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FORISE INTERNATIONAL LIMITED

UNAUDITED RESULTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS.

1(a)(i) A consolidated income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial period.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	3Q2019 RMB'000	3Q2018 RMB'000	%Change +/(-)	**9M2019 RMB'000**	9M2018 RMB'000	%Change +/(-)
Continuing Operations						
Revenue	**-**	3,507	n.m.	**2,163**	10,861	(80.1)
Interest income	**97**	562	(82.7)	**487**	939	(48.1)
Other income	**121**	153	(20.9)	**937**	1,113	(15.8)
Other gain/(loss), net						
Gain on disposal of subsidiaries	**-**	-	n.a.	**6**	-	100.0
Currency exchange gain/(loss), net	**467**	705	(33.8)	**461**	1,085	(57.5)
Expenses						
-Amortisation of right-of-use asset	**(1,011)**	-	100.0	**(1,011)**	-	100.0
-Depreciation	**(3)**	(3)	-	**(10)**	(19)	(47.4)
-Directors' fee	**(137)**	(361)	(62.0)	**(547)**	(777)	(29.6)
-Employee compensation	**(1,202)**	(1,135)	5.9	**(3,125)**	(2,927)	6.8
-Professional fees	**(208)**	(164)	26.8	**(969)**	(414)	134.1
-Rental on operating leases	**645**	(895)	n.m.	**(385)**	(2,560)	(85.0)
-Expected credit losses on other receivables	**(912)**	-	100.0	**(1,227)**	-	100.0
-Interest expense for lease liability	**(71)**	-	100.0	**(71)**	-	100.0
-Finance	**(1)**	(4)	(75.0)	**(16)**	(12)	33.3
-Other operating expenses	**(503)**	(304)	65.4	**(1,124)**	(1,002)	12.2
Total expenses	**(3,403)**	(2,866)	18.7	**(8,485)**	(7,711)	10.0
Share of loss of joint venture	**(10)**	(1)	900.0	**(22)**	(77)	(71.4)
Share of (loss)/profit of an associated company	**(3)**	11	n.m.	**(6)**	15	n.m.
(Loss)/profit before income tax	**(2,731)**	2,071	n.m.	**(4,459)**	6,225	n.m.
Income tax refund/(expense)	**19**	(635)	n.m.	**(27)**	(2,211)	(98.8)
(Loss)/profit from continuing operations	**(2,712)**	1,436	n.m.	**(4,486)**	4,014	n.m.
Discontinued operations						
Loss from discontinued operations, net of tax	**-**	5	n.m.	**-**	(246)	n.m.
Total (loss)/income, representing total comprehensive income	**(2,712)**	1,441	n.m.	**(4,486)**	3,768	n.m.
(Loss)/profit attributable to						
-Equity holders of the Company	**(2,712)**	1,441	n.m.	**(4,486)**	3,768	n.m.
(Loss)/profit attributable to equity holders of the Company relates to:						
-(Loss)/profit from continuing operations	**(2,712)**	1,436	n.m.	**(4,486)**	4,014	n.m.
-Loss from discontinued operations	**-**	5	n.m.	**-**	(246)	n.m.
	(2,712)	1,441	n.m.	**(4,486)**	3,768	n.m.
Total comprehensive (loss)/income attributable to						
-Equity holders of the Company	**(2,712)**	1,441	n.m.	**(4,486)**	3,768	n.m.

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial period:-

	Group			Group		
	3Q2019 RMB'000	3Q2018 RMB'000	%Change +/(-)	**9M2019 RMB'000**	9M2018 RMB'000	%Change +/(-)
(Expense)/Income						
Amortisation of right-of-use asset	**(1,011)**	-	100.0	**(1,011)**	-	100.0
Depreciation of property, plant and equipment	**(3)**	(3)	-	**(10)**	(19)	(47.4)
Interest income	**97**	562	(82.7)	**487**	939	(48.1)
Interest expense for lease liability	**(71)**	-	100.0	**(71)**	-	100.0
Foreign exchange gain/(loss), net	**467**	705	(33.8)	**461**	1,085	(57.5)
Expected credit losses on other receivables	**(912)**	-	100.0	**(1,227)**	-	100.0
Gain on disposal of subsidiaries	**-**	-	-	**6**	-	100.0

"n.m." denotes "not meaningful"

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1(b)(i) A balance sheet (for the issuer and the Group), together with a comparative statement as at the end of the immediately preceding financial period

	Group		Company	
	As at 30 Sep 2019 RMB'000	As at 31 Dec 2018 RMB'000	**As at 30 Sep 2019 RMB'000**	As at 31 Dec 2018 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	**18,964**	22,191	**15,136**	19,527
Trade and other receivables	**18,361**	20,225	**1,263**	1,312
Other current assets	**462**	629	**418**	368
Right-of-use asset	**1,235**	-	**1,235**	
	39,022	43,045	**18,052**	21,207
Non-current assets				
Investments in subsidiaries	**-**	-	**1,259**	1,259
Investment in an associated company	**1,986**	1,992	**-**	-
Investment in a joint venture	**3,182**	3,204	**3,182**	3,204
Property, plant and equipment	**8**	18	**8**	17
	5,176	5,214	**4,449**	4,480
Total assets	**44,198**	48,259	**22,501**	25,687
LIABILITIES				
Current liabilities				
Trade and other payables	**1,668**	1,361	**742**	1,426
Lease liability	**1,260**	-	**1,260**	-
Current income tax liabilities	**(85)**	1,057	**-**	-
Total liabilities	**2,843**	2,418	**2,002**	1,426
NET ASSETS	**41,355**	45,841	**20,499**	24,261
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	**145,320**	145,320	**145,320**	145,320
Accumulated losses	**(103,965)**	(99,479)	**(124,821)**	(121,059)
TOTAL EQUITY	**41,355**	45,841	**20,499**	24,261

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

The Group has no borrowings and debt securities as at 30 September 2019 and 31 December 2018.

1(b)(iii) Details of any collaterals

Nil.

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1(c) A cash flow statement (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Group		Group	
	3Q2019	3Q2018	**9M2019**	9M2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash flows from operating activities				
Total (loss)/profit	**(2,712)**	1,441	**(4,486)**	3,768
Adjustments for:				
-Income tax (refund)/expense	**(19)**	184	**27**	1,759
-Depreciation	**3**	3	**9**	19
-Amortisation of right-of-use asset	**1,011**	-	**1,011**	-
-Lease liability – Reversal of rental expense	**(1,057)**		**(1,057)**	-
-Lease liability – Interest expense	**72**		**72**	
-Interest income	**(139)**	(562)	**(487)**	(939)
-Expected credit loss on other receivables	**912**	-	**1,227**	-
-Unrealised currency translation losses	**-**	-	**-**	(42)
-Share of loss/(profit) of associated company	**3**	(11)	**6**	(15)
-Share of loss of a joint venture	**10**	1	**22**	77
-Gain on disposal of subsidiary	**-**	-	**(6)**	-
Operating (loss)/profit before changes in working capital	**(1,916)**	1,056	**(3,662)**	4,627
Changes in working capital:				
-Trade and other receivables	**75**	(413)	**(1,046)**	2,818
-Other current assets	**(14)**	(423)	**168**	(577)
-Trade and other payables	**(165)**	360	**239**	(1,033)
Cash (used in)/generated from operations	**(2,020)**	580	**(4,301)**	5,835
Interest received	**97**	162	**244**	271
Income tax paid	**(33)**	(966)	**(46)**	(2,528)
Net cash (used in)/generated from operating activities	**(1,956)**	(224)	**(4,103)**	3,578
Cash flows from investing activites				
Proceeds from disposal of subsidiary	-	-	-*	-
Repayment of loan from associated company	**660**	-	**860**	-
Interest received on loan from associated company	**-**	-	**16**	-
Loan to associated company	**-**	(5,000)	**-**	(17,700)
Net cash generated from/(used in) investing activities	**660**	(5,000)	**876**	(17,700)
Net decrease in cash and cash equivalents	**(1,296)**	(5,224)	**(3,227)**	(14,122)
Cash and cash equivalents at beginning of financial period	**20,260**	26,059	**22,191**	34,957
Cash and cash equivalents at end of financial period	**18,964**	20,835	**18,964**	20,835

**Less than RMB 1,000*

Note: For the purpose of consolidated cash flow statement, cash and cash equivalents comprise the following :-

	Group		Group	
	3Q2019	3Q2018	**9M2019**	9M2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**18,964**	20,835	**18,964**	20,835

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1(d)(i) A statement (for the issuer and the 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 period

	Attributable to equity holders of the Company				
	Share Capital RMB'000	Accumulated losses RMB'000	Total RMB'000	Non-controlling interest RMB'000	Total equity RMB'000
Group					
At 1 January 2019	145,320	(99,479)	45,841	-	45,841
Total comprehensive loss for the financial period	-	(4,486)	(4,486)	-	(4,486)
At 30 September 2019	145,320	(103,965)	41,355	-	41,355
At 1 January 2018	145,320	(100,884)	44,436	-	44,436
Total comprehensive income for the financial period	-	3,768	3,768	-	3,768
At 30 September 2018	145,320	(97,116)	48,204	-	48,204
Company					
At 1 January 2019	145,320	(121,059)	24,261	-	24,261
Total comprehensive loss for the financial period	-	(3,762)	(3,762)	-	(3,762)
At 30 September 2019	145,320	(124,821))	20,499	-	20,499
At 1 January 2018	145,320	(117,069)	28,251	-	28,251
Total comprehensive loss for the financial period	-	(3,093)	(3,093)	-	(3,093)
At 30 September 2018	145,320	(120,162)	25,158	-	25,158

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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 share capital of the Company in the 3Q2019.

	Group and Company	
	As at 30 September 2019	As at 31 December 2018
	(No. of shares)	
Ordinary shares issued and fully paid		
Beginning and end of financial period/year	**2,130,000,000**	2,130,000,000

There were no changes in the Company's share capital since the end of the previous period/year reported on and save as disclosed above there were no outstanding convertibles or treasury shares held as at 30 September 2019.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.

	Group and Company	
	As at 30 September 2019	As at 31 December 2018
Number of issued shares excluding treasury shares		
Beginning and end of financial period/year	**2,130,000,000**	2,130,000,000

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 report on.

Not applicable.

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

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which standard and practice.

The figures in this announcement have not been audited or reviewed by the Group's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the Group's financial statement for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 2018.

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 all new and revised SFRS(I) and Interpretations of SFRS(I) that are relevant to its operations and effective for the financial period on or after 1 January 2019, where applicable. The adoption of these new and revised standards from the effective date did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results for 9M2019, except for the adoption of SFRS(I) 16.

SFRS(I) 16 – Leases

SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise all leases on its statements of financial position to reflect its rights to use the leased assets ("ROU asset") and a corresponding lease liability except for certain short-term leases (less than 12 months) and leases of low value assets.

The Group capitalised its operating leases on office premises on the statement of financial position by recognising ROU asset and their corresponding lease liabilities based on future lease payments of RMB2.35 million which has been discounted to present values of RMB2.25 million as at 1 January 2019. Subsequently, the ROU asset will be depreciated over the lease term on straight line method and the lease liabilities will be measured at amortised cost.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability for each period.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 January 2019. On adoption of SFRS(I) 16, the Group chose to measure the right-of-use assets at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position immediately before 1 January 2019. Accordingly, the adoption of SFRS(I) 16 does not result in any adjustment to the opening balance of retained earnings as at 1 January 2019.

6. Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	Third Quarter ended 30 Sep		Nine Months ended 30 Sep	
	2019	2018	**2019**	2018
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
Earnings per Share (Basic and Diluted)				
- Continuing operations	**(0.1273)**	0.0674	**(0.2106)**	0.1884
- Discontinued operations	**-**	0.0002	**-**	(0.0115)
Number of shares				
Weighted average number of issued ordinary shares	**2,130,000,000**	2,130,000,000	**2,130,000,000**	2,130,000,000

Basic earnings per share is computed by dividing the earnings attributable to the equity holders of the Company in each financial period by the weighted average number of ordinary shares outstanding at the end of the respective financial period.

7. Net assets value (for the issuer and Group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-
(a) current financial period reported on; and
(b) immediately preceding financial period

	Group		Company	
	As at 30 Sep 2019	As at 31 Dec 2018	**As at 30 Sep 2019**	As at 31 Dec 2018
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
Net assets value per ordinary share	**1.94**	2.15	**0.96**	1.14
Number of issued ordinary shares as at end of the financial period/year	**2,130,000,000**	2,130,000,000	**2,130,000,000**	2,130,000,000

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review 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/year 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/year reported on.

Commentary on Financial Results

Revenue

Revenue is generated from the business of providing corporate and financial solution advisory services. Our corporate and financial solution advisory services mainly comprise of: (i) advice and services to fund and investment managers; (ii) advice and services to the new economy including Fintech, blockchain and other digital transformation; and (iii) advice and services to SMEs (and high net worth individuals) with respect to better deployment of idle capital.

	Revenue			Revenue		
	3Q19	3Q18	% Change +/(-)	**9M2019**	9M2018	% Change +/(-)
	RMB'000	RMB'000		**RMB'000**	RMB'000	
China - fund/investment managers	**-**	3,507	(100.0)	**2,163**	10,861	(80.1)

As explained in our earlier result announcements dated 27 February 2019, 14 May 2019 and 13 August 2019, our business is sensitive to Chinese corporate activity. The continuous slowdown in Chinese corporate activities has impacted our corporate advisory services business.

There was no revenue recorded for the three months ended 30 September 2019 ("3Q2019) as compared to RMB3.51 million in 3Q2018 due mainly to a continuous slowdown in corporate activities where no advisory service contract was secured in the reporting quarter.

The Group's revenue for the 9 months ended 30 September 2019 ("9M2019") decreased by RMB8.70 million or 80.1%, from RMB10.86 million for the 9 months ended 30 September 2018 ("9M2018") to RMB2.16 million, in 9M2019, due mainly to fewer advisory service contracts clinched and completed by the Group in 9M2019 as opposed to 9M2018.

Other income

Other income of the Group decreased by RMB0.03 million or 20.9% from RMB0.15 million to RMB0.12 million and RMB0.17 million or 15.8% from RMB1.11 million to RMB0.94 million for the corresponding 3Q2019 and 9M2019 respectively. The decrease was mainly attributable to lower sublease rental income as the Company subleased only to 1 related company in 2019 as compared to 2 related companies in 2018. The sublease rental income is derived from the occupancy of floor areas and is paid by sub-lessee on monthly basis.

Other income also includes an incentive from Tianjin Local Tax Authority amounted to RMB0.65 million in 9M2019 and RMB0.67 million in 9M2018. The incentive from Tianjin Local Tax Authority was for the purpose of incentivising local enterprises which set up the companies within the local proximity.

Interest income

	3Q2019	3Q2018	% Change	**9M2019**	9M2018	% Change
	RMB'000	RMB'000	+/(-)	**RMB'000**	RMB'000	+/(-)
Loans to associated company	**-**	164	n.m.	**243**	650	(62.6)
Fixed deposits with financial institutions	**97**	398	(75.6)	**244**	289	(15.6)
	97	562	(82.7)	**487**	939	(48.1)

The Group's interest income decreased by RMB0.45 million, from RMB0.94 million in 9M2018 to RMB0.49 million in 9M2019 and decresed by RMB0.46 million, from RMB0.56 million for 3Q2018 to RMB0.10 million for 3Q2019. The decrease was attributable by:

i) decrease in interest earned from fixed deposits with financial institutions as a result of lower amounts of fixed deposits placement in 9M2019 as compared with 9M2018, and

ii) interest income from loans to associated company amounted to RMB0.24 million for 9M2019 as compared with RMB0.65 million for 9M2018.

Other gains/(loss), net

i) Currency exchange gain/(loss), net

The Group has recorded currency exchange gain of RMB0.47 million for 3Q2019 and RMB0.46 million in 9M2019, mainly due to the appreciation of Singapore Dollar ("SGD") and United States Dollar ("USD") against the functional currencies of the respective companies in the Group.

The Group recognises foreign currency exchange gains or losses as a result of transactions denominated in foreign currencies, and the translation of receivables, cash and payables denominated in foreign currencies to the functional currencies of the respective companies in the Group as at each reporting date. As the Group is in net USD and SGD assets position, the appreciation of the USD and SGD against Renminbi ("RMB") contributed to the foreign currency exchange gain in 3Q2019 and 9M2019.

ii) Gain on disposal of subsidiaries

As announced on 1 February 2019 and 11 July 2019 respectively, the Company disposed its garment trading entities (which was previously presented as assets of disposal group classified as held-for-sale and liabilities directly associated with disposal group classifies as held-for-sale in 1Q2019 results announcement). A gain on disposal of RMB6,443 was recognised upon completion of disposal.

Expenses

1) Amortisation of right-of-use asset

The amortisation of righ-of-use asset relate to depreciation of ROU asset over the lease term on straight line method. Please refer to paragraph 5 above for the effects of adoption of SFRS(I) 16.

2) Employee compensation

Employee compensation of the Group increased by RMB0.07 million or 5.9%, from RMB1.13 million in 3Q2018 to RMB1.20 million in 3Q2019 and increased by 0.19 million or 6.7%, from RMB2.93 million for 9M2018 to RMB3.12 million for 9M2019. Higher amount of employee compensation recorded in Tianjin WFOE as there were salary increments with effect from July 2018 and the increase of the corresponding contribution of social insurance etc.

3) Professional fees

Professional fees of the Group increased by RMB0.05 million or 26.8%, from RMB0.16 million in 3Q2018 to RMB0.21 million in 3Q2019 and increased by RMB0.55 million or 134.1%, from RMB0.41 million for 9M2018 to RMB0.97 million for 9M2019. The increase was mainly due to more professional services rendered during 3Q2019 and 9M2019 in relation to the feasibility of potential corporate exercises and other advisory matters.

4) Rental on operating leases

Rental on operating leases of the Group for 3Q2019 reported as a negative amount of RMB0.64 million was due to reversal of rental expenses recognised in adoption of SFRS(I) 16. As the rental expenses for 9M2019 were reversed at the end of 3Q2019, therefore the amount of rental reversal is higher than the 3 months rentals reported in 3Q2019. Hence, it has resulted in the negative amount in the rental expeses and this amount is not meaningful in the analysis.

On the other hand, the rental on operating leases of the Group for 9M2019 decreased by RMB2.18 million or 84.9%, from RMB2.56 million in 9M2018 to RMB0.38 million in 9M2019. The signficant decrease was resulted from the adoption of SFRS(I) 16 as explained in paragraph 5 above. The rental on operating lease amounted to RMB0.38 million are those leases of office premises and photocopier which are lesser than 12 months and of low value asset.

5) Expected credit losses on other receivables

The slowdown of Chinese economy has had a multitude of impacts, rippling across various industries. The business of the associated company has taken a hit. Tianjin WFOE made an expected credit loss on its loan receivable, amounted to RMB0.91 million and RMB1.23 million for 3Q2019 and 9M2019 respectively, in view of the slowness of loan repayment from its associated company.

6) Interest expense on lease liability

Lease interest expenses relate to imputed interest on operating leases and amounted to RMB0.07 million in 3Q2019 and 9M2019. Please refer to Paragraph 5 above for the effects of adoption of SFRS(I) 16.

Share of loss of joint venture and associated company

The Group has recognised its share of loss from a joint venture amounted to RMB0.01 million and RMB0.02 million for 3Q2019 and 9M2019 respectively.

The Group has recognised its share of loss from an associated company amounted to RMB0.003 million and RMB0.006 million for 3Q2019 and 9M2019 respectively.

(Loss)/profit before tax

As a result of the above, the Group recorded a loss before tax of RMB2.73 million in 3Q2019 and RMB4.46 milion for 9M2019 as compared to profit before tax of RMB2.07 million in 3Q2018 and RMB6.22 million in 9M2018 respectively.

Income tax expenses

There was income tax refund of RMB0.02 million for 3Q2019 and income tax expense of RMB0.03 million in 9M2019 was incurred solely by Tianjin WFOE.

(Loss)/profit after tax

Consequent to the above, the Group recorded net loss of RMB2.71 million for 3Q2019 and RMB4.49 million in 9M2019 as compared to net profit of RMB1.44 million for 3Q2018 and RMB3.77 million in 9M 2018 respectively.

Commentary on Financial Position

Non current assets

Property, plant and equipment of the Group decreased by RMB0.01million, from RMB0.018 million as at 31 December 2018 to RMB0.008 million as at 30 September 2019, was mainly due to depreciation charge.

Investment in an associated company amounted to RMB1.98 million and RMB1.99 million for the reporting periods as at 30 September 2019 and 31 Dcember 2018. This is in relation to the Group's investment in a commercial factoring company through Tianjin WFOE.

Investment in a joint venture decreased by RMB0.02 million, from RMB3.20 million as at 31 December 2018 to RMB3.18 million as at 30 September 2019, mainly due to the Group's share of losses.

Current Assets

Current assets of the Group had decreased by RMB4.02 million, from RMB43.04 million as at 31 December 2018 to RMB39.02 million as at 30 September 2019, mainly due to the decrease in cash and cash equivalents, trade and other receivables and other current assets, offset by the increase in right-of-use asset.

Cash and cash equivalents of the Group decreased by RMB3.23 million, from RMB22.19 million as at 31 December 2018 to RMB18.96 million as of 30 September 2019, mainly due to net cash used in operating activities for the 9M2019 reported on.

Trade and Other Receivables

	Group			**Company**		
	30 Sep 2019	31 Dec 2018	% Change	**30 Sep 2019**	31 Dec 2018	% Change
	RMB'000	RMB'000	+/ (-)	**RMB'000**	RMB'000	+/ (-)
Trade receivables	**-**	-	-	**-**	-	-
Other receivables	**19,588**	20,225	(3.1)	**1,263**	1,312	(3.7)
Expected credit losses on other receivables	**(1,227)**	-	100.0	**-**	-	-
	18,361	20,225	(9.2)	**1,263**	1,312	(3.7)
Total	**18,361**	20,225	(9.2)	**1,263**	1,312	(3.7)

Trade and other receivables of the Group decreased by RMB1.86 million, from RMB20.22 million as at 31 December 2018 to RMB18.36 million as at 30 September 2019, due to:

i) Decrease in other receivables of RMB0.64 million was mainly resulted from the receipt of loan repayment from the associated company during 9M2019.

ii) An expected credit loss of RMB1.23 million recognised with respect to outstanding balance of other receivables yet to be recovered.

Other current assets

Other current assets of the Group decreased by RMB0.17 million from RMB0.63 million as at 31 December 2018 to RMB0.46 million as at 30 September 2019. The decrease was mainly due to lower prepayment of office rental made by Tianjin WFOE as at 30 September 2019 and amortisation of prepaid expenses in 9M2019.

Right-of-use asset

For adoption of SFRS(I)16, the Group capitalised its operating leases on office premises for its Singapore office on the statement of financial position by recognising right-of-use asset. The right-of-use asset has been presented as current asset as the lease of Singapore office premises is effectively lesser than 12 months as at 30 September 2019.

Please refer to Paragraph 5 above for the effects of adoption of SFRS(I) 16.

Current Liabilities

Trade and other payables increased by RMB0.31 million from RMB1.36 million as at 31 December 2018 to RMB1.67 million as at 30 September 2019. The increase was mainly due to:

i) reclassification of tax provision of RMB1.05 million for the Hong Kong garment trading subsidiary to other payables upon completion of disposal of the subsidiary in June 2019. (please refer to explanation in paragraph below); and

ii) offset with repayment of FY2018 accrued expenses during year 2019 as well as the additional accrued operating expenses for the financial period reported on.

The current income tax liabilities of the Group decreased by RMB1.14 million from RMB1.06 million as at 31 December 2018 to income tax recoverable of RMB0.09 million as at 30 September 2019. The decrease was mainly due to a provision of income tax of RMB1.05 million for FY2016 with respect to the revenue generated from a Hong Kong garment trading company. As the garment trading company has been disposed during 2Q2019 and ceased to be subsidiary of the Group, hence the amount of tax provision of the garment trading company (which will be offset with the balance of RMB1.05 million owed by the garment trading company to a Hong Kong subsidiary, upon finalisation of FY2016 taxes by Hong Kong Inland Revenue Department) is now reclassified from income tax liabilities to other payables.

For adoption of SFRS(I)16, the Group capitalised its lease liability based on future lease payments of RMB2.35 million which has been discounted to present values of RMB2.25 million as at 1 January 2019. The lease liability is subsequently measured at its amortised costs. Please refer to Paragraph 5 above for the effects of adoption of SFRS(I) 16.

As a result of the above, the Group's current liabilities increased by RMB0.42 million from RMB2.42 million as at 31 December 2018 to RMB2.84 million as at 30 September 2019.

Commentary on financial cash flow

Net cash used in operating activities of RMB1.96 million and RMB4.10 million in 3Q2019 and 9M2019 respectively were mainly due to operating losses.

Net cash generated from investing activities of RMB0.66 million and RMB0.88 million in 3Q2019 and 9M2019 respectively were in relation to receipt of loan repayments from the associated company.

Consequent to the above, the cash and cash equivalents decreased by RMB3.23 million, from RMB22.19 million as at 31 December 2018 to RMB18.96 million as at 30 September 2019.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

There is no variance between the commentary given in our previous results announcement and the actual results for the period reported on.

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 slowdown in China's economic growth coupled with i) the recent tariff actions by the United States against China and China's retaliatory tariffs; ii) de-leveraging of the Chinese financial sector; and iii) China's new financial reforms, have caused significant uncertainty and has led to the decline of both equity and currency markets. Our industry, which does better when markets are bouyant and more certain, has been negatively impacted. However, the degree of further future impact is difficult to judge. Nevertheless, the Group expects the global market and the China equity market to remain challenging.

The Group will continue to focus on the development and growth of its corporate advisory, financial solution and management consultancy business. The Group was pleased to announce on 21 October 2019, that its subsidiary – Prisma Technologies has been awarded the management of a contract worth approximately US$2.34 million in aggregate for the provision of solutions for visual-based security for aviation and highway automation systems in the regions of Africa and Asia. In view of the growth and potential applications of digital transformation, the Group aims to deploy more internal funding and resources for its business of management consultancy services to the clients in this exciting industry.

The Group will continue to focus on the development and growth of its strategic planning, corporate advisory, financial restructuring and management consultancy business. In particular, the Group aims to further develop its business of corporate advisory and management consultancy services in digital transformation industry utilising largely existing internal fundings and resources.

The Group remains committed to sourcing for other business opportunities to expand and enhance the performance and net asset value of the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable.

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.

No general mandate has been obtained from shareholders for IPTs.

14. Statement Pursuant to Rule 705(5) of the Listing Manual

To the best of their knowledge and belief, nothing has come to the attention of the Board of Directors which may render the unaudited Third Quarter Results of the Group for the financial period ended 30 September 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that the undertakings required under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

16. Disclosure on the status on the used of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.

The details of the utilisation of proceeds for the rights issue as at 30 September 2019 are as follows:

Intented used	Amount re-allocated S$ million	Amount utilised S$ million	Balance S$ million
To fund new potential investment and business through acquisition, joint venture/or collaboration in business	4.27	(2.73)	1.54
For general working capital purposes	4.50	(4.50)	-
Total	8.77	(7.23)	1.54

The breakdown for S$4.50 million used for general working capital purposes are as follows:

	For general working capital purposes (S$ million)
1) Salaries	1.97
2) Rental	0.99
3) Professional fees	0.78
4) Others	0.76
Total	**4.50**

On Behalf of the Board of Directors
BY ORDER OF THE BOARD
Leo Peng WeiLe
Executive Director
13 November 2019