

Financial Statement Announcement for the First Quarter Ended 31 March 2015

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	2015	2014	Change
Revenue		6,832	8,893	(23.18)
Cost of sales		(5,335)	(8,452)	(36.88)
Gross profit		1,497	441	NM
Other operating income	1	73	77	(5.19)
Income from investments	2	430	260	65.38
Administrative expenses		(1,888)	(1,793)	5.30
Distribution costs		(182)	(397)	(54.16)
Other operating expenses		(247)	(173)	42.77
Foreign exchange gains/(losses)		1,802	(1,333)	NM
Share of results of associates		(47)	(21)	NM
Profit/(Loss) before income tax		1,438	(2,939)	NM
Income tax expense	3	(191)	(130)	46.92
Profit/(Loss) for the period		1,247	(3,069)	NM
Attributable to:				
Owners of the Company		1,150	(3,101)	NM
Non-controlling interests		97	32	NM
		1,247	(3,069)	NM

NM – Not Meaningful

Statement of Comprehensive Income

Profit/(Loss) for the period

Other comprehensive income/(loss):

Items that may be reclassified subsequently to income statement:

Currency translation differences

Net (loss)/gain on fair value changes of available-for-sale financial assets

Other comprehensive income/(loss) for the period, net of tax

Total comprehensive income/(loss) for the period

Attributable to:

Owners of the Company

Non-controlling interests

Group		
S\$'000		%
3 months ended 31 March		
2015	2014	Change
1,247	(3,069)	NM
5,527	(4,485)	NM
(552)	1,264	NM
4,975	(3,221)	NM
6,222	(6,290)	NM
5,847	(6,098)	NM
375	(192)	NM
6,222	(6,290)	NM

Other information

Depreciation and amortisation

Group		
S\$'000		%
3 months ended 31 March		
2015	2014	Change
1,154	811	42.29

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		%
3 months ended 31 March		
2015	2014	Change
55	64	(14.06)
3	-	NM
2	2	-
13	11	18.18
73	77	(5.19)

Note 2

Income from investments:

Interest income
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		%
3 months ended 31 March		
2015	2014	Change
260	318	(18.24)
-	26	(100.00)
48	43	11.63
122	(127)	NM
430	260	65.38

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		
2015	2014	Change
(195)	(171)	14.04
(9)	(7)	28.57
4	2	100.00
9	46	(80.43)
(191)	(130)	46.92

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	
	31/3/2015 S\$'000	31/12/2014 S\$'000	31/3/2015 S\$'000	31/12/2014 S\$'000
ASSETS				
Current assets:				
Cash and cash equivalents	35,861	40,014	15,801	15,735
Trade and other receivables	51,518	12,074	29,394	28,245
Inventories	5,441	5,114	-	-
Investment securities	8,424	7,967	8,089	7,967
Total current assets	101,244	65,169	53,284	51,947
Non-current assets:				
Investment in subsidiaries	-	-	161,721	161,721
Investment in associates	1,729	1,715	-	-
Other investments	1,159	1,119	41	41
Property, plant and equipment	38,020	37,184	1,594	1,622
Investment properties	60,046	58,292	962	969
Property under development	35,004	77,913	-	-
Deferred tax assets	603	572	-	-
Investment securities	8,798	9,351	8,798	9,351
Land use rights	10,714	10,419	-	-
Other non-current receivables	-	-	9,194	8,837
Total non-current assets	156,073	196,565	182,310	182,541
Total assets	257,317	261,734	235,594	234,488
LIABILITIES AND EQUITY				
Current liabilities:				
Trade and other payables	23,236	33,714	711	680
Income tax payable	887	1,063	27	27
Total current liabilities	24,123	34,777	738	707
Non-current liabilities:				
Provision for retirement benefits	365	350	365	350
Total non-current liabilities	365	350	365	350
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	(994)	(442)	(994)	(442)
Foreign currency translation reserve	18,231	12,982	-	-
Statutory reserve	944	944	-	-
Capital reserve	48	48	-	-
Retained earnings	136,750	135,600	165,558	163,946
	224,906	219,059	234,491	233,431
Non-controlling interests	7,923	7,548	-	-
Total equity	232,829	226,607	234,491	233,431
Total liabilities and equity	257,317	261,734	235,594	234,488

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 2015		As at 31 December 2014	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	-

Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
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	
	2015	2014
Cash flows from operating activities:		
Profit/(Loss) before tax	1,438	(2,939)
Adjustments for:		
Depreciation of property, plant and equipment	713	770
Amortisation of land use rights	87	34
Depreciation of investment properties	354	7
Gain on disposal of property, plant and equipment	(3)	-
Loss on disposal of property, plant and equipment	1	-
Gain on disposal of investment securities	-	(26)
Property, plant and equipment written off	1	-
Share of results of associates	47	21
Provision for retirement benefits	15	18
Dividend income from investment securities	(48)	(43)
Interest income	(260)	(318)
Net fair value (losses)/gains on held for trading investment securities	(122)	127
Foreign currency translation adjustment	(2,521)	1,564
Operating cash flows before movements in working capital	(298)	(785)
Trade and other receivables	6,843	(6,881)
Inventories	(327)	(1,176)
Trade and other payables	(10,479)	2,488
Cash used in operations	(4,261)	(6,354)
Income tax paid	(414)	(156)
Net cash used in operating activities	(4,675)	(6,510)
Cash flows from investing activities:		
Investment in associate	-	(92)
Purchase of investment securities	(335)	(9,058)
Increase in property under development	(546)	(4,570)
Purchase of property, plant and equipment	(249)	(30)
Proceeds from disposal of investment securities	17	1,291
Dividend income from investment securities	48	43
Interest received	246	355
Net cash used in investing activities	(819)	(12,061)
Cash flows from financing activities:		
Purchase of treasury shares	-	(130)
Net cash used in financing activities	-	(130)
Net decrease in cash and cash equivalents	(5,494)	(18,701)
Cash and cash equivalents at beginning of financial period	40,014	53,487
Effect of exchange rate changes on cash and cash equivalents	1,341	(1,237)
Cash and cash equivalents at end of financial period	35,861	33,549

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 2015	71,856	(1,929)	(442)	48	12,982	944	135,600	219,059	7,548	226,607
Net profit for the period	-	-	-	-	-	-	1,150	1,150	97	1,247
Other comprehensive (loss)/income										
Currency translation differences	-	-	-	-	5,249	-	-	5,249	278	5,527
Net loss on fair value changes of available-for-sale financial assets	-	-	(552)	-	-	-	-	(552)	-	(552)
Total comprehensive (loss)/income for the period	-	-	(552)	-	5,249	-	1,150	5,847	375	6,222
Balance at 31 March 2015	71,856	(1,929)	(994)	48	18,231	944	136,750	224,906	7,923	232,829

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

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 2015	71,856	(1,929)	(442)	163,946	233,431
Net profit for the period	-	-	-	1,612	1,612
Other comprehensive loss					
Net loss on fair value changes of available-for-sale financial assets	-	-	(552)	-	(552)
Total comprehensive (loss)/income for the period	-	-	(552)	1,612	1,060
Balance at 31 March 2015	71,856	(1,929)	(994)	165,558	234,491
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

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 2015.

As at 31 March 2015, the Company has 342,024,763 issued ordinary shares, excluding treasury shares.

Treasury Shares

As at 31 March 2015, there were 5,414,000 (2014: 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 2015 was 342,024,763 (31 December 2014: 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, transfers, disposal, cancellation and/or use of treasury shares as at 31 March 2015.

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 2014, 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 2015. 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	
	2015	2014
Earnings/(Loss) per ordinary share for the period		
(i) Based on weighted average number of ordinary shares on issue	0.34 cent	(0.91) cent
Weighted average number of ordinary shares	342,024,763	342,352,374
(ii) On a fully diluted basis	0.34 cent	(0.91) cent
Adjusted weighted average number of ordinary shares	342,024,763	342,352,374

- 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 31/3/2015	As At 31/12/2014	As At 31/3/2015	As At 31/12/2014
Net asset value per ordinary share based on issued share capital at the end of the period reported on (S\$)	0.66	0.64	0.69	0.68
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 decreased by \$2.1 million from \$8.9 million in 1Q14 to \$6.8 million in 1Q15 mainly due to lower revenue recorded in the hotel and property operation. The Group reported a net profit of \$1.2 million in 1Q15 compared to a net loss of \$3.1 million in 1Q14 due mainly to the effect of exchange differences. In 1Q15, the Group reported an exchange gain of \$1.8 million whereas an exchange loss of \$1.3 million was reported in 1Q14.

Hotel and Property Operation

Hotel and property operation reported a decrease in revenue of \$2.6 million from \$5.0 million in 1Q14 to \$2.4 million in 1Q15 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 \$0.3 million to \$0.7 million in 1Q15 because of the higher operating profit reported by the Anxi project as a result of higher interest income received.

PVC Pipes and Fittings Operation

Revenue of the PVC pipes and fittings operation increased from \$4.0 million in 1Q14 to \$4.5 million in 1Q15 owing to higher sales quantity of the Nantong plant. Consequently, the operation reported a profit of \$0.4 million in 1Q15 as compared to a loss of \$0.1 million in 1Q14.

Others

Income from investments increased mainly due to net fair value gains on held for trading investment securities of \$0.1 million in 1Q15 compared to a net fair value losses on held for trading investment securities of \$0.1 million in 1Q14.

The decrease in distribution costs was because of the lower revenue recorded in 1Q15.

Other operating expenses increased due to higher depreciation and amortisation charges.

The Group reported an exchange gain of \$1.8 million in 1Q15 mainly due to the strengthening of the US dollar and Renminbi against the Singapore dollar. The currency translation gain of \$5.5 million reported in other comprehensive income is attributable to the weakening of the Singapore dollar against the Renminbi.

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

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

Net loss on fair value changes of available-for-sale financial assets of \$0.6 million in 1Q15 arose from the lower market value of available-for-sale financial assets as at 31 March 2015.

The increase in depreciation and amortisation was due to the completion of the San Teh Commercial Plaza at Shanghai Anting in second half of 2014.

REVIEW OF FINANCIAL POSITION AND CASH FLOW ANALYSIS

The increase of trade and other receivables and the decrease of property under development were mainly due to reclassification made in respect of the Anxi BT project following the completion of the BT project.

Trade and other payables decreased principally due to repayment of temporary advances by the late Executive Chairman.

The Group had a net cash outflow of \$4.7 million used in its operating activities in 1Q15 as compared to \$6.5 million in 1Q14. Net cash used in investing activities of \$0.8 million in 1Q15 was mainly due to: (i) progress payment of \$0.5 million for the property projects at Anxi; and (ii) payment of \$0.3 million for the purchase 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 2015 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 Group has received the first instalment amounted to \$9.3 million for the BT project at Anxi in March 2015.

Conversion and refurbishment works of Nantong hotel is expected to commence in the second quarter.

The construction of the Dali Heqing project is still put on hold as the legal action is on-going.

The Group expects its PVC pipes and fittings operation and Suzhou hotel to continue to face challenging business environment.

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 2015.

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 2015

	Investment Holding	Hotel and Property	PVC Pipes and Fittings	Others	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
External sales	-	2,374	4,458	-	-	6,832
Intersegment sales	-	-	-	-	-	-
Total sales	-	2,374	4,458	-	-	6,832
Results						
Segment results	1,507	(712)	445	(15)	-	1,225
Interest income	184	8	18	89	(39)	260
Interest expense	-	(39)	-	-	39	-
Share of results of associates	(47)	-	-	-	-	(47)
Profit/(Loss) before income tax	1,644	(743)	463	74	-	1,438
Income tax expense	(10)	(135)	(41)	(5)	-	(191)
Profit/(loss) for the period	1,634	(878)	422	69	-	1,247
Assets						
Segment assets	242,559	199,727	27,204	22,919	(237,424)	254,985
Investment in associates	1,729	-	-	-	-	1,729
Deferred tax assets	-	603	-	-	-	603
Total assets	244,288	200,330	27,204	22,919	(237,424)	257,317
Liabilities						
Segment liabilities	2,141	67,779	1,969	5,957	(54,245)	23,601
Income tax payable	27	809	42	9	-	887
Total liabilities	2,168	68,588	2,011	5,966	(54,245)	24,488
Other segment information						
Additions to property, plant and equipment	-	206	43	-	-	249
Additions to property under development	-	546	-	-	-	546
Depreciation and amortisation	38	980	122	14	-	1,154
Foreign exchange (gains)/losses	(1,833)	31	-	-	-	(1,802)

Period ended 31 March 2014

	Investment Holding	Hotel and Property	PVC Pipes and Fittings	Others	Elimination	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue						
External sales	-	4,961	3,932	-	-	8,893
Intersegment sales	-	5	66	1,735	(1,806)	-
Total sales	-	4,966	3,998	1,735	(1,806)	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 income tax	(2,048)	(966)	(97)	172	-	(2,939)
Income tax expense	(18)	(46)	(47)	(19)	-	(130)
(Loss)/Profit for the period	(2,066)	(1,012)	(144)	153	-	(3,069)
Assets						
Segment assets	244,275	167,556	29,867	21,960	(218,837)	244,821
Investment in associates	1,211	-	-	-	-	1,211
Deferred tax assets	-	406	35	-	-	441
Total assets	245,486	167,962	29,902	21,960	(218,837)	246,473
Liabilities						
Segment liabilities	2,017	47,513	3,764	6,906	(36,335)	23,865
Income tax payable	47	776	46	39	-	908
	2,064	48,289	3,810	6,945	(36,335)	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

BY ORDER OF THE BOARD

LIM WEE TZIANG
COMPANY SECRETARY
30 April 2015

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 2015 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 2015