

UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE 2018

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

1(a)(i) An income statement and statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		Change %
	S\$'000		
	HY 2018	HY 2017*	
Continuing operations			
Revenue	341	77	342
Other income	289	2	12,665
Other gains and losses	272	72	280
Depreciation	(2)	-	NM
Employee compensation	(504)	(53)	848
Other operating expenses	(294)	(135)	118
Total expenses	(800)	(188)	325
Profit/(loss) before income tax	102	(37)	NM
Income tax expense	-	-	-
Profit/(loss) from continuing operations	102	(37)	NM
Discontinued operations			
Loss from discontinued operations	-	(88)	NM
Total profit/(loss)	102	(125)	NM
Other comprehensive loss			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation – gains/(losses)	30	(72)	NM
Other comprehensive income/(loss), net of tax	30	(72)	NM
Total comprehensive income/(loss)	132	(197)	NM
Profit/(loss) attributable to equity holders of the Company relates to:			
Profit/(loss) from continuing operations	102	(37)	NM
Loss from discontinued operations	-	(88)	NM
	102	(125)	NM
Total comprehensive income/(loss) attributable to equity holders of the Company	132	(197)	NM

*The Group completed the disposal of SMJ Furnishings on 16 January 2018. The comparative consolidated income statement for HY2017 is restated with the financial results of SMJ Furnishings presented separately as discontinued operation.

NM – Not Meaningful

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 year:

	The Group		
	HY 2018	HY 2017	Change
	S\$'000	S\$'000	%
<u>Other income</u>			
Interest income-bank deposits	1	2	(50)
Fair value change on financial assets at fair value, through profit and loss	288	-	NM
	289	2	12,665
<u>Other gains and losses</u>			
Currency exchange gains – net	272	72	280

NM – Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

BALANCE SHEETS

ASSETS

Current assets

Cash and bank balances

Financial assets, at fair value through profit and loss

Trade and other receivables

Non-current assets

Investments in subsidiary corporations

Property, plant and equipment

Total assets

LIABILITIES

Current liabilities

Trade and other payables

Current income tax liabilities

Total liabilities

NET ASSETS

EQUITY

Capital and reserves attributable to equity holders of the Company

Share capital

Currency translation reserve

Retained profits

Total equity

	Note	Group		Company	
		30 June 18 S\$'000	31 Dec 17 S\$'000	30 June 18 S\$'000	31 Dec 17 S\$'000
	A	1,078	1,606	32	102
		15,310	-	-	-
		312	15,203	16,017	15,996
		16,700	16,809	16,049	16,098
		-	-	*	*
		32	1	31	-
		32	1	31	*
		16,732	16,810	16,080	16,098
	B	187	208	62	119
		-	189	-	-
		187	397	62	119
		187	397	62	119
		16,545	16,413	16,018	15,979
		6,365	6,365	6,365	6,365
		(23)	(53)	-	-
		10,203	10,101	9,653	9,614
		16,545	16,413	16,018	15,979

Note A: Cash and bank balances

Cash at bank
Cash on hand

Group		Company	
30 June 18 S\$'000	31 Dec 17 S\$'000	30 June 18 S\$'000	31 Dec 17 S\$'000
1,078	1,606	32	102
*	*	*	*
1,078	1,606	32	102

* Denotes amount less than S\$1,000

Note B: Other payables

Other payables
- non- related parties
Accruals for operating expenses
Goods and services tax payable

Group		Company	
30 June 18 S\$'000	31 Dec 17 S\$'000	30 June 18 S\$'000	31 Dec 17 S\$'000
32	69	24	64
137	110	38	55
18	29	-	-
187	208	62	119

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

NA

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities:

Net profit/(loss)	102	(125)
Adjustments for:		
Depreciation of property, plant and equipment	2	127
Depreciation of investment property	-	33
Interest income	(1)	(21)
Fair value change on financial assets, at fair value through profit and loss	(288)	-
Finance expense	-	32
Unrealised currency translation losses	30	(72)
Operating cash flows before movements in working capital	(155)	(26)
Change in working capital:		
Inventories	-	(449)
Trade and other receivables	14,892	397
Trade and other payables	(21)	(215)
Deferred income	-	23
Cash provided by/(used in) operations	14,716	(270)
Income tax paid	(189)	(9)
Net cash provided by/(used in) operating activities	14,527	(279)

Cash flows from investing activities:

Additions to property, plant and equipment	(33)	(119)
Increase in financial assets, at fair value through profit and loss	(15,023)	-
Interest received	1	26
Net cash used in investing activities	(15,055)	(93)

Cash flows from financing activities:

Proceeds from borrowings	-	3,026
Repayment of borrowings	-	(3,063)
Interest paid	-	(32)
Fixed deposits with maturity more than three months	-	394
Net cash provided by financing activities	-	325

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Net decrease in cash and cash equivalents

Cash and cash equivalents:

Beginning of financial period

End of financial period

HY 2018	HY 2017
S\$'000	S\$'000
(528)	(47)
1,606	2,292
1,078	2,245

For the purpose of presenting the consolidated statement of cash flows, cash and bank balances comprise the following:

Cash and bank balances

Less: Fixed deposits with maturity more than three months

Cash and cash equivalents per consolidated statement of cash flows

HY 2018	HY 2017
S\$'000	S\$'000
1,078	5,751
-	(3,506)
1,078	2,245

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.

The Group	Share Capital	Currency Translation Reserve	Retained Profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018	6,365	(53)	10,101	16,413
Total comprehensive income for the period	-	-	102	102
<u>Other comprehensive loss, net of tax</u>				
Currency translation differences arising from consolidation – gains	-	30	-	30
At 30 June 2018	6,365	(23)	10,203	16,545
At 1 January 2017	6,365	-	10,013	16,378
Total comprehensive loss for the period	-	-	(125)	(125)
<u>Other comprehensive loss, net of tax</u>				
Currency translation differences arising from consolidation – losses	-	(72)	-	(72)
At 30 June 2017	6,365	(72)	9,888	16,181

The Company	Share Capital	Retained Profits/ (Accumulated Losses)	Total
	S\$'000	S\$'000	S\$'000
At 1 January 2018	6,365	9,614	15,979
Total comprehensive income for the period	-	39	39
At 30 June 2018	6,365	9,653	16,018
At 1 January 2017	6,365	(315)	6,050
Total comprehensive loss for the period	-	(127)	(127)
At 30 June 2017	6,365	(442)	5,923

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 purposes since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, 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.

Ordinary shares of the Company	Number of shares	Share capital S\$
	78,000,000	6,364,807
As at 30 June 2018 and 31 December 2017		

The Company did not have any outstanding options, convertible, treasury shares and subsidiary holdings as at 30 June 2018 and 31 December 2017.

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 Company's total number of issued and paid up share capital as at 30 June 2018 was 78,000,000 ordinary shares (31 December 2017: 78,000,000 ordinary shares).

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

1(d) (iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable

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.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2018.

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

The figures have not been audited or reviewed by the auditors of the Company.

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

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period compared to the audited financial statements for the financial year ended 31 December 2017 except for the adoption of the new and revised Financial Reporting Standards which became effective for the financial period beginning on or after 1 January 2017. The adoption of these new and revised accounting standards did not give rise to any significant impact on the financial statements for the financial year ending 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 Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial period on or after 1 January 2018, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting period.

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.

Earnings per share ("EPS")	The Group	
	HY 2018	HY 2017
Profit/(loss) for the period attributable to equity holders of the company (\$'000)		
- Continuing operations	102	(37)
- Discontinued operations	-	(88)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	78,000	78,000
Basic and diluted EPS shares (cents) ⁽¹⁾		
- Continuing operations	0.13	(0.05)
- Discontinued operations	-	(0.11)

⁽¹⁾ The basic and diluted EPS were the same as the Company and the Group did not have any potentially dilutive instruments for the respective financial periods.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
(b) immediately preceding financial year.

Net asset value ("NAV") per ordinary share	Group		Company	
	30 June 18	31 Dec 17	30 June 18	31 Dec 17
NAV (\$'000)	16,545	16,413	16,018	15,979
Number of ordinary shares	78,000,000	78,000,000	78,000,000	78,000,000
Net asset value per ordinary share based on issued share capital (cents)	21.21	21.04	20.54	20.49

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.**

REVIEW OF FINANCIAL PERFORMANCE

On 20 October 2017, the Company entered into a Sale and Purchase Agreement ("SPA") to dispose of the Group's entire interests in SMJ Furnishings (S) Pte Ltd ("SMJ Furnishings") (comprising the Group's carpet furnishing business). On 26 December 2017, the shareholders of the Company approved the disposal of the Group's entire interests SMJ Furnishings. On 16 January 2018, the Group completed the disposal of SMJ Furnishings. On 7 February 2018, the Board announced that the Company and the Purchasers had entered into a supplementary deed, notwithstanding and without affecting the legality nor effectiveness of completion which has occurred on 16 January 2018, risk and rewards associated with the SPA and control over SMJ Furnishings (S) Pte Ltd shall be transferred from 31 December 2017.

The entire results of SMJ Furnishings are presented separately in the consolidated income statement as "Discontinued Operations".

Revenue from continuing operations

The Group provide project management consultancy service to hotels or resorts through it's wholly-owned indirect subsidiary corporation, Beijing Zhuoyue Tiancheng Business Management Co. Ltd ("Zhuoyue Tiancheng"), incorporated in January 2017. The Group recognise consultancy service revenue based on the percentage of completion method.

The Group achieved revenue of S\$0.3 million in HY 2018 compared to S\$0.1 million in HY 2017. The increase is due to higher revenue recognised from more management consultancy service agreements in HY 2018 as compared to only one service agreement for HY 2017.

Other income from continuing operations

The Group's other income was mainly fair value change on financial assets, at fair value through profit and loss.

Other gains and losses from continuing operations

The other gains and losses were foreign currency exchange translation gains from the fluctuation of the other currencies against the Singapore dollar.

Employee compensation from continuing operations

The employee compensation increased significantly from S\$53,000 in HY 2017 to S\$0.5 million in HY 2018 due to higher headcount for Zhuoyue Tiancheng, in-line with higher revenue for the period. The subsidiary corporation had secured a few project management consultancy agreements in the second half of year 2017.

Other operating expense from continuing operations

The increase in other operating expenses of approximately S\$0.2 million or 118% were mainly due to the following:

- (i) Other operating expense from Zhuoye Tiancheng of S\$20,000 which includes professional fees, business taxes and charges, and sundry expenses;
- (ii) Increase in Non-Executive Directors fees of \$16,000;
- (iii) Rental expenses of S\$60,000, there were no rental expenses HY2017. Travelling and entertainment expense for HY2018 of S\$24,000 were mostly incurred by Zhuoye Tiancheng in connection with the provision of consultancy service. Rental and travelling expenses in HY2017 related to SMJ Furnishings were included in the Loss from discontinued operations;
- (iv) Repair and maintenance of S\$28,000 and for the new office; and
- (v) Legal fees in connection with the disposal of SMJ Furnishings of \$12,000 borne by the Company.

Profit after tax from continuing operations

Profit after tax increased by approximately S\$0.1 million in HY 2018 as compared to HY 2017 mainly due to higher revenue and other income.

Loss from discontinued operations

The discontinued operations refer to subsidiary corporation, SMJ Furnishings, engaged in carpet furnishings business which has been disposed of in FY 2017.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets decreased by approximately S\$0.1 million mainly due to lower cash and bank balances and trade and other receivables of S\$0.5 million and S\$14.9 million, respectively, which was offset with the increase in financial assets, at fair value through profit and loss of S\$15.3 million.

The decrease in trade and other receivables was mainly due to the receipt of sales proceeds from the disposal of SMJ Furnishings of S\$13.8 million and amount due from SMJ Furnishings of S\$1.1 million.

The proceeds from the disposal of SMJ Furnishings are placed with external investment managers with the mandate to invest in liquid short term fixed income instruments such as bank deposits, money market funds, guaranteed return funds, capital protected funds and asset-back securities. The Group has recorded these investments as financial assets, at fair value through profit and loss in the Consolidated Balance Sheet.

Non-current assets

The Group's non-current assets increased S\$31,000 mainly due to acquisition of office equipment for new office.

Current liabilities

The decrease in current liabilities of approximately S\$0.2 million was due to reduction in current income tax liabilities of approximately S\$0.19 million. The reductions were due to repayment of income tax liabilities.

Working capital

The Group had a positive working capital of S\$16.5 million as at 30 June 2018 as compared to S\$16.4 million as at 31 December 2017.

Shareholders' equity

The Group's shareholders' equity increased by approximately S\$0.1 million due to profits and currency exchange translation for the period.

REVIEW OF CASH POSITION

Net cash provided by operating activities of the Group amounted to S\$14.5 million for HY 2018 as compared to net cash used in operating activities of S\$0.3 million in HY 2017 representing an increase of S\$14.8 million. The increase was mainly contributed by the decrease in trade and other receivables.

Net cash used in investing activities were mainly due to increase in financial assets, at fair value through profit and loss.

Net cash provided by financing activities decreased by S\$0.3 million as there is nil cash flows from financing activities for HY 2018.

Overall, the Group recorded a net cash decrease of approximately S\$0.5 million as compared to the net cash decrease of approximately S\$47,000 in HY 2017.

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

The current results are in line with the commentary in paragraph 10 of the Full Year 2017 Results Announcement dated 23 February 2018.

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 China's domestic tourism industry earned 4.57 trillion yuan (US\$720 bn) with 5 billion domestic trips made in 2017, up 16% and 13%, respectively, according to data from China National Tourism Administration (CNTA). The China national 13th five-year plan (2016-20) highlights proposals to develop more domestic holiday destinations, such as hot springs, ski resorts, beaches, islands, mountains and forests, making the tourism industry a key driving force for economic restructuring and upgrading. Over the past few years, the Chinese government has consistently reiterated its commitment to encourage domestic consumption and further develop the consumer service industry. This bodes well for the long-term outlook for hospitality industry, which creates job opportunities and additional spending on food and beverage, tourism and discretionary items. Continued policy support for domestic consumption upgrade will contribute to the growth of hospitality expenditures in China.

The Group believe that there are significant opportunities in the Chinese tourism and hospitality industries as we grow our consultancy business. We continue to seek new business opportunities in potential acquisitions, joint ventures and strategic alliance in the tourism and hospitality industries to expand the business of the Group and enhance our shareholders' value.

Finally, fluctuating foreign exchange rates may positively or negatively impact the Group's reported financial performance, the Group maintain a net cash balance sheet and prudent financial policies to ensure the sustainable growth and development of the Group.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) dividend has been declared (recommended); and

None.

(b) (i) Amount per share in cents

Not applicable

(ii) Previous corresponding period in cents

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for the half year ended 30 June 2018.

13. If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT") 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 Group has not obtained a general mandate from shareholders for IPT.

14. Use of IPO Proceeds

The Company received the gross IPO proceeds of \$3.9 million and the utilisation of the IPO proceeds as at the date of this announcement is as follows:

Use of IPO proceeds	Amount allocated S\$'000	Amount utilised S\$'000	Amount unused S\$'000
Business expansion through acquisitions, joint ventures and/or strategic alliances	1,500	(177)	1,323
Improving inventory management system and logistics support ⁽¹⁾	340	(340)	-
Marketing and business development	250	(250)	-
General working capital ⁽²⁾	329	(329)	-
IPO expenses borne by the Company	1,501	(1,501)	-
	3,920	(2,597)	1,323

Notes:

(1) Out of S\$340,000 allocated for improving inventory management system and logistics support, S\$112,774 has been utilised to purchase a new delivery truck, S\$71,235 has been utilised to purchase two new forklifts and S\$155,991 has been utilised to purchase SAP inventory cum accounting system.

(2) The breakdown of the use of the IPO proceeds on general working capital is as follows:

	S\$
Professional fees	182,765
Directors' fees	74,999
Compliance/Listing fees	6,873
Administrative expenses	27,497
Other operating expenses	36,866
Total	<u>329,000</u>

The Company will make periodic announcements on the use of the IPO proceeds as and when the funds are materially disbursed. The IPO proceeds are placed in short-term deposits with financial institutions and/or used to invest in short term money market instruments, as our Directors may deem appropriate. The Directors have placed the unutilised IPO proceeds and the other funds of the Group with external investment managers with the mandate to invest in liquid short term fixed income instruments, such as bank deposits, money market funds, guaranteed return funds, capital protected funds and asset-back securities. As at 30 June 2018, the unutilized IPO proceed of S\$1.3 million are part of the financial assets, at fair value through profit and loss.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720 (1).

16. Negative confirmation by Directors.

We, Peng Fei and Peng Weile, being two Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company ("the Board") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the Board

Peng Fei
Executive Director and CEO

Peng Weile
Executive Director
10 July 2018

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