

Financial Statement Announcement for the First Quarter Ended 31 March 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	%
3 months ended 31 March			
Note	2018	2017	Change
Revenue	3,564	3,427	4.00
Cost of sales	(3,282)	(3,378)	(2.84)
Gross profit	282	49	NM
Other operating income	147	294	(50.00)
Gain from investments	823	2,302	(64.25)
Administrative expenses	(1,312)	(1,520)	(13.68)
Distribution costs	(77)	(106)	(27.36)
Other operating expenses	(288)	(237)	21.52
Finance costs	(24)	(9)	NM
Foreign exchange gains/(losses)	577	(1,398)	NM
Share of results of associate	(19)	(19)	-
Profit/(Loss) before income tax	109	(644)	NM
Income tax expense	(72)	(91)	(20.88)
Profit/(Loss) for the period	37	(735)	NM
Attributable to:			
Owners of the Company	(1)	(783)	(99.87)
Non-controlling interests	38	48	(20.83)
	37	(735)	NM

NM – Not Meaningful

Statement of Comprehensive Income

Statement of Comprehensive Income

Group			
		S\$'000	%
3 months ended 31 March			
Note	2018	2017	Change
Profit/(Loss) for the period	37	(735)	NM
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	2,392	(3,874)	NM
Net fair value gain on other financial assets	-	1,452	(100.00)
Net fair value changes on other financial assets reclassified to profit or loss	-	(1,490)	(100.00)
Other comprehensive income/(loss) for the period, net of tax	2,392	(3,912)	NM
Total comprehensive income/(loss) for the period	2,429	(4,647)	NM
Attributable to:			
Owners of the Company	2,262	(4,466)	NM
Non-controlling interests	167	(181)	NM
	2,429	(4,647)	NM

Other information

Other information

Group		
S\$'000	%	
3 months ended 31 March		
2018	2017	Change
1,006	984	2.24

Depreciation and amortisation

NM – Not Meaningful

Note 1

Other operating income:

Rental income
Project income
Sundry income

Group		
S\$'000		%
3 months ended 31 March		
2018	2017	Change
56	55	1.82
-	201	(100.00)
91	38	NM
147	294	(50.00)

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 1Q18. This caused the decrease in other operating income.

Note 2

Gain from investments:

Interest income
Gain on disposal of other financial assets
Dividend income
Net fair value gain on other financial assets

Group		
S\$'000		%
3 months ended 31 March		
2018	2017	Change
394	283	39.22
-	1,774	(100.00)
78	32	NM
351	213	64.79
823	2,302	(64.25)

Gain from investments decreased principally because of the gain on disposal of investment securities of \$1.8 million recorded in 1Q17.

Note 3

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

Note 4

Other operating expenses increased due to the reclassification of depreciation charges of Suzhou hotel from cost of sales to other operating expenses, as the hotel ceased operation in late January 2017 for redevelopment work.

Note 5

Finance cost:

Interest expense

Group		
S\$'000		%
3 months ended 31 March		
2018	2017	Change
24	9	NM
24	9	NM

The increase in finance costs was because of the higher interest expense arising from higher loan balance in 1Q18 compared to 1Q17.

NM – Not Meaningful

Note 6

The Group reported an exchange gain of \$0.6 million in 1Q18 due mainly to the weakening of the US dollar against the Renminbi. The currency translation gain of \$2.4 million reported in other comprehensive income was attributable to the weakening of the Singapore dollar against the Renminbi.

Note 7

Income tax expense:

Current tax expense
Overseas withholding tax
Deferred tax

Group		
S\$'000		%
3 months ended 31 March		
2018	2017	Change
(66)	(86)	(23.26)
(6)	(7)	(14.29)
-	2	(100.00)
(72)	(91)	(20.88)

The decrease in income tax expense was due to lower taxable profit of the subsidiaries.

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		Company	
		31/3/2018 \$'000	31/12/2017 \$'000	31/3/2018 \$'000	31/12/2017 \$'000
ASSETS					
Current assets:					
Cash and cash equivalents		45,979	48,211	12,529	13,057
Trade and other receivables		15,167	16,368	32,450	32,069
Inventories	1	2,611	2,136	-	-
Other financial assets		11,974	12,328	11,974	12,328
Total current assets		75,731	79,043	56,953	57,454
Non-current assets:					
Investments in subsidiaries		-	-	162,157	162,157
Investments in associate		265	280	-	-
Other financial assets	2	4,237	3,514	3,193	2,489
Property, plant and equipment		33,204	30,592	1,218	1,237
Investment properties		60,084	59,027	880	887
Property under development		33,523	32,913	-	-
Other receivables		-	-	4,197	4,282
Land use rights		9,074	8,989	-	-
Total non-current assets		140,387	135,315	171,645	171,052
Total assets		216,118	214,358	228,598	228,506
LIABILITIES AND EQUITY					
Current liabilities:					
Trade and other payables		14,373	15,050	287	349
Income tax payable	3	197	266	102	102
Other financial liabilities		1,877	1,843	-	-
Provision for litigation		1,503	1,475	-	-
Total current liabilities		17,950	18,634	389	451
Non-current liabilities:					
Provision for retirement benefits		542	527	542	527
Total non-current liabilities		542	527	542	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	1,239	1,239
Foreign currency translation reserve		8,340	6,077	-	-
Statutory reserve		1,852	1,110	-	-
Capital reserve		48	48	-	-
Retained earnings		109,091	109,834	156,501	156,362
		190,497	188,235	227,667	227,528
Non-controlling interests		7,129	6,962	-	-
Total equity		197,626	195,197	227,667	227,528
Total liabilities and equity		216,118	214,358	228,598	228,506

Notes:

1. Inventories increased due mainly to more raw materials carried by the PVC pipes and fittings operation.
2. Long-term other financial assets increased due to higher market value of the investment securities as at 31 March 2018.
3. Income tax payables decreased due to lower taxable profit of the subsidiaries.

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 2018		As at 31 December 2017	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	1,877,000	-	1,843,000

Amount repayable after one year

As at 31 March 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 31 Mar	
	2018	2017
Cash flows from operating activities:		
Loss before tax	109	(644)
Adjustments for:		
Depreciation of property, plant and equipment	424	328
Amortisation of land use rights	82	79
Depreciation of investment properties	500	577
Loss on disposal of property, plant and equipment	22	5
Gain on disposal of other financial assets	-	(1,774)
Share of results of associate	19	19
Provision for retirement benefits	15	15
Provision for litigation and claims	-	104
Dividend income	(78)	(32)
Interest income	(394)	(283)
Interest expense	24	9
Operating cash flows before changes in working capital	723	(1,597)
Trade and other receivables	2,019	(1,018)
Inventories	(460)	(1,140)
Trade and other payables	(2,027)	758
Other financial assets	(351)	(3,981)
Cash used in from operations	(96)	(6,978)
Interest paid	(24)	(9)
Income tax paid	(144)	(97)
Net cash used in operating activities	(264)	(7,084)
Cash flows from investing activities:		
Increase in property under development	-	(67)
Increase in investment properties	(476)	-
Purchase of property, plant and equipment	(2,515)	(7)
Proceeds from disposal of property, plant and equipment	9	4
Proceeds from disposal of other financial assets	-	5,194
Dividends received	78	31
Interest received	284	397
Net cash (used in)/from investing activities	(2,620)	5,552
Cash flows from financing activities:		
Proceeds from bank borrowings	-	203
Repayment of bank borrowings	-	(1,292)
Net cash used in financing activities	-	(1,089)
Net decrease in cash and cash equivalents	(2,884)	(2,621)
Cash and cash equivalents at beginning of financial year	48,211	43,937
Effect of exchange rate changes on cash and cash equivalents	652	(1,252)
Cash and cash equivalents at end of financial year	45,979	40,064

The Group had a net cash outflow of \$0.3 million used in its operating activities in 1Q18 as compared to \$7.1 million in 1Q17. Net cash used in investing activities of \$2.6 million in 1Q18 was due mainly to payment of \$2.5 million for the redevelopment work of Suzhou hotel.

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

	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
Group	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	71,856	(1,929)	1,239	48	6,077	1,110	109,834	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	71,856	(1,929)	1,239	48	8,340	1,852	109,091	190,497	7,129	197,626
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	71,856	(1,929)	967	48	4,716	1,110	114,084	190,852	8,036	198,888

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	71,856	(1,929)	1,239	156,362	227,528
Net profit for the period	-	-	-	139	139
Total comprehensive income for the period	-	-	-	139	139
Balance at 31 March 2018	71,856	(1,929)	1,239	156,501	227,667
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	71,856	(1,929)	967	154,036	224,930

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 2018.

As at 31 March 2018, the Company has 342,024,763 issued ordinary shares, excluding treasury shares.

Treasury Shares

As at 31 March 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 31 March 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 31 March 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

The Group has elected to apply the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Accordingly, requirements of SFRS 39 Financial Instruments: Recognition and Measurement will continue to apply to financial instruments up to the financial year ended 31 December 2017.

For certain equity investments and the 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 on 1 January 2018.

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 31 March	
	2018	2017
Loss per ordinary share for the year		
(i) Based on weighted average number of ordinary shares on issue	0.00 cent	(0.23) cent
Weighted average number of ordinary shares	342,024,763	342,024,763
(ii) On a fully diluted basis	0.00 cent	(0.23) cent
Adjusted weighted average number of ordinary shares	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 31/3/2018	As At 31/12/2017	As At 31/3/2018	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\$)	0.56	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 \$3.4 million in 1Q17 to \$3.6 million in 1Q18 mainly because of higher revenue recorded in the hotel and property operation. The Group reported a net profit of \$37,000 in 1Q18 compared to a net loss of \$0.7 million in 1Q17 due mainly to the effect of exchange differences offset with lower gain from investments.

Hotel and Property Operation

Hotel and property operation reported an increase in revenue of \$0.6 million from \$0.8 million in 1Q17 to \$1.4 million in 1Q18 due mainly to the revenue contributed from the shopping mall at the San Teh Commercial Plaza at Shanghai Anting which commenced business in December 2017. Hence, loss of the operation decreased from \$0.8 million in 1Q17 to \$0.2 million in 1Q18.

PVC Pipes and Fittings Operation

Revenue of the PVC pipes and fittings operation decreased from \$2.6 million in 1Q17 to \$2.1 million in 1Q18 owing to lower sales quantity and selling price. The operation reported a loss of \$64,000 in 1Q18 as compared to a loss of \$68,000 in 1Q17.

- 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 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**

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 legal proceedings of Shanghai San Teh Xing and Dali San Teh Xing, and the arbitration proceeding of Nantong Hotel are still ongoing.

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 31 March 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

Period ended 31 March 2018

	Investment Holding	Hotel and Property	PVC Pipes and Fittings	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
Total revenue	-	1,425	2,139	-	3,564
Results					
Segment results	9	(186)	(64)	(1)	(242)
Interest income	80	264	7	43	394
Interest expense	-	(21)	(3)	-	(24)
Share of results of associates	(19)	-	-	-	(19)
Profit/(Loss) before tax	70	57	(60)	42	109
Income tax expense	(6)	(55)	-	(11)	(72)
Profit/(Loss) for the period	64	2	(60)	31	37
Assets					
Segment assets	31,133	162,837	15,966	5,917	215,853
Investment in associates	265	-	-	-	265
Total assets	31,398	162,837	15,966	5,917	216,118
Liabilities					
Segment liabilities	838	16,470	933	54	18,295
Income tax payable	106	64	-	27	197
Total liabilities	944	16,534	933	81	18,492
Other segment information					
Additions to property, plant and equipment	-	2,479	36	-	2,515
Additions to investment properties	-	476	-	-	476
Depreciation and amortisation	30	895	68	13	1,006
Foreign exchange gains	(123)	(454)	-	-	(577)

Period ended 31 March 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	-	823	2,604	-	3,427
Results					
Segment results	(32)	(788)	(68)	(11)	(899)
Interest income	75	128	16	64	283
Interest expense	-	(9)	-	-	(9)
Share of results of associate	(19)	-	-	-	(19)
Profit/(Loss) before tax	24	(669)	(52)	53	(644)
Income tax expense	(8)	(67)	(3)	(13)	(91)
Profit/(Loss) for the period	16	(736)	(55)	40	(735)
Assets					
Segment assets	33,476	157,288	12,476	10,602	213,842
Investment in associates	333	-	-	-	333
Deferred tax assets	-	165	-	-	165
Total assets	33,809	157,453	12,476	10,602	214,340
Liabilities					
Segment liabilities	806	13,457	870	57	15,190
Income tax payable	88	136	3	35	262
Total liabilities	894	13,593	873	92	15,452
Other segment information					
Additions to property, plant and equipment	-	1	6	-	7
Additions to property under development	-	67	-	-	67
Depreciation and amortisation	30	867	75	12	984
Foreign exchange losses/(gains)	1,464	(66)	-	-	1,398

BY ORDER OF THE BOARD

LIM WEE TZIANG
COMPANY SECRETARY
30 April 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 first quarter ended 31 March 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, 30 April 2018