

Financial Statement Announcement for the First Quarter Ended 31 March 2019

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	2019	2018	Change
Revenue	3,523	3,564	(1.15)
Cost of sales	(3,180)	(3,170)	0.32
Gross profit	343	394	(12.94)
Other operating income	80	147	(45.58)
Gain from investments	974	823	18.35
Administrative expenses	(1,385)	(1,312)	5.56
Distribution costs	(79)	(77)	2.60
Other operating expenses	(372)	(400)	(7.00)
Finance costs	-	(24)	(100.00)
Foreign exchange gains	421	577	(27.04)
Share of results of associate	(18)	(19)	(5.26)
(Loss)/Profit before income tax	(36)	109	NM
Income tax expense	(12)	(72)	(83.33)
(Loss)/Profit for the period	(48)	37	NM
Attributable to:			
Owners of the Company	(48)	(1)	NM
Non-controlling interests	-	38	(100.00)
	(48)	37	NM

NM – Not Meaningful

Statement of Comprehensive Income

Group			
		S\$'000	%
3 months ended 31 March			
Note	2019	2018	Change
(Loss)/Profit for the period	(48)	37	NM
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	795	2,392	(66.76)
Other comprehensive income for the period, net of tax	795	2,392	(66.76)
Total comprehensive income for the period	747	2,429	(69.25)
Attributable to:			
Owners of the Company	730	2,262	(67.73)
Non-controlling interests	17	167	(89.82)
	747	2,429	(69.25)

Other information

	Group		
	S\$'000	%	
	3 months ended 31 March		
	2019	2018	Change
Depreciation and amortisation	994	1,006	(1.19)

NM – Not Meaningful

Note 1

Other operating income:

Rental income

Sundry income

Group		
S\$'000		%
3 months ended 31 March		
2019	2018	Change
63	56	12.50
17	91	(81.32)
80	147	(45.58)

Other operating income decreased mainly because in 1Q18 there was forfeiture of tenant's security deposit due to early termination of tenancy agreement.

Note 2

Gain from investments:

Interest income

Dividend income

Net fair value gain on other financial assets

Group		
S\$'000		%
3 months ended 31 March		
2019	2018	Change
162	394	(58.88)
70	78	(10.26)
742	351	NM
974	823	18.35

Note 3

Finance cost:

Interest expense

Group		
S\$'000		%
3 months ended 31 March		
2019	2018	Change
-	24	(100.00)
-	24	(100.00)

No finance cost was reported in 1Q19 as the Group has fully repaid its bank borrowings.

Note 4

The Group reported an exchange gain of \$0.4 million in 1Q19 due mainly to the strengthening of the Renminbi against the US dollar and Singapore dollar. The currency translation gain of \$0.8 million reported in other comprehensive income was attributable to the weakening of the Singapore dollar against the Renminbi.

NM – Not Meaningful

Note 5

Income tax expense:

Current tax expense

Overseas withholding tax

Group		
S\$'000		%
3 months ended 31 March		
2019	2018	Change
(6)	(66)	(90.91)
(6)	(6)	-
(12)	(72)	(83.33)

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

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	
		31/3/2019 \$'000	31/12/2018 \$'000	31/3/2019 \$'000	31/12/2018 \$'000
ASSETS					
Current assets:					
Cash and cash equivalents		25,271	25,434	12,085	14,458
Trade and other receivables	1	12,029	13,946	24,240	21,343
Inventories		2,673	2,627	-	-
Other financial assets		10,135	9,894	10,135	9,894
Total current assets		50,108	51,901	46,460	45,695
Non-current assets:					
Investments in subsidiaries		-	-	148,623	148,623
Investments in associate		181	198	-	-
Other financial assets		2,267	2,249	-	-
Property, plant and equipment		42,803	41,380	1,140	1,160
Investment properties		56,182	56,258	853	860
Property under development		31,335	31,081	-	-
Other receivables		-	-	4,340	4,387
Land use rights		8,446	8,457	-	-
Total non-current assets		141,214	139,623	154,956	155,030
Total assets		191,322	191,524	201,416	200,725
LIABILITIES AND EQUITY					
Current liabilities:					
Trade and other payables		11,239	12,138	401	348
Income tax payable		43	50	18	18
Provision for litigation	2	11	69	-	-
Total current liabilities		11,293	12,257	419	366
Non-current liabilities:					
Provision for retirement benefits		601	586	601	586
Total non-current liabilities		601	586	601	586
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)
Foreign currency translation reserve		3,942	3,164	-	-
Statutory reserve		1,855	1,855	-	-
Capital reserve		48	48	-	-
Retained earnings		101,510	101,558	130,469	129,846
		177,282	176,552	200,396	199,773
Non-controlling interests		2,146	2,129	-	-
Total equity		179,428	178,681	200,396	199,773
Total liabilities and equity		191,322	191,524	201,416	200,725

Notes:

1. Decrease in trade and other receivables was due mainly to receipt of payment from customers of PVC pipes and fittings operation.
2. Provision for litigation decreased due to settlement of litigation.

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 2019		As at 31 December 2018	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	-

Amount repayable after one year

As at 31 March 2019		As at 31 December 2018	
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	
	2019	2018
Cash flows from operating activities:		
(Loss)/Profit before tax	(36)	109
Adjustments for:		
Depreciation of property, plant and equipment	394	424
Amortisation of land use rights	79	82
Depreciation of investment properties	521	500
Loss on disposal of property, plant and equipment	17	22
Property, plant and equipment written off	2	-
Share of results of associate	18	19
Provision for retirement benefits	15	15
Dividend income	(70)	(78)
Interest income	(162)	(394)
Interest expense	-	24
Unrealised foreign exchange losses	10	69
Operating cash flows before changes in working capital	788	792
Trade and other receivables	2,240	2,019
Inventories	(28)	(435)
Trade and other payables	(1,672)	(2,027)
Other financial assets	(242)	(351)
Cash flows from/(used in) operations	1,086	(2)
Interest paid	-	(24)
Income tax paid	(19)	(144)
Net cash from/(used in) operating activities	1,067	(170)
Cash flows from investing activities:		
Increase in investment properties	-	(476)
Purchase of property, plant and equipment	(1,524)	(2,515)
Proceeds from disposal of property, plant and equipment	9	9
Dividends received	70	78
Interest received	159	284
Net cash used in investing activities	(1,286)	(2,620)
Net decrease in cash and cash equivalents	(219)	(2,790)
Cash and cash equivalents at beginning of financial year	25,434	48,211
Effect of exchange rate changes on cash and cash equivalents	56	558
Cash and cash equivalents at end of financial year	25,271	45,979

The Group had a net cash inflow of \$1.1 million from its operating activities in 1Q19 as compared to a net cash outflow of \$0.2 million in 1Q18. Net cash used in investing activities of \$1.3 million in 1Q19 was due mainly to payment of \$1.5 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

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 2019	71,856	(1,929)	-	48	3,164	1,855	101,558	176,552	2,129	178,681
Net loss for the period	-	-	-	-	-	-	(48)	(48)	-	(48)
Other comprehensive income for the period										
Currency translation differences	-	-	-	-	778	-	-	778	17	795
Total comprehensive income/(loss) for the period	-	-	-	-	778	-	(48)	730	17	747
Balance at 31 March 2019	71,856	(1,929)	-	48	3,942	1,855	101,510	177,282	2,146	179,428
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)	-	-	-	2,520	1,281	-	1,281
Balance at 1 January 2018 as restated	71,856	(1,929)	-	48	6,077	1,110	112,354	189,516	6,962	196,478
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)	-	48	8,340	1,852	111,611	191,778	7,129	198,907

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 2019	71,856	(1,929)	-	129,846	199,773
Net profit for the period	-	-	-	623	623
Total comprehensive income for the period	-	-	-	623	623
Balance at 31 March 2019	71,856	(1,929)	-	130,469	200,396
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	71,856	(1,929)	-	157,740	227,667

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 2019.

As at 31 March 2019, the Company has 342,024,763 issued ordinary shares, excluding treasury shares.

Treasury Shares

As at 31 March 2019, there were 5,414,000 (2018: 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 2019 was 342,024,763 (31 December 2018: 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 2019.

1(d)(v)A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable as the Company does not have any subsidiary holdings.

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 2018, 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 2019. 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 31 March	
2019	2018
Loss per ordinary share for the year	
(i) Based on weighted average number of ordinary shares on issue	(0.01) cent 0.00 cent
Weighted average number of ordinary shares	342,024,763 342,024,763
(ii) On a fully diluted basis	(0.01) cent 0.00 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 31/3/2019	As At 31/12/2018	As At 31/3/2019	As At 31/12/2018
Net asset value per ordinary share based on issued share capital at the end of the period reported on (S\$)	0.52	0.52	0.59	0.58
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 \$0.1 million from \$3.6 million in 1Q18 to \$3.5 million in 1Q19 mainly because of lower revenue recorded in the PVC pipes and fittings operation. The Group reported a net loss of \$48,000 in 1Q19 compared to a net profit of \$37,000 in 1Q18.

Hotel and Property Operation

Hotel and property operation reported an increase in revenue of \$0.2 million from \$1.4 million in 1Q18 to \$1.6 million in 1Q19 due mainly to the revenue contributed from the shopping mall at the San Teh Commercial Plaza at Shanghai Anting (the "Shanghai Plaza"). Loss of the operation increased from \$0.2 million in 1Q18 to \$0.5 million in 1Q19 due mainly to the operating loss of Suzhou hotel which is still under start-up gestation period. The hotel was soft-launched in 1Q19.

PVC Pipes and Fittings Operation

Revenue of the PVC pipes and fittings operation decreased from \$2.1 million in 1Q18 to \$1.9 million in 1Q19 owing to lower selling price. Consequently, loss of the operation increased from \$64,000 in 1Q18 to \$0.1 million in 1Q19.

- 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 2019 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**

With the contribution from the Suzhou hotel and higher occupancy rate at the shopping mall at Shanghai Plaza, the Group expects the revenue of its hotel and property operation to improve.

The renovation and improvement works of Nantong hotel will commence in 2Q19. The arbitration proceeding with the hotel's former tenant is 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 and the reason(s) for the decision.

No dividend has been declared or recommended for the period ended 31 March 2019. Dividend, if any, will be recommended in the full year financial statement and related announcement.

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 2019

	Investment Holding	Hotel and Property	PVC Pipes and Fittings	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue					
Total revenue	-	1,574	1,949	-	3,523
Results					
Segment results	498	(532)	(132)	(14)	(180)
Interest income	84	62	7	9	162
Share of results of associates	(18)	-	-	-	(18)
Profit/(Loss) before tax	564	(470)	(125)	(5)	(36)
Income tax expense	(6)	(6)	-	-	(12)
Profit/(Loss) for the period	558	(476)	(125)	(5)	(48)
Assets					
Segment assets	25,680	146,180	14,684	4,597	191,141
Investment in associates	181	-	-	-	181
Total assets	25,861	146,180	14,684	4,597	191,322
Liabilities					
Segment liabilities	1,009	10,127	651	64	11,851
Income tax payable	22	21	-	-	43
Total liabilities	1,031	10,148	651	64	11,894
Other segment information					
Additions to property, plant and equipment	-	1,394	130	-	1,524
Depreciation and amortisation	30	886	66	12	994
Foreign exchange gains	(187)	(234)	-	-	(421)

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 associate	(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)

BY ORDER OF THE BOARD

LIM WEE TZIANG
COMPANY SECRETARY
30 April 2019

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 2019 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 2019