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FORISE INTERNATIONAL LIMITED

UNAUDITED RESULTS FOR THE PERIOD ENDED 30 JUNE 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		
	2Q2019 RMB'000	2Q2018 RMB'000	% Change +/(-)	**1H2019 RMB'000**	1H2018 RMB'000	% Change +/(-)
Continuing Operations						
Revenue	**1,597**	3,930	(59.4)	**2,163**	7,354	(70.6)
Interest income	**61**	288	(78.8)	**390**	377	3.4
Other income	**162**	816	(80.1)	**816**	960	(15.0)
Other gains/(loss), net						
Gain on disposal of subsidiaries	**6**	-	100.0	**6**	-	100.0
Currency exchange gain/(loss), net	**383**	595	(35.6)	**(6)**	380	n.m.
Expenses						
-Depreciation	**(3)**	(3)	-	**(6)**	(16)	(62.5)
-Directors' fee	**(186)**	(187)	(0.5)	**(410)**	(416)	(1.4)
-Employee compensation	**(930)**	(875)	6.3	**(1,924)**	(1,792)	7.4
-Professional fees	**(85)**	(140)	(39.3)	**(761)**	(250)	204.4
-Rental on operating leases	**(406)**	(805)	(49.6)	**(1,030)**	(1,665)	(38.1)
-Impairment loss on other receivables	**(315)**	-	100.0	**(315)**	-	100.0
-Finance	**(5)**	(4)	25.0	**(15)**	(9)	66.7
-Other operating expenses	**(402)**	(474)	(15.2)	**(621)**	(697)	(10.9)
Total expenses	**(2,332)**	(2,488)	(6.3)	**(5,082)**	(4,845)	4.9
Share of loss of joint venture	**(10)**	(3)	233.3	**(12)**	(76)	(84.2)
Share of profit of an associated company	**(1)**	4	n.m.	**(3)**	4	n.m.
(Loss)/profit before income tax	**(134)**	3,142	n.m.	**(1,728)**	4,154	n.m.
Income tax expenses	**(33)**	(973)	(96.6)	**(46)**	(1,575)	(97.1)
(Loss)/profit from continuing operations	**(167)**	2,169	n.m.	**(1,774)**	2,579	n.m.
Discontinued operations						
Loss from discontinued operations, net of tax	**-**	-		**-**	(251)	n.m.
Total (loss)/income, representing total Comprehensive (loss)/income	**(167)**	2,169	n.m.	**(1,774)**	2,328	n.m.
(Loss)/profit attributable to:						
-Equity holders of the Company	**(167)**	2,169	n.m.	**(1,774)**	2,328	n.m.
(Loss)/profit attributable to equity holders of the Company relates to:						
-(Loss)/profit from continuing operations	**(167)**	2,169	n.m.	**(1,774)**	2,579	n.m.
-Loss from discontinued operations	**-**	-		**-**	(251)	n.m.
	(167)	2,169	n.m.	**(1,774)**	2,328	n.m.
Total comprehensive (loss)/income attributable to						
-Equity holders of the Company	**(167)**	2,169	n.m.	**(1,774)**	2,328	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		
	2Q2019 RMB'000	2Q2018 RMB'000	%Change +/(-)	**1H 2019 RMB'000**	1H 2018 RMB'000	%Change +/(-)
(Expense)/Income						
Depreciation of property, plant and equipment	**(3)**	(3)	-	**(6)**	(16)	(62.5)
Interest income	**61**	288	(78.8)	**390**	377	3.4
Foreign exchange gains/(losses), net	**383**	595	(35.6)	**(6)**	380	n.m.
Impairment loss on other receivables	**(315)**	-	100.0	**(315)**	-	100.0
Gain on disposal of subsidiaries	**6**	-	100.0	**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 Jun 2019 RMB'000	As at 31 Dec 2018 RMB'000	**As at 30 Jun 2019 RMB'000**	As at 31 Dec 2018 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	**20,260**	22,191	**16,187**	19,527
Trade and other receivables	**19,969**	20,225	**1,326**	1,312
Other current assets	**447**	629	**389**	368
	40,676	43,045	**17,902**	21,207
Non-current assets				
Investment in subsidiaries	**-**	-	**1,259**	1,259
Investment in associated company	**1,988**	1,992	**-**	-
Investment in a joint venture	**3,192**	3,204	**3,192**	3,204
Property, plant and equipment	**12**	18	**11**	17
	5,192	5,214	**4,462**	4,480
Total assets	**45,868**	48,259	**22,364**	25,687
LIABILITIES				
Current liabilities				
Trade and other payables	**1,768**	1,361	**931**	1,426
Current income tax liabilities	**33**	1,057	**-**	-
Total liabilities	**1,801**	2,418	**931**	1,426
NET ASSETS	**44,067**	45,841	**21,433**	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	**(101,253)**	(99,479)	**(123,887)**	(121,059)
TOTAL EQUITY	**44,067**	45,841	**21,433**	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 June 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	
	2Q2019	2Q2018	**1H 2019**	1H 2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash flows from operating activities				
Total (loss)/profit	**(167)**	2,169	**(1,774)**	2,328
Adjustments for:				
-Income tax expense	**33**	973	**46**	1,575
-Amortisation and depreciation	**2**	3	**6**	16
-Interest income	**(19)**	(288)	**(348)**	(377)
-Unrealised currency translation (gains)/losses	**-**	-	**-**	(43)
-Share of profit of associated company	**3**	(4)	**12**	(4)
-Share of loss of joint venture	**10**	3	**5**	76
-Impairment loss on other receivables	**315**	-	**315**	-
-Gain on disposal of subsidiaries	**(6)**	-	**(6)**	-
Operating profit/(loss) before changes in working capital	**171**	2,856	**(1,744)**	3,571
Changes in working capital:				
-Trade and other receivables	**(1,054)**	681	**(1,123)**	3,232
-Other current assets	**898**	471	**404**	(155)
-Trade and other payables	**(9)**	(320)	**182**	(1,393)
Cash generated from/(used in) operations	**6**	3,688	**(2,281)**	5,255
Interest received	**61**	63	**147**	109
Income tax paid	**(13)**	(619)	**(13)**	(1,562)
Net cash generated from/(used in) operating activities	**54**	3,132	**(2,147)**	3,802
Cash flows from investing activites				
Proceeds from disposal of subsidiary	**-***	-	**-**	-
Repayment of loan from associated company	**-**	-	**200**	
Interest received on loan from associated company	**-**	-	**16**	
Loans to associated company	**-**	(12,500)	**-**	(12,700)
Net cash (used in)/generated from investing activities	**-**	(12,500)	**216**	(12,700)
Net increase/(decrease) in cash and cash equivalents	**54**	(9,368)	**(1,931)**	(8,898)
Cash and cash equivalents at beginning of financial period	**20,206**	35,427	**22,191**	34,957
Cash and cash equivalents at end of financial period	**20,260**	26,059	**20,260**	26,059

***** *less than RMB 1,000*

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

	Group		Group	
	2Q2019	2Q2018	**1H 2019**	1H 2018
	RMB'000	RMB'000	**RMB'000**	RMB'000
Cash and bank balances	**20,260**	26,059	**20,260**	26,059

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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	-	(1,774)	(1,774)	-	(1,774)
At 30 June 2019	145,320	(101,253)	44,067	-	44,067
At 1 January 2018	145,320	(100,884)	44,436	-	44,436
Total comprehensive income for the financial period	-	2,328	2,328	-	2,328
At 30 June 2018	145,320	(98,556)	46,764	-	46,764
Company					
At 1 January 2019	145,320	(121,059)	24,261	-	24,261
Total comprehensive loss for the financial period	-	(2,828)	(2,828)	-	(2,828)
At 30 June 2019	145,320	(123,887)	21,433	-	21,433
At 1 January 2018	145,320	(117,069)	28,251	-	28,251
Total comprehensive loss for the financial period	-	(2,556)	(2,556)	-	(2,556)
At 30 June 2018	145,320	(119,625)	25,695	-	25,695

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 2Q2019.

	Group and Company	
	As at 30 June 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 was no change 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 June 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 June 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 the paragraph 5 below, the Group has consistently applied the same accounting policies and methods of computation in the Group's financial statements 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

Below is the mandatory standard, amendments and interpretation to the existing standard that have been published, and are relevant for the Group's accounting periods beginning on or after 1 January 2019:

SFRS(I) 16 Leases (effective for annual periods beginning on or after 1 January 2019)

SFRS(I) 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not change significantly.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets for property leases will be measured on transition as if the new rules had always been applied. All other right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses).

However, the Group has yet to determine to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's loss and classification of cash flows.

The Group's activities as a lessor are not material and the Group does not expect any significant impact on the financial statements.

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	
	Second Quarter ended 30 June		Half Year ended 30 June	
	2019	2018	**2019**	2018
	RMB Cents	RMB Cents	**RMB Cents**	RMB Cents
(Losses)/earnings per share (Basic and Diluted)				
- Continuing operations	**(0.008)**	0.102	**(0.083)**	0.121
- Discontinued operations	**-**	-	**-**	(0.012)
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 (loss)/earnings per share is computed by dividing the (loss)/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 Jun 2019 RMB Cents	As at 31 Dec 2018 RMB Cents	**As at 30 Jun 2019 RMB Cents**	As at 31 Dec 2018 RMB Cents
Net assets value per ordinary share	**2.07**	2.15	**1.01**	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 IT; and (iii) advice and services to SMEs (and high net worth individuals) with respect to better deployment of idle capital.

	Revenue			Revenue		
	2Q19	2Q18	% Change +/(-)	**1H 2019**	1H 2018	% Change +/(-)
	RMB'000	RMB'000		**RMB'000**	RMB'000	
China - fund/investment managers	**1,597**	3,930	59.4	**2,163**	7,354	(70.6)

As explained in our result announcement dated 27 February 2019, our business is sensitive to Chinese corporate activity. The continuous slowdown in Chinese corporate activities has impacted our corporate advisory service business.

Revenue from corporate and financial solution advisory business decreased by RMB2.33 million or 59.4%, from RMB3.93 million in 2Q2018 to RMB1.60 million in 2Q2019 and the revenue for the half year ended 30 June 2019 ("1H 2019") decreased by RMB5.19 million or 70.6%, from RMB7.35 million for the first half year ended 30 June 2018 ("1H 2018") to RMB2.16 million in 1H 2019. The reduction in revenue is mainly due to fewer service contracts completed by the Group in 1H 2019 as compared with 1H 2018.

Other Income

Other income of the Group decreased by RMB0.66 million or 80.1% from RMB0.82 million to RMB0.16 million and RMB0.14 million or 15.0% from RMB0.96 million to RMB0.82 million. The other income comprises of an incentive of RMB0.63 million from Tianjin Local Tax Authority. The incentive from Tianjin Local Tax Authority was for the purpose of incentivising local enterprises which set up the companies within the local proximity.

Other income also includes rental income of RMB0.19 million for 1H2019 from sub-lease of office space to a related company. The sub-lease rental income is derived from the occupancy of floor area by the related company and is paid by sub-lessee on monthly basis.

Interest income

	2Q2019	2Q2018	% Change +/(-)	**1H2019**	1H2018	% Change +/(-)
	RMB'000	RMB'000		**RMB'000**	RMB'000	
Loans to associated company	**-**	226	n.m.	**243**	268	(9.3)
Fixed deposits with financial institutions	**61**	62	(1.6)	**147**	109	34.9
	61	288		**390**	377	

The Group's interest income increased by RMB0.01 million, from RMB0.38 miillion in 1H2018 to RMB0.39 million in 1H 2019, and decreased by RMB0.23 million, from RMB0.29 million for 2Q2018 to RMB0.06 million for 2Q2019. The variations were attributable by:

i) interest earned from fixed deposits with financial institutions as a result of higher amounts of fixed deposits placements in 1H2019 as compared to 1H2018 respectively; and

ii) interest income from loans to associated company amounting to RMB0.24 million for 1H2019 as compared with RMB0.27 million for 1H2018.

Other gains/(loss), net

i) Currency exchange gain/(loss), net

The Group has recorded currency exchange gain of RMB0.38 million for 2Q2019 and exchange loss of RMB0.01 million in 1H2019. It was mainly due to the strengthening of Singapore Dollar ("SGD") and United States Dollar ("USD") against Renmimbi ("RMB") during 2Q2019 as opposed to weakening of SGD and USD against RMB in 1H2019.

The Group recognises foreign currency exchange gains or losses as a result of transactions denominated in foreign currencies, and the translation of receivables in the Group as at each reporting period date. As the Group is in net USD and SGD assets position, the appreciation of the USD and SGD againsts RMB contributed to the foreign currency exchange gain in 2Q2019 and 2Q2018.

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 presented as assets of disposal group classified as held-for-sale and liabilities directly associated with disposal group classified as held-for-sale in 1Q2019 Results Announcement). A gain on disposal of RMB6,443 was recognised upon completion of disposal.

Expenses

1) Employee compensation

Employee compensation of the Group increased by RMB0.13 million or 7.4%, from RMB1.80 million in 1H2018 to RMB1.92 million in 1H2019 and increased by 0.06 million or 6.3%, from RMB0.88 million for 2Q2018 to RMB0.93 million for 2Q2019. 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.

2) Professional fees

Professional fees of the Group increased by RMB0.51 million or 204.4%, from RMB0.25 million in 1H2018 to RMB0.76 million in 1H2019 and decreased by RMB0.06 million or 39.3%, from RMB0.14 million for 2Q2018 to RMB0.09 million for 2Q2019. The overall increase in 1H2019 was mainly due to more professional services rendered in relation to the feasibility of potential corporate exercises and other advisory matters.

3) Rental on operating leases

Rental on operating leases of the Group decreased by RMB0.64 million or 38.1%, from RMB1.67 million in 1H2018 to RMB1.03 million in 1H2019 and RMB0.40 million or 49.6%, from RMB0.81 million for 2Q2018 to RMB0.41 million for 2Q2019. The decrease in rental expenses was due to Tianjin WFOE having moved to another office premise with lower rental rate since March 2019. Thus the lower rental expenses reported in 2Q 2019 and 1H2019 respectively.

4) Impairment loss of 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 allowance for impairment loss on its loans receivable, amounting to RMB0.32 million in 2Q2019, in view of the slowness of loan repayment from its associated company.

Share of loss/(profit) of a joint venture and associated company

The Group has recognised its share of loss from a joint venture amounting to RMB0.012 million and RMB0.01 million for 1H2019 and 2Q2019 respectively.

The Group has recognised its share of loss from an associated company amounting to RMB0.003 million in 1H2019 and a share of profit from an associated company amounting to RMB0.004 million in 1H2018.

(Loss)/profit before tax

As a result of the above, the Group recorded a loss before tax of RMB0.14 million in 2Q2019 and RMB1.73 milion for 1H2019 as compared to a profit before tax of RMB3.14 million in 2Q2018 and RMB4.15 million in 1H2018 respectively.

Income tax expenses
The income tax expense of RMB0.03 million for 2Q2019 and RMB0.05 million in 1H2019 was incurred solely by Tianjin WFOE.

(Loss)/profit after tax
Consequent to the above, the Group recorded net loss of RMB0.17 million for 2Q2019 and RMB1.78 million in 1H2019 as compared to net profit of RMB2.17 million for 2Q2018 and RMB2.58 million in 1H 2018 respectively.

Commentary on Financial Position

Non current assets

Property, plant and equipment of the Company and the Group decreased by RMB0.006 million in 1H 2019 and 1H2018 respectively, mainly due to depreciation charge.

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

Investment in joint venture decreased by RMB0.01 million, from RMB3.20 million as at 31 December 2018 to RMB3.19 million as at 30 June 2019, mainy due to the Group's share of losses of RMB0.01 million in 1H2019.

Current Assets

Current assets of the Group had decreased by RMB2.37 million, from RMB43.05 million as at 31 December 2018 to RMB40.68 million as at 30 June 2019, mainly due to the decrease in trade and other receivables, cash and cash equivalents and other current assets.

Cash and cash equivalents of the Group decreased by RMB1.93 million, from RMB22.19 million as at 31 December 2018 to RMB20.26 million as at 30 June 2019, mainly due to net cash used in operating activities offset with the net cash generated from investing activities of RMB0.22 million.

Trade and Other Receivables

	Group			**Company**		
	30 June 2019	31 Dec 2018	% Change	**30 June 2019**	31 Dec 2018	% Change
	RMB'000	RMB'000		**RMB'000**	RMB'000	+/ (-)
Trade receivables	**-**	-	**-**	**-**	-	-
Other receivables	**20,284**	20,225	**0.3**	**1,326**	1,312	(1.1)
Impairment loss of other receivables	**(315)**	-	**1.0**	**-**	-	-
	19,969	20,225		**1,326**	1,312	
Total	**19,969**	20,225	**(1.3)**	**1,326**	1,312	(1.1)

Trade and other receivables of the Group decreased by RMB0.26 million, from RMB20.23 million as at 31 December 2018 to RMB19.97 million as at 30 June 2019 due to:

i) Accrual of interest on loan RMB0.24 million and receipt of loan and interest repayment amounted to RMB0.22 million from an associated company during 1H2019.

ii) An impairment loss of RMB0.32 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 RMB0.18 million from RMB0.63 million as at 31 December 2018 to RMB0.45 million as at 30 June 2019. The decrease was mainly due to lower prepayment of office rental made by Tianjin WFOE and amortisation of prepaid expenses in 1H 2019.

Current liabilities

Trade and other payables of the Group increased by RMB0.41 million from RMB1.36 million as at 31 December 2018 to RMB1.77 million as at 30 June 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 which amounted to RMB1.24 million during 1H2019 as well as the additional accrued operating expenses of RMB0.59 million for 1H2019.

The current income tax liabilities of the Group decreased by RMB1.02 million from RMB1.06 million as at 31 December 2018 to RMB0.03 million as at 30 June 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.

As a result of the above, the Group's current liabilities decreased by RMB0.62 million from RMB2.42 million as at 31 December 2018 to RMB1.80 million as at 30 June 2019.

Commentary on financial cash flow

In 1H2019, the Group utilised RMB2.15 million cash in operating activities. This was mainly due to an operating loss for 1H2019 and increase in trade and other receivables.

Net cash generated from investing activities of RMB0.22 million in 1H2019 was due to repayment of loan and interest from an associated company of the Group.

As a result of the above, cash and cash equivalents decreased by RMB1.93 million in 1H2019.

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 22 July 2019, that its Tianjin WFOE secured a contract for providing a Beijing Consultancy firm, with financial solution advisory and consultancy services for blockchain digital assets and related businesses. In view of the continuing growth and potential applications of blockchain digital assets, digital utilities and digital securities, the Group aims to deploy more internal funding and resources for its business of financial solution and consultancy services to the clients in blockchain industry.

In addition, 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 Second Quarter Results of the Group for the financial period ended 30 June 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 June 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 August 2019