



UOB-KAY HIAN HOLDINGS LIMITED

Financial Statements

And Dividend Announcement

For Third Quarter Ended 30 September 2019

These figures have not been audited.

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

COMPREHENSIVE INCOME STATEMENT	The Group					
	9 months ended	9 months ended	Increase / (Decrease)	3 months ended	3 months ended	Increase / (Decrease)
	30/09/2019	30/09/2018	%	30/09/2019	30/09/2018	%
	S\$'000	S\$'000		S\$'000	S\$'000	
<u>Revenue</u>						
Commission income	151,836	192,634	(21.2)	53,817	52,149	3.2
Interest income	91,014	79,655	14.3	30,954	25,057	23.5
Dividend from quoted / unquoted securities	1,080	62	N.M	369	3	N.M
Other operating revenue	21,725	16,539	31.4	8,587	6,171	39.2
Total revenue	265,655	288,890	(8.0)	93,727	83,380	12.4
Foreign exchange gain	6,584	4,422	48.9	3,747	1,979	89.3
Total income	272,239	293,312	(7.2)	97,474	85,359	14.2
<u>Costs and expenses</u>						
Commission expenses	(34,995)	(42,021)	(16.7)	(12,447)	(11,311)	10.0
Personnel expenses	(90,592)	(96,547)	(6.2)	(31,941)	(30,562)	4.5
Depreciation and amortisation expenses	(12,540)	(6,722)	86.6	(4,569)	(2,237)	104.2
Impairment of goodwill	(940)	(797)	17.9	(319)	(561)	(43.1)
Write back of allowance for impairment of trade debtors & bad debts written off	74	31	138.7	109	25	336.0
Net fair value (loss) gain on financial assets / liabilities through profit or loss	(147)	(611)	(75.9)	(588)	413	N.M
Finance expenses	(33,100)	(24,956)	32.6	(10,222)	(7,283)	40.4
Other operating expenses	(45,644)	(48,363)	(5.6)	(14,867)	(13,273)	12.0
	(217,884)	(219,986)	(1.0)	(74,844)	(64,789)	15.5
Profit before tax	54,355	73,326	(25.9)	22,630	20,570	10.0
Income tax expense*	(5,101)	(8,854)	(42.4)	(2,089)	(2,557)	(18.3)
Profit after tax	49,254	64,472	(23.6)	20,541	18,013	14.0
<u>Other comprehensive income / (expense) (net of tax):</u>						
Foreign currency translation difference	16,590	11,460	44.8	12,565	4,121	204.9
	16,590	11,460	44.8	12,565	4,121	204.9
Total comprehensive income for the period	65,844	75,932	(13.3)	33,106	22,134	49.6

*Under provision of taxation in respect of prior years in the 9 months ended 30 September 2019 is nil. (9 months ended 30 September 2018: \$133,366)

N.M. = Not Meaningful.

1(a)(i) A comprehensive income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year *(continued)*

COMPREHENSIVE INCOME STATEMENT
(continued)

	The Group					
	9 months ended 30/09/2019 S\$'000	9 months ended 30/09/2018 S\$'000	Increase / (Decrease) %	3 months ended 30/09/2019 S\$'000	3 months ended 30/09/2018 S\$'000	Increase / (Decrease) %
Profit attributable to :						
Owners of the Company	49,148	63,551	(22.7)	20,293	17,687	14.7
Non-controlling interests	106	921	(88.5)	248	326	(23.9)
	49,254	64,472	(23.6)	20,541	18,013	14.0
Total comprehensive income attributable to:						
Owners of the Company	64,371	74,421	(13.5)	32,361	21,308	51.9
Non-controlling interests	1,473	1,511	(2.5)	745	826	(9.8)
	65,844	75,932	(13.3)	33,106	22,134	49.6

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

	The Group		The Company	
	As at 30/09/2019 S\$'000	As at 31/12/2018 S\$'000	As at 30/09/2019 S\$'000	As at 31/12/2018 S\$'000
ASSETS				
<u>Current assets</u>				
Cash and bank balances	537,308	663,754	900	184
Outstanding contracts receivable	435,518	463,703	-	-
Trade receivables	2,072,536	1,994,905	-	-
Other financial assets, at fair value through profit or loss	46,101	35,766	-	-
Other current assets	48,989	48,123	158,034	70,679
Derivative financial instruments	18,684	40,922	-	-
Total current assets	3,159,136	3,247,173	158,934	70,863
<u>Non-current assets</u>				
Trade and other receivables	-	2,517	207	205
Goodwill	14,949	14,825	-	-
Subsidiaries	-	-	364,868	364,205
Other financial assets, at fair value through profit or loss	1,363	1,304	-	-
Right-of-use asset	19,488	-	-	-
Trading rights in Exchanges	96	95	-	-
Memberships in Exchanges	241	225	-	-
Property, plant and equipment	34,794	36,689	-	-
Deferred tax assets	1,418	1,051	-	-
Total non-current assets	72,349	56,706	365,075	364,410
Total assets	3,231,485	3,303,879	524,009	435,273
LIABILITIES AND EQUITY				
<u>Current liabilities</u>				
Outstanding contracts payable	424,378	446,965	-	-
Trade and other payables	284,076	162,727	158,346	50,576
Borrowings	684,756	977,252	400	400
Debts issued	282,925	197,504	-	-
Income tax payable	7,180	7,782	16	77
Derivative financial instruments	18,612	40,945	-	-
Total current liabilities	1,701,927	1,833,175	158,762	51,053
<u>Non-current liabilities</u>				
Trade and other payables	13,868	-	-	-
Deferred tax liabilities	1,505	1,346	-	-
Total non-current liabilities	15,373	1,346	-	-
Total liabilities	1,717,300	1,834,521	158,762	51,053
<u>Equity</u>				
Capital, reserves and non-controlling interests				
Share capital	201,500	184,265	201,500	184,265
Reserves	(5,462)	(20,822)	-	-
Retained earnings	1,298,405	1,287,150	163,747	199,955
Equity attributable to owners of the Company	1,494,443	1,450,593	365,247	384,220
Non-controlling interests	19,742	18,765	-	-
Total equity	1,514,185	1,469,358	365,247	384,220
Total liabilities and equity	3,231,485	3,303,879	524,009	435,273
<u>Clients' trust / segregated accounts</u>				
Bank balances				
- with related parties	1,094,397	786,260	-	-
- with non-related banks	1,433,177	1,644,595	-	-
Margin with clearing houses	32,092	51,005	-	-
Debt securities	33,356	19,676	-	-
Less: Amounts held in trust	(2,593,022)	(2,501,536)	-	-
	-	-	-	-

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

	The Group			
	As at 30/09/2019		As at 31/12/2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amounts repayable in one year or less, or on demand	681,699	3,057	977,174	78
Amounts repayable after one year	-	-	-	-
Debts issued	-	282,925	-	197,504

As at period end, the Group had debts issued amounting to S\$282,924,552 (31 December 2018: S\$197,504,251). The debts issued, with derivative in the form of an embedded credit default swap or a put option, allow the Group to transfer the underlying assets to the note holders as full and final settlement upon the occurrence of a credit event.

Details of any collateral

Bank overdrafts and short term loans of subsidiaries amounting to S\$681,699,504 (31 December 2018: S\$977,173,564) are secured by a fixed charge over immovable fixed assets and a floating charge over all assets.

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

	The Group			
	9 months ended 30/09/2019 S\$'000	9 months ended 30/09/2018 S\$'000	3 months ended 30/09/2019 S\$'000	3 months ended 30/09/2018 S\$'000
	Operating activities			
Profit before income tax	54,355	73,326	22,630	20,570
Adjustments for:				
Depreciation and amortisation expenses	12,540	6,722	4,569	2,237
Gain on disposal of property, plant and equipment	(90)	(496)	(38)	(485)
Write back of allowance for trade receivables	(21)	(13)	(60)	(22)
Impairment in goodwill	940	797	319	561
Dividend income from quoted / unquoted securities	(1,080)	(62)	(369)	(3)
Interest expenses	33,100	24,956	10,222	7,283
Exchange differences	(1,827)	1,748	(5,810)	14,173
Operating cash flow before working capital changes	97,917	106,978	31,463	44,314
Changes in operating assets and liabilities:				
Other financial assets / liabilities, at fair value through profit or loss	(9,696)	(17,615)	2,779	(16,536)
Trade, outstanding contracts and other receivables	51,509	257,371	(23,302)	356,800
Trade, outstanding contracts and other payables	91,925	(366,475)	(81,037)	(133,783)
Cash from (used in) operations	231,655	(19,741)	(70,097)	250,795
Interest paid	(33,100)	(24,956)	(10,222)	(7,283)
Income tax paid	(5,926)	(8,199)	(2,632)	(3,893)
Net cash from (used in) operating activities	192,629	(52,896)	(82,951)	239,619
Investing activities				
Payments for property, plant and equipment	(5,250)	(2,650)	(1,559)	(1,134)
Proceeds from disposal of property, plant and equipment	229	1,323	67	1,311
Dividends received from quoted / unquoted securities	1,080	62	369	3
Net cash (used in) from investing activities	(3,941)	(1,265)	(1,123)	180
Financing activities				
(Repayment) / drawdown of short-term bank loans	(293,205)	142,479	10,011	(69,650)
Payment to non-controlling interests for additional interest in a subsidiary	(163)	(1,058)	(64)	(422)
Lease payment	(3,450)	-	(833)	-
Payment to non-controlling interests for dividend	(194)	(236)	-	9
Dividends paid	(20,660)	(21,366)	-	-
Net cash (used in) from financing activities	(317,672)	119,819	9,114	(70,063)

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)*

	The Group			
	9 months ended 30/09/2019	9 months ended 30/09/2018	3 months ended 30/09/2019	3 months ended 30/09/2018
	S\$'000	S\$'000	S\$'000	S\$'000
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies	1,827	(1,748)	5,810	(14,173)
Net (decrease) / increase in cash and cash equivalents during the financial period	(127,157)	63,910	(69,150)	155,563
Cash and cash equivalents at beginning of the financial period	658,411	618,489	600,404	526,836
Cash and cash equivalents at end of the financial period	531,254	682,399	531,254	682,399

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

	The Group	
	As at 30/09/2019	As at 30/09/2018
	S\$'000	S\$'000
Cash and bank balances	537,308	690,904
Less: Bank overdrafts	(6,054)	(8,505)
Cash and cash equivalents per consolidated cash flow statement	531,254	682,399

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.

STATEMENT OF CHANGES IN EQUITY – THE GROUP

	Share capital S\$'000	Statutory reserve S\$'000	Equity reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Balance at 1 January 2019	184,265	1,957	1,443	-	(24,222)	1,287,150	1,450,593	18,765	1,469,358
Total comprehensive income for first quarter									
Profit for the period	-	-	-	-	-	13,214	13,214	(30)	13,184
Other comprehensive income	-	19	-	-	(2,006)	-	(1,987)	254	(1,733)
Total	-	19	-	-	(2,006)	13,214	11,227	224	11,451
Transfer from statutory reserve	-	(2)	-	-	-	2	-	-	-
Balance at 31 March 2019	184,265	1,974	1,443	-	(26,228)	1,300,366	1,461,820	18,989	1,480,809
Total comprehensive income for second quarter									
Profit for the period	-	-	-	-	-	15,641	15,641	(112)	15,529
Other comprehensive income	-	64	-	-	5,078	-	5,142	616	5,758
Total	-	64	-	-	5,078	15,641	20,783	504	21,287
Final dividend for 2018 paid	17,235	-	-	-	-	(37,895)	(20,660)	-	(20,660)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	(194)	(194)
Acquisition of additional interest in a subsidiary	-	3	77	-	-	-	80	(179)	(99)
Balance at 30 June 2019	201,500	2,041	1,520	-	(21,150)	1,278,112	1,462,023	19,120	1,481,143

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. *(continued)*

STATEMENT OF CHANGES IN EQUITY – THE GROUP *(continued)*

	Share capital S\$'000	Statutory reserve S\$'000	Equity reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Total comprehensive income for third quarter									
Profit for the period	-	-	-	-	-	20,293	20,293	248	20,541
Other comprehensive income	-	51	-	-	12,017	-	12,068	497	12,565
Total	-	51	-	-	12,017	20,293	32,361	745	33,106
Acquisition of additional interest in a subsidiary	-	1	58	-	-	-	59	(123)	(64)
Balance at 30 September 2019	201,500	2,093	1,578	-	(9,133)	1,298,405	1,494,443	19,742	1,514,185
Balance at 1 January 2018	167,565	1,827	813	1,046	(34,105)	1,249,189	1,386,335	19,195	1,405,530
Impact of adopting SFRS(I) 9(Note A)	-	-	-	(1,046)	-	831	(215)	-	(215)
Restated opening balance under SFRS(I) 9	167,565	1,827	813	-	(34,105)	1,250,020	1,386,120	19,195	1,405,315
Total comprehensive income for first quarter									
Profit for the period	-	-	-	-	-	25,718	25,718	374	26,092
Other comprehensive income	-	41	-	-	(5,343)	-	(5,302)	479	(4,823)
Total	-	41	-	-	(5,343)	25,718	20,416	853	21,269
Transfer to statutory reserve	-	48	-	-	-	(48)	-	-	-
Acquisition of additional interest in subsidiary	-	11	277	-	-	-	288	(723)	(435)
Balance at 31 March 2018	167,565	1,927	1,090	-	(39,448)	1,275,690	1,406,824	19,325	1,426,149

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. (continued)

STATEMENT OF CHANGES IN EQUITY – THE GROUP (continued)

	Share capital S\$'000	Statutory reserve S\$'000	Equity reserve S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to members of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
Total comprehensive income for second quarter									
Profit for the period	-	-	-	-	-	20,146	20,146	221	20,367
Other comprehensive income	-	(35)	-	-	12,586	-	12,551	(389)	12,162
Total	-	(35)	-	-	12,586	20,146	32,697	(168)	32,529
Acquisition of additional interest in subsidiary	-	4	99	-	-	-	103	(303)	(200)
Final Dividend for 2017 paid	16,692	-	-	-	-	(38,058)	(21,366)	-	(21,366)
Reclassification of dividend paid in prior years	8	-	-	-	-	(8)	-	-	-
Payment of dividend by a subsidiary	-	-	-	-	-	-	-	(245)	(245)
Balance at 30 June 2018	184,265	1,896	1,189	-	(26,862)	1,257,770	1,418,258	18,609	1,436,867
Total comprehensive income for third quarter									
Profit for the period	-	-	-	-	-	17,687	17,687	326	18,013
Other comprehensive income	-	48	-	-	3,573	-	3,621	500	4,121
Total	-	48	-	-	3,573	17,687	21,308	826	22,134
Acquisition of additional interest in subsidiary	-	10	254	-	-	-	264	(687)	(423)
Payment of dividends by a subsidiary	-	-	-	-	-	-	-	9	9
Balance at 30 September 2018	184,265	1,954	1,443	-	(23,289)	1,275,457	1,439,830	18,757	1,458,587

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. (continued)

Note A

The Group and Company applied SFRS(I) 9 on 1 January 2018 and early adopted the amendments to SFRS(I) 9 on the same date. Under SFRS(I) 9, equity investments securities held for long-term strategic purposes that were classified as available-for sale under FRS 39 were designated as fair value through profit or loss on 1 January 2018. Accordingly, “Available-for-sale investments” on the statement of financial position had been redesignated as “Other financial assets, at fair value through profit or loss”.

STATEMENT OF CHANGES IN EQUITY – THE COMPANY

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2019	184,265	199,955	384,220
Total comprehensive loss for first quarter	-	(217)	(217)
Balance at 31 March 2019	184,265	199,738	384,003
Total comprehensive income for second quarter	-	1,534	1,534
Final dividend for 2018 paid	17,235	(37,895)	(20,660)
Balance at 30 June 2019	201,500	163,377	364,877
Total comprehensive income for third quarter	-	370	370
Balance at 30 September 2019	201,500	163,747	365,247

	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 January 2018	167,565	208,124	375,689
Total comprehensive loss for first quarter	-	(934)	(934)
Balance at 31 March 2018	167,565	207,190	374,755
Total comprehensive income for second quarter	-	1,477	1,477
Final dividend for 2017 paid	16,692	(38,058)	(21,366)
Reclassification of dividend paid in prior years	8	(8)	-
Balance at 30 June 2018	184,265	170,601	354,866
Total comprehensive income for third quarter	-	852	852
Balance at 30 September 2018	184,265	171,453	355,718

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 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.

Ordinary shares	Number of shares			
	9 months ended 30/09/2019	9 months ended 30/09/2018	3 months ended 30/09/2019	3 months ended 30/09/2018
Balance at beginning of period	806,195,039	792,820,312	821,680,133	806,195,039
Issue of shares under scrip dividend scheme	15,485,094	13,374,727	-	-
Balance at end of period	821,680,133	806,195,039	821,680,133	806,195,039

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 financial year.

	30 September 2019	31 December 2018
No. of shares	821,680,133	806,195,039

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and / or use of treasury shares 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 auditing standard or practice (e.g. the Singapore Standard on Auditing 910. (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the 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 .

The Group and the Company have applied the same accounting policies in the financial statements for the current reporting period compared to the audited financial statements as at 31 December 2018 except as disclosed in Note 5 below.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial year, the Group and the Company have adopted the following new SFRS(I)s, which took effect from the financial year beginning 1 January 2019:

- SFRS(I) 16 *Leases*

The Group has applied SFRS(I) 16 using the modified retrospective method as of 1 January 2019, with no restatement of comparative information. The Group has made use of the practical expedient available on transition to SFRS(I) 16 not to reassess whether a contract is or contains a lease and has chosen to recognise the amount of right-of-use assets equal to the lease liabilities as at 1 January 2019.

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.

	The Group			
	9 months ended 30/09/2019	9 months ended 30/09/2018	3 months ended 30/09/2019	3 months ended 30/09/2018
Earnings per ordinary share for the period after deducting any provision for preference dividends:-				
(i) Based on weighted average number of ordinary shares in issue	6.05 cents	7.97 cents	2.47 cents	2.19 cents
(ii) On a fully diluted basis	6.05 cents	7.97 cents	2.47 cents	2.19 cents

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

	The Group		The Company	
	As at 30/09/2019	As at 31/12/2018	As at 30/09/2019	As at 31/12/2018
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	181.88 cents	179.93 cents	44.45 cents	47.66 cents

Net asset value is derived after deducting 2.4 cents (31 December 2018: 2.3 cents) per share attributable to non-controlling interests.

- 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 discuss any significant factors that affect the turnovers, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Operating Profit and Expenses

3Q19 vs 3Q18

Trading volume and retail participation across the main regional markets where we operate were generally higher quarter on quarter.

Commission income increased 3.2% from S\$52.1 million to S\$53.8 million. Interest income rose 23.5% from S\$25.1 million to S\$31.0 million with higher financing activities and interest rates. Other operating revenue grew 39.2% from S\$6.2 million to S\$8.6 million with more advisory activities.

Overall commission and personnel expenses increased due to higher business volume. Commission expense rose 10.0% from S\$11.3 million to S\$12.4 million while personnel expenses increased 4.5% from S\$30.6 million to S\$31.9 million. Finance expenses increased 40.4% with higher financing requirements and higher interest rates. Other operating expenses increased 12.0% from S\$13.3 million to S\$14.9 million.

The Group recorded a higher pre-tax profit of S\$22.6 million, an increase of 10.0%. After tax profit increased by 14.0% to S\$20.5 million.

9M19 vs 9M18

Commission income declined 21.2% from S\$192.6 million to S\$151.8 million with investors staying on the sidelines affected by the US Sino trade war and other geopolitical events. Interest income rose 14.3% from S\$79.7 million to S\$91.0 million with higher financing activities and interest rates. Other operating income grew 31.4% with more advisory activities.

Commission expenses reduced by 16.7% from S\$42.0 million to S\$35.0 million whilst personnel expenses decreased 6.2% from S\$96.5 million to S\$90.6 million as business volume fell. Finance expenses expanded 32.6% from S\$25.0 million to S\$33.1 million due to higher financing activities and interest rates. Other operating expenses reduced 5.6% from S\$48.4 million to S\$45.6 million.

The group recorded profit before tax of S\$54.4 million and profit after tax of S\$49.3 million, a decrease of 25.9% and 23.6% respectively.

Balance Sheet

The Group's net asset position is healthy at S\$1.51 billion as at 30 September 2019. There were no significant changes in the composition of Group balance sheet items, except for working capital items.

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

Not applicable.

- 10 A commentary at the date of the announcement of the 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 US Sino trade rhetoric continued to dominate market sentiments. The many twists and turns of such rhetoric had resulted in significant volatility to the regional stock markets and caused investors to be more cautious.

In Hong Kong where we have significant operations, the continued unrest has dampened her economic activity significantly. However our Hong Kong operations remained resilient aided by our corporate finance activities. We are seeing improved profitability across our regional operations in the third quarter.

We completed our acquisition of 106 trading representatives from DBS Vickers on 28 October 2019 and are optimistic that they will make a positive contribution to the group's results going forward.

With the further US Federal Reserve rate cut of 0.25% and more reconciliatory tone to the US Sino Trade discussions, there is tangible improvement in sentiments seen.

We believe regional markets have turned more positive and we are more optimistic of our near term prospects.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period (quarter) reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period (quarter) 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.

No dividend has been declared or recommended for the quarter ended 30 September 2019.

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 IPTs mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

14 Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company has procured undertakings from all its directors and executive officers in compliance with Listing Rule 720(1).

15 Confirmation of the Board

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for the quarter ended 30 September 2019 to be false or misleading in any material aspect.

By order of the Board of Directors

Wee Ee-chao
Managing Director

Esmond Choo
Executive Director

BY ORDER OF THE BOARD

Wee Ee-chao
Managing Director
14 November 2019