(381)	(81.89)

Income tax expense:

Current
Overseas withholding tax
Over provision in prior years
Deferred tax

The decrease in income tax expense was due to higher withholding tax paid by the Company arising from the dividend income received from a China subsidiary in 2Q17.

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	Note	Group 30/6/2018 S\$'000	31/12/2017 S\$'000	Company 30/6/2018 S\$'000	31/12/2017 S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents		38,935	48,211	27,098	13,057
Trade and other receivables		15,600	16,368	32,626	32,069
Inventories	1	2,860	2,136	-	-
Other financial assets	2	11,028	12,328	11,028	12,328
Total current assets		68,423	79,043	70,752	57,454
Non-current assets:					
Investment in subsidiaries		-	-	148,623	162,157
Investment in associate	3	243	280	-	-
Other financial assets	2	1,075	3,514	41	2,489
Property, plant and equipment	4	35,349	30,592	1,199	1,237
Investment properties		59,058	59,027	873	887
Property under development		33,218	32,913	-	-
Other receivables		-	-	7,270	4,282
Land use rights		8,911	8,989	-	-
Total non-current assets		137,854	135,315	158,006	171,052
Total assets		206,277	214,358	228,758	228,506
LIABILITIES AND EQUITY					
Current liabilities:					
Trade and other payables		13,874	15,050	176	349
Other financial liabilities	5	207	1,843	-	-
Income tax payable	6	160	266	95	102
Provision for litigation	7	2,272	1,475	-	-
Total current liabilities		16,513	18,634	271	451
Non-current liabilities:					
Provision for retirement benefits		556	527	556	527
Total non-current liabilities		556	527	556	527
Equity attributable to owners of the Company:					
Share capital		71,856	71,856	71,856	71,856
Treasury shares		(1,929)	(1,929)	(1,929)	(1,929)
Fair value adjustment reserve		-	1,239	-	1,239
Foreign currency translation reserve		7,209	6,077	-	-
Statutory reserve		1,852	1,110	-	-
Capital reserve		48	48	-	-
Retained earnings		107,782	109,834	158,004	156,362
		186,818	188,235	227,931	227,528
Non-controlling interests		2,390	6,962	-	-
Total equity		189,208	195,197	227,931	227,528
Total liabilities and equity		206,277	214,358	228,758	228,506

Notes:

1. Inventories increased due mainly to more raw materials carried by the PVC pipes and fittings operation.
2. Short-term and long-term other financial assets decreased due to disposal of investment securities.
3. Decrease in investment in associates was attributable to operating losses recorded by the associate.
4. Property, plant and equipment increased due to increase in capital work-in-progress of Suzhou Hotel.
5. Other financial liabilities decreased because of the repayment of bank borrowings.
6. Income tax payables decreased due to lower taxable profit of the subsidiaries.
7. Provision for litigation increased because of the provision made in respect of the litigation involved by Dali San Teh Xing with its main contractor.

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 June 2018		As at 31 December 2017	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	207,000	-	1,843,000

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
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 Jun 2018	30 Jun 2017	6 months ended 30 Jun 2018	30 Jun 2017
Cash flows from operating activities:				
Loss before tax	(1,548)	(579)	(1,439)	(1,223)
Adjustments for:				
Depreciation of property, plant and equipment	414	330	838	658
Amortisation of land use rights	79	80	161	159
Depreciation of investment properties	512	580	1,012	1,157
Gain on disposal of property, plant and equipment	(15)	-	(15)	-
Loss on disposal of property, plant and equipment	51	175	73	180
Property, plant and equipment written off	16	6	16	6
Gain on disposal of other financial assets	(69)	-	(69)	(1,774)
Share of results of associate	20	18	39	37
Provision for retirement benefits	15	15	30	30
Provision for litigation	1,155	-	1,155	104
Dividend income	(126)	(86)	(204)	(118)
Interest income	(273)	(368)	(667)	(651)
Interest expense	17	4	41	13
Operating cash flows before changes in working capital	248	175	971	(1,422)
Trade and other receivables	(951)	4,517	1,068	3,499
Inventories	(396)	23	(856)	(1,117)
Trade and other payables	(194)	(294)	(2,221)	464
Other financial assets	229	4,233	(122)	252
Cash from operations	(1,064)	8,654	(1,160)	1,676
Interest paid	(19)	(2)	(43)	(11)
Income taxes paid	(33)	(232)	(177)	(329)
Net cash (used in)/from operating activities	(1,116)	8,420	(1,380)	1,336
Cash flows from investing activities:				
Increase in property under development	-	(54)	-	(121)
Increase in investment properties	(26)	(92)	(502)	(92)
Purchase of property, plant and equipment	(2,947)	(911)	(5,462)	(918)
Proceeds from disposal of property, plant and equipment	60	20	69	24
Proceeds from disposal of other financial assets	3,937	-	3,937	5,194
Dividends received	126	86	204	118
Interest received	438	282	722	679
Net cash from/(used in) investing activities	1,588	(669)	(1,032)	4,884
Cash flows from financing activities:				
Proceeds from bank borrowings	-	1,424	-	1,627
Repayment of bank borrowings	(1,654)	(203)	(1,654)	(1,495)
Dividends paid	(1,026)	(1,026)	(1,026)	(1,026)
Dividends paid to non-controlling interests by a subsidiary	-	(1,297)	-	(1,297)
Distributions to non-controlling interests pursuant to capital reduction	(4,511)	-	(4,511)	-
Net cash used in financing activities	(7,191)	(1,102)	(7,191)	(2,191)
Net (decrease)/increase in cash and cash equivalents	(6,719)	6,649	(9,603)	4,029
Cash and cash equivalents at beginning of period	45,979	40,064	48,211	43,937
Effects of exchange rate changes on cash and cash equivalents	(325)	4	327	(1,249)
Cash and cash equivalents at end of period	38,935	46,717	38,935	46,717

The Group had a net cash outflow of \$1.1 million used in its operating activities in 2Q18 as compared to a net cash inflow of \$8.4 million from its operating activities in 2Q17, which was due mainly to the receipt of instalment payment of contract sum from the Anxi BT project in 2Q17. Net cash received from investing activities of \$1.6 million in 2Q18 was due mainly to receipts of \$3.9 million sale proceeds from the disposal of other financial assets offset by payment of \$2.9 million for the purchase of property, plant and equipment.

Net cash used in financing activities of \$7.2 million in 2Q18 was because of the: (i) distribution of \$4.5 million to non-controlling shareholders in pursuant of capital reduction of a subsidiary; (ii) repayment of bank borrowings of \$1.7 million; and (iii) payment of \$1.0 million dividends to the shareholders of the Company.

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	Treasury shares	Fair value adjustment reserve	Capital reserve	Foreign currency translation reserve	Statutory reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2018 as previously reported	71,856	(1,929)	1,239	48	6,077	1,110	109,834	188,235	6,962	195,197
Adoption of SFRS(I) 9	-	-	(1,239)	-	-	-	1,239	-	-	-
Balance at 1 January 2018 as restated	71,856	(1,929)	-	48	6,077	1,110	111,073	188,235	6,962	195,197
Net (loss)/profit for the period	-	-	-	-	-	-	(1)	(1)	38	37
Other comprehensive income for the period										
Currency translation differences	-	-	-	-	2,263	-	-	2,263	129	2,392
Total comprehensive income/(loss) for the period	-	-	-	-	2,263	-	(1)	2,262	167	2,429
Transfer to statutory reserve	-	-	-	-	-	742	(742)	-	-	-
Balance at 31 March 2018 and 1 April 2018	71,856	(1,929)	-	48	8,340	1,852	110,330	190,497	7,129	197,626
Net loss for the period	-	-	-	-	-	-	(1,522)	(1,522)	(23)	(1,545)
Other comprehensive loss										
Currency translation differences	-	-	-	-	(1,131)	-	-	(1,131)	(205)	(1,336)
Total comprehensive loss for the period	-	-	-	-	(1,131)	-	(1,522)	(2,653)	(228)	(2,881)
Distributions to non-controlling interests pursuant to capital reduction	-	-	-	-	-	-	-	-	(4,511)	(4,511)
Dividends paid	-	-	-	-	-	-	(1,026)	(1,026)	-	(1,026)
Balance at 30 June 2018	71,856	(1,929)	-	48	7,209	1,852	107,782	186,818	2,390	189,208

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 2017	71,856	(1,929)	1,005	48	8,361	1,110	114,867	195,318	8,217	203,535
Net (loss)/profit for the period	-	-	-	-	-	-	(783)	(783)	48	(735)
Other comprehensive (loss)/income for the period										
Currency translation differences	-	-	-	-	(3,645)	-	-	(3,645)	(229)	(3,874)
Net fair value gain on other financial assets	-	-	1,452	-	-	-	-	1,452	-	1,452
Net fair value changes of other financial assets reclassified to profit or loss	-	-	(1,490)	-	-	-	-	(1,490)	-	(1,490)
Total comprehensive loss for the period	-	-	(38)	-	(3,645)	-	(783)	(4,466)	(181)	(4,647)
Balance at 31 March 2017 and 1 April 2017	71,856	(1,929)	967	48	4,716	1,110	114,084	190,852	8,036	198,888
Net (loss)/profit for the period	-	-	-	-	-	-	(999)	(999)	130	(869)
Other comprehensive income/(loss) for the period										
Currency translation differences	-	-	-	-	554	-	-	554	36	590
Net fair value gain on other financial assets	-	-	28	-	-	-	-	28	-	28
Net fair value changes of other financial assets reclassified to profit or loss	-	-	(298)	-	-	-	-	(298)	-	(298)
Total comprehensive (loss)/income for the period	-	-	(270)	-	554	-	(999)	(715)	166	(549)
Dividends paid	-	-	-	-	-	-	(1,026)	(1,026)	(1,297)	(2,323)
Balance at 30 June 2017	71,856	(1,929)	697	48	5,270	1,110	112,059	189,111	6,905	196,016

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 2018 as previously reported	71,856	(1,929)	1,239	156,362	227,528
Adoption of SFRS(I) 9	-	-	(1,239)	1,239	-
Balance at 1 January 2018 as restated	71,856	(1,929)	-	157,601	227,528
Net profit for the period	-	-	-	139	139
Total comprehensive income for the period	-	-	-	139	139
Balance at 31 March 2018 and 1 April 2018	71,856	(1,929)	-	157,740	227,667
Net profit for the period	-	-	-	1,290	1,290
Total comprehensive income for the period	-	-	-	1,290	1,290
Dividends paid	-	-	-	(1,026)	(1,026)
Balance at 30 June 2018	71,856	(1,929)	-	158,004	227,931
Balance at 1 January 2017	71,856	(1,929)	1,005	153,947	224,879
Net profit for the period	-	-	-	89	89
Other comprehensive income/(loss) for the period					
Net fair value gain on other financial assets	-	-	1,452	-	1,452
Net fair value changes of other financial assets reclassified to profit or loss	-	-	(1,490)	-	(1,490)
Total comprehensive (loss)/income for the period	-	-	(38)	89	51
Balance at 31 March 2017 and 1 April 2017	71,856	(1,929)	967	154,036	224,930
Net profit for the period	-	-	-	3,645	3,645
Other comprehensive income/(loss) for the period					
Net fair value gain on other financial assets	-	-	28	-	28
Net fair value changes of other financial assets reclassified to profit or loss	-	-	(298)	-	(298)
Total comprehensive (loss)/income for the period	-	-	(270)	3,645	3,375
Dividends paid	-	-	-	(1,026)	(1,026)
Balance at 30 June 2017	71,856	(1,929)	697	156,655	227,279

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 second quarter ended 30 June 2018.

As at 30 June 2018, the Company has 342,024,763 issued ordinary shares, excluding treasury shares.

Treasury Shares

As at 30 June 2018, there were 5,414,000 (2017: 5,414,000) 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 June 2018 was 342,024,763 (31 December 2017: 342,024,763).

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 June 2018.

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 2017, 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 Singapore Financial Reporting Standards (International) ("SFRS(I)") and the related Interpretations to SFRS(I)s ("SFRS(I) INT") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2018. Except as disclosed below, the adoption of these SFRS(I) and SFRS(I) INT did not result in any significant impact on the financial statements of the Group.

SFRS(I) 9

For financial assets previously designated as available-for-sale financial assets, the Group has designated these assets as financial assets measured at fair value through profit or loss upon adoption of SFRS(I) 9.

Accordingly, the fair value adjustment reserve had been reclassified to retained earnings as at 1 January 2018, resulting in an increase in retained earnings by \$1,239,000.

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 June		6 months ended 30 June	
	2018	2017	2018	2017
Loss per ordinary share for the period				
(i) Based on weighted average number of ordinary shares on issue	(0.45) cent	(0.29) cent	(0.45) cent	(0.52) cent
Weighted average number of ordinary shares	342,024,763	342,024,763	342,024,763	342,024,763
(ii) On a fully diluted basis				
(ii) On a fully diluted basis	(0.45) cent	(0.29) cent	(0.45) cent	(0.52) cent
Adjusted weighted average number of ordinary shares	342,024,763	342,024,763	342,024,763	342,024,763

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 30/6/2018	As At 31/12/2017	As At 30/6/2018	As At 31/12/2017
Net asset value per ordinary share based on issued share capital at the end of the period reported on (S\$)	0.55	0.55	0.67	0.67
Total number of issued shares, excluding treasury shares, at the end of the period reported on	342,024,763	342,024,763	342,024,763	342,024,763

- 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 \$0.2 million from \$4.8 million in 2Q17 to \$5.0 million in 2Q18 mainly because of higher revenue recorded in the hotel and property operation. Notwithstanding the higher revenue and better profit margin contributed by the Shanghai property operation, net loss of the Group increased from \$0.9 million in 2Q17 to \$1.5 million in 2Q18 because of: (i) a provision for litigation amounted to \$1.2 million was recognised in 2Q18; and (ii) absence of project income from Anxi BT project in 2Q18. In 2Q17, the Group received a project income of \$0.4 million.

Hotel and Property Operation

Hotel and property operation reported an increase in revenue of \$1.1 million from \$0.8 million in 2Q17 to \$1.9 million in 2Q18 due mainly to the revenue contributed from the shopping mall at the San Teh Commercial Plaza at Shanghai Anting (the "Shanghai Plaza") which commenced business in December 2017. Loss of the operation increased by \$1.4 million to \$2.3 million due mainly to the provision for litigation and absence of project income from Anxi BT project as stated above.

PVC Pipes and Fittings Operation

Revenue of the PVC pipes and fittings operation decreased from \$4.0 million in 2Q17 to \$3.1 million in 2Q18 owing to lower sales quantity and selling price. Consequently, the operation reported a loss of \$0.2 million in 2Q18 as compared to a profit of \$82,000 in 2Q17.

- 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 second quarter of 2018 is in line with our previous announcement.

- 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**

Fun Mall, the shopping mall at the Shanghai Plaza, has signed a tenancy agreement with the operator of a popular hotpot restaurant. As of now, the Group has secured tenancy agreements representing an occupancy rate of approximately 89%.

Nantong Hotel has signed a Letter of Intent with a hotel management company for the latter to manage the hotel under an international 4-star hotel brand.

The redevelopment work of Suzhou hotel is progressing as planned. The hotel, which will be operated under the Novotel franchise, is targeted to open for business by end of 2018.

The Group expects its PVC pipes and fittings operation to continue to face difficult business environment due to the keen competition and rising raw material costs.

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 June 2018.

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 Confirmation pursuant to Rule 720(1) of the Listing Manual.

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1).

15 Segment Information

3 months ended 30 June 2018

	Investment Holding S\$'000	Hotel and Property S\$'000	PVC Pipes and Fittings S\$'000	Others S\$'000	Total S\$'000
Revenue					
Total revenue	-	1,852	3,120	-	4,972
Results					
Segment results	733	(2,297)	(214)	(6)	(1,784)
Interest income	90	154	9	20	273
Interest expense	-	(17)	-	-	(17)
Share of results of associates	(20)	-	-	-	(20)
Profit/(Loss) before tax	803	(2,160)	(205)	14	(1,548)
Income tax expense	(7)	15	-	(5)	3
Profit/(Loss) for the period	796	(2,145)	(205)	9	(1,545)
Assets					
Segment assets	41,581	145,968	15,073	3,412	206,034
Investment in associate	243	-	-	-	243
Total assets	41,824	145,968	15,073	3,412	206,277
Liabilities					
Segment liabilities	743	15,543	567	56	16,909
Income tax payable	99	42	-	19	160
Total liabilities	842	15,585	567	75	17,069
Other segment information					
Additions to property, plant and equipment	-	2,886	61	-	2,947
Additions to investment properties	-	26	-	-	26
Depreciation and amortisation	30	894	69	12	1,005
Loss on disposal of property, plant and equipment	-	51	-	-	51
Foreign exchange (gains)/losses	(689)	609	-	-	(80)

3 months ended 30 June 2017

	Investment Holding	Hotel and Property	PVC Pipes and Fittings	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
Total revenue	-	794	3,987	-	4,781
Results					
Segment results	(139)	(861)	82	(7)	(925)
Interest income	89	196	3	80	368
Interest expense	-	(3)	(1)	-	(4)
Share of results of associates	(18)	-	-	-	(18)
(Loss)/Profit before tax	(68)	(668)	84	73	(579)
Income tax expense	(203)	(62)	(9)	(16)	(290)
(Loss)/Profit for the period	(271)	(730)	75	57	(869)
Assets					
Segment assets	34,242	153,612	14,309	10,122	212,285
Investment in associates	316	-	-	-	316
Deferred tax assets	-	82	-	-	82
Total assets	34,558	153,694	14,309	10,122	212,683
Liabilities					
Segment liabilities	635	14,715	1,024	57	16,431
Income tax payable	86	91	10	50	237
Total liabilities	721	14,806	1,034	107	16,668
Other segment information					
Additions to property, plant and equipment	3	909	-	-	912
Additions to property under development	-	54	-	-	54
Depreciation and amortisation	30	873	74	13	990
Loss on disposal of property, plant and equipment	-	175	-	-	175
Foreign exchange losses/(gains)	189	(222)	-	-	(33)

BY ORDER OF THE BOARD

LIM WEE TZIANG
COMPANY SECRETARY
14 August 2018

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 second quarter ended 30 June 2018 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, 14 August 2018