

FULL YEAR UNAUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2018

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, or a statement of comprehensive income, for the Group, together with a comparative statement for the corresponding period of the immediately preceding financial year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Group			Group		
	4Q18 RMB'000	4Q17 RMB'000	%Change +/(-)	FY2018 RMB'000	FY2017 RMB'000	%Change +/(-)
Continuing Operations						
Revenue	-	6,234	n.m.	9,822	19,389	(49.3)
Other income	857	13	6,492.3	1,970	226	771.7
Interest income	389	87	347.1	1,328	166	700.0
Other gain/(loss), net						
Currency exchange gain/(loss), net	64	(113)	n.m.	1,149	208	452.4
Other loss	(1,039)	-	n.m.	-	-	-
	271	6,221	n.m.	14,269	19,989	(28.6)
Expenses						
-Consultancy charges	-	(7)	n.m.	-	(1,931)	n.m.
-Depreciation	(4)	(13)	30.0	(23)	(48)	(52.1)
-Directors' fee	(216)	(215)	0.5	(993)	(929)	(6.9)
-Employee compensation	(1,392)	(1,075)	29.5	(4,319)	(3,831)	12.7
-Professional fees	(267)	(1,112)	(76.0)	(714)	(2,709)	(73.6)
-Rental on operating leases	(886)	(875)	1.3	(3,446)	(3,016)	14.3
-Finance	(7)	(1)	600.0	(19)	(12)	58.3
-Other operating expenses	(309)	(459)	(32.7)	(1,278)	(1,254)	1.9
Total expenses	(3,081)	(3,757)	(18.0)	(10,792)	(13,730)	(21.0)
Share of loss of a joint venture	(1)	(285)	(99.6)	(78)	(640)	(87.8)
Share of profit/(loss) of an associated company	2	(25)	n.m.	17	(25)	n.m.
Profit/(loss) before income tax	(2,809)	2,154	n.m.	3,416	5,594	(38.9)
Income tax expenses	446	(953)	n.m.	(1,765)	(3,121)	(43.4)
Profit/(loss) from continuing operations	(2,363)	1,201	n.m.	1,651	2,473	(33.2)
Discontinued operations						
Loss from discontinued operations, net of tax	-	(344)	n.m.	(246)	(926)	(73.4)
Total profit/(loss), representing total comprehensive income/(loss)	(2,363)	857	n.m.	1,405	1,547	(9.2)
Profit/(loss) attributable to						
-Equity holders of the Company	(2,363)	857	n.m.	1,405	1,547	(9.2)
Profit/(loss) attributable to equity holders of the Company related to:						
-Profit/(loss) from continuing operation	(2,363)	1,201	n.m.	1,651	2,473	(33.3)
-Loss from discontinued operations	-	(344)	n.m.	(246)	(926)	(73.4)
	(2,363)	857	n.m.	1,405	1,547	(9.2)
Total comprehensive income/(loss) attributable to						
-Equity holders of the Company	(2,363)	857	n.m.	1,405	1,547	(9.2)

- (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:-

	Group			Group		
	4Q18 RMB'000	4Q17 RMB'000	%Change +/-)	FY2018 RMB'000	FY2017 RMB'000	%Change +/-)
<u>(Expense)/Income</u>						
Depreciation of property, plant and equipment	(4)	(13)	30.00	(23)	(48)	(52.1)
Interest income	389	87	347.1	1,328	166	700.0
Foreign exchange (losses)/gains, net	64	(113)	n.m.	1,149	208	452.4
Share of loss of joint venture	(1)	(285)	(99.6)	(78)	(640)	(87.8)
Share of profit/(loss) of an associated company	2	(25)	n.m.	17	(25)	n.m.

"n.m." denotes "not meaningful"

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

	Group			Company		
	As at 31 Dec 2018 RMB'000	As at 31 Dec 2017 RMB'000	As at 1 Jan 2017 * RMB'000	As at 31 Dec 2018 RMB'000	As at 31 Dec 2017 RMB'000	As at 1 Jan 2017 * RMB'000
ASSETS						
Current assets						
Cash and cash equivalents	22,191	34,957	38,857	19,527	21,218	25,146
Trade and other receivables	20,225	8,595	20,797	1,312	4,953	9,061
Inventories	-	-	12	-	-	-
Other current assets	629	619	589	368	344	582
Current Assets	43,045	44,171	60,255	21,207	26,515	34,789
Non-current assets						
Investment in subsidiaries	-	-	-	1,259	1,259	923
Investment in associated company	1,992	1,975	-	-	-	-
Investment in joint venture	3,204	3,282	-	3,204	3,282	-
Property, plant and equipment	18	41	305	17	38	51
	5,214	5,298	305	4,480	4,579	974
Total assets	48,259	49,469	60,560	25,687	31,094	35,763
LIABILITIES						
Current liabilities						
Trade and other payables	1,361	2,984	16,284	1,426	2,843	1,705
Current income tax liabilities	1,057	2,049	1,387	-	-	-
Total liabilities	2,418	5,033	17,671	1,426	2,843	1,705
NET ASSETS	45,841	44,436	42,889	24,261	28,251	34,058
EQUITY						
Capital and reserves attributable to equity holders of the Company						
Share capital	145,320	145,320	145,320	145,320	145,320	145,320
Accumulated losses	(99,479)	(100,884)	(102,431)	(121,059)	(117,069)	(111,262)
	45,841	44,436	42,889	24,261	28,251	34,058
Non-controlling interests	-	-	-	-	-	-
TOTAL EQUITY	45,841	44,436	42,889	24,261	28,251	34,058

* The group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") framework for the financial year ended 31 December 2018 and has applied SFRS(I) with 1 January 2017 as the date of transition, which requires the first SFRS(I) financial statements to comprise of an opening SFRS(I) statement of financial position at the date of transition to SFRS(I)s. (Please refer to pages 5 and 6 for more details).

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

The Group has no borrowings and debts securities as at 31 December 2018 and 31 December 2017.

1(b)(iii) Details of any collaterals

Nil.

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

The presentation of the statement cash flows (for the Group) is inclusive of both Continuing and Discontinued Operations.

	Group		Group	
	4Q18	4Q17	FY2018	FY2017
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash flows from operating activities				
Profit/(loss) from continuing operations	(2,363)	1,201	1,651	2,473
Loss from discontinued operation	-	(344)	(246)	(926)
Adjustments for:				
-Income tax expense	6	953	1,765	3,121
-Amortisation and depreciation	4	13	23	86
-Property, plant and equipment written off	-	213	-	212
-Inventory written off	-	-	-	6
-Interest income	(389)	(81)	(1,328)	(166)
-Write off of trade receivables	-	63	-	63
-Write back of trade payables	-	(190)	-	(190)
-Unrealised currency translation losses	-	(31)	(42)	(24)
-Share of profit/(loss) of joint venture and associated company	(1)	350	61	665
Operating profit before changes in working capital	(2,743)	2,147	1,884	5,320
Changes in working capital				
-Trade and other receivables	3,570	(534)	6,388	14,252
-Other current assets	(589)	807	(10)	(30)
-Trade and other payables	567	(222)	(1,622)	(13,110)
Cash generated from operations	805	2,198	6,640	6,432
Interest received	37	67	308	152
Income tax paid	(186)	(1,628)	(2,714)	(2,428)
Net cash generated from operating activities	656	637	4,234	4,156
Cash flows from investing activities				
Additions to property, plant and equipment	-	-	-	(34)
Investment in associated company	-	-	-	(2,000)
Investment in a joint venture	-	-	-	(3,922)
Loans to associated company	-	(2,100)	(17,700)	(2,100)
Repayment of loan from associated company	700	-	700	-
Net cash generated from/(used) in investing activities	700	(2,100)	(17,000)	(8,056)
Net increase/(decrease) in cash and cash equivalents	1,356	(1,463)	(12,766)	(3,900)
Cash and cash equivalents at beginning of financial period/year	20,835	36,420	34,957	38,857
Cash and cash equivalents at end of financial period/year	22,191	34,957	22,191	34,957

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

	Group		Group	
	4Q18	4Q17	FY 2018	FY 2017
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash and bank balances	22,191	34,957	22,191	34,957

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 year.

	Attributable to equity holders of the Company				Non-controlling interest (RMB'000)	Total equity (RMB'000)
	Share capital (RMB'000)	Currency translation reserve (RMB'000)	Accumulated losses (RMB'000)	Total (RMB'000)		
Group						
At 1 January 2018	145,320	-	(100,884)	44,436	-	44,436
Total comprehensive income for the financial year	-	-	1,405	1,405	-	1,405
At 31 December 2018	145,320	-	(99,479)	45,841	-	45,841
At 1 January 2017	145,320	9	(102,440)	42,889	-	42,889
Effect of transition to SFRS(I) (Note 1)	-	(9)	9	-	-	-
At 1 January 2017 (restated)	145,320	-	102,431	42,889	-	42,889
Total comprehensive income for the financial year	-	-	1,547	1,547	-	1,547
At 31 December 2017	145,320	-	(100,884)	44,436	-	44,436
Company						
At 1 January 2018	145,320	-	(117,069)	28,251	-	28,251
Total comprehensive loss for the financial year	-	-	(3,990)	(3,990)	-	(3,990)
At 31 December 2018	145,320	-	(121,059)	24,261	-	24,261
At 1 January 2017	145,320	-	(111,262)	34,058	-	34,058
Total comprehensive loss for the financial year	-	-	(5,807)	(5,807)	-	(5,807)
At 31 December 2017	145,320	-	(117,069)	28,251	-	28,251

Full convergence with Singapore Financial Reporting Standards (International) ("SFRS(I)") and the adoption of SFRS(I) 9

Note 1:

The Group has adopted SFRS(I) for the financial year ended 31 December 2018 ("FY 2018") and has applied SFRS(I)1 with 1 January 2017 as the date of transition for the Group and the Company.

The Group has elected the optional exemption in SFRS(I)1 to reset its cumulative Foreign Currency Translation Reserve ("FCTR") for all foreign operations to NIL at the date of transition, and reclassify the cumulative FCTR of RMB0.009 million as at 1 January 2017 as determined in accordance with the previous Financial Reporting Standards (FRS) at that date to accumulated losses. After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

Note 2:

SFRS(I) 9 replaces the current “incurred loss” model with a forward-looking expected credit loss (“ECL”) model. The new impairment model applies to the financial assets measured at amortised cost or fair value through other comprehensive income (“FVOCI”), except for investments in equity instruments and certain loan commitments and financial guarantee contracts.

In compliance with SFRS(I) 9, the Group has applied the simplified approach and has recorded the amount of loss allowance on all trade and other receivables by ascertaining the amount of ECLs that would result from all possible default events over the expected life of a financial instrument (Lifetime ECLs). Based on the assessment made, there was no material impact to the financials of the Group and the Company.

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 Q4 2018.

	Group and Company	
	As at 31 December 2018	As at 31 December 2017
	(Number of shares)	
Ordinary shares issued and fully paid		
Beginning and end of financial period/year	<u>2,130,000,000</u>	<u>2,130,000,000</u>

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 31 December 2018.

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 31 December 2018	As at 31 December 2017
<u>Number of issued shares excluding treasury shares</u>		
Beginning and end of financial period/year	<u>2,130,000,000</u>	<u>2,130,000,000</u>

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 had 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 2017.

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's financial statements for the financial year ended 31 December 2018 are prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standards Council ("ASC") and International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB").

The adoption of the new framework and the new SFRS(I)s, amendments and interpretations of SFRS(I)s which took effect from the current financial year will not result in any changes to the Group's and the Company's accounting policies and will have no material impact on the accounts reported for the current or prior financial years.

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	
	Fourth Quarter ended 31 Dec		Full Year ended 31 Dec	
	2018	2017	2018	2017
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Earnings/ (Losses) per Share (Basic and Diluted)				
- Continuing operations	(0.1109)	0.0564	0.0775	0.1161
- Discontinued operations	-	(0.0162)	(0.0115)	(0.0435)
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/(losses) 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	As at	As at	As at
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Net assets value per ordinary share	2.15	2.09	1.14	1.33
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:-
- 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
 - 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

The Group's revenue is generated solely from the business of providing corporate advisory services which comprise of advice to fund and investment managers with respect to corporate actions such as pre-IPO, mezzanine financing, private equity etc; and advice to SMEs (and high net worth individuals) with respect to better deployment of idle capital.

	Revenue			Revenue		
	4Q18	4Q17	%Change +/-	FY2018	FY2017	%Change +/-
	RMB'000	RMB'000		RMB'000	RMB'000	
China – fund/ investment managers	-	6,234	n.m.	9,822	19,389	(49.3)

There was no revenue recorded for the three months ended 31 December 2018 ("4Q2018") as compared to RMB6.23 million in 4Q2017 ("4Q2017") 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 12 months ended 31 December 2018 ("FY2018") decreased by RMB9.57 million, from RMB19.39 million for the 12 months ended 31 December 2017 ("FY2017") to RMB9.82 million for FY2018. The decrease was due to fewer corporate advisory contracts clinched and completed in FY2018 as compared to FY2017. While our corporate advisory business is not wholly dependent on the macro economic activity in China, it is sensitive to Chinese corporate activity. The charts below show the downward trend of China economy and sharp decrease in China major stock exchange.

i) Capital Economics China Activity Proxy & Official GDP (%y/y)



Sources: CEIC, Capital Economics

ii) China Shanghai Composite Stock Market Index (in point)

As can be seen in the chart below, 2018 was a torrid year for China's investors and the Shanghai composite index fell by a quarter.



SOURCE: TRADINGECONOMICS.COM | OTC/CFD

Other income

Other income of the Group increased by RMB0.85 million, from RMB0.01 million in 4Q2017 to RMB0.86 million in 4Q2018, which comprised of a) Incentive of RMB0.43 million from Tianjin Local Tax Authority; b) rental income of RMB0.22 million; c) refund of proposed Rights Issue additional listing fee of RMB0.19 million, and; d) Government grant with respect to childcare leave of RMB0.01 million.

For FY2018, other income of the Group increased by RMB1.75 million to RMB1.97 million, from RMB0.22 million in FY2017. The increase was attributable to:

- i) rental income of RMB0.66 million for FY2018 from sub-lease of office premises to related party lessees. The Group has sub-leased its Singapore office premises to its related companies and the rental income was derived from the occupancy of floor area by the related party lessees and rental income is receivable on monthly basis.
- ii) Incentive of RMB1.09 million received from the Tianjin Local Tax Authority during FY2018 for purpose of incentivising local enterprises which set up companies within the local proximity.

Interest Income

	4Q18		%Change + / (-)	FY2018		%Change + / (-)
	RMB'000	4Q17 RMB'000		RMB'000	FY2017 RMB'000	
Loans to associated company	366	-	n.m.	1,006	-	n.m.
Fixed deposits with financial institutions	23	87	73.6	322	166	94.0
	389	87	347.1	1,328	166	700.0

The Group's interest income increased by RMB0.30 million, from RMB0.09 million in 4Q2017 to RMB0.39 million in 4Q2018, and increased by RMB1.16 million, from RMB0.17 million in FY2017 to RMB1.33 million in FY2018.

The increase in interest income was attributable to:

- i) Increase off interest-bearing loans to associated company from RMB2.1 million in FY2017 to RMB17.0 million in FY2018.
- ii) Placement of fixed deposits with higher interest rates in FY2018 as compared to FY2017.

Other gain/(loss), net

The Group has recorded currency exchange gain of RMB0.06 million for 4Q2018 and RMB1.15 million in FY2018, 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 payable 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 againsts Renminbi (“RMB”) contributed to the foreign currency exchange gain in 4Q2018 and FY2018.

An other loss of RMB1.0 million was recorded in 4Q2018, mainly due to a discount given to a fund management client. By way of background, the Group completed and recognised a corporate advisory revenue of RMB1.89 million in September 2018. The nature of such corporate advisory service was related to pre-IPO investment consulting for M&A fund in educational sector for an investment management company in Beijing. However, in mid-November 2018, a new PRC ruling governing private kindergartens promulgated that no private kindergartens are allowed to be packaged for IPO. The new promulgation rendered the corporate advisory deliverables no longer applicable to the client. Accordingly, the Group and the client held various discussions pursuant to which both agreed to an one-off discount of RMB0.9 million.

Expenses

1) Consultancy charges

The consultancy charges incurred during FY2017 consisted of the costs incurred for certain consultancy projects where other service providers were engaged by the Group to assist in completion of the consultancy deliverables to clients.

No consultancy charges were incurred for 4Q2018 and FY2018 as the contracts were completed using the internal resources of the Group.

2) Employee compensation

Employee compensation of the Group increased by RMB0.32 million or 29.5%, from RMB1.08 million in 4Q2017 to RMB1.39 million in 4Q2018 and increased by RMB0.49 million or 12.8%, from RMB3.83 million in FY2017 to RMB4.32 million in FY2018. The increase was mainly due to higher employee costs in our Tianjin WFOE, a result of salary increment, bonus payout and higher social insurance payout.

3) Professional fees

Professional fees of the Group decreased by RMB0.84 million or 76.0%, from RMB1.11 million in 4Q2018 to RMB0.27 million in 4Q2018 and decreased by RMB1.99 million or 73.6%, from RMB2.71 million in FY2017 to RMB0.71 million in FY2018. The decrease was due to more professional services rendered during FY2017 in relation to the Company’s Rights Issue (particularly fees paid to Rights Issue Manager and legal advisor), Cayman segregated Portfolio Company set up fees and other advisory matters.

4) Rental on operating leases

Rental on operating leases of the Group has increased by RMB0.01 million or 1.3%, from RMB0.88 million in 4Q2017 to RMB0.89 million in 4Q2018. The slight increase in rental on operating leases was attributable to increase in rental expenses of Singapore office premises as a result of weakening of RMB against SGD.

On the other hand, rental on operating leases of the Group increased by RMB0.43 million, from RMB3.02 million in FY2017 to RMB3.45 million in FY2018. The increase was attributable to higher office rental expenses of Tianjin offset with lower rental expenses of Singapore office as explained below:

- i) As Tianjin WFOE only finalised its sub-lease tenancy agreement with its main tenant and landlord in September 2017. An agreed lump sum backcharge of rental expenses, which was lower than the agreed rental rate finalised in September 2017 was paid. Therefore, total rental expenses incurred by Tianjin WFOE for the full year of FY2018 was higher than the total rental expenses incurred in FY2017.
- ii) As Singapore office had renewed its office lease at a lowered rental rate in 3Q2017, hence, the overall office rental of Singapore Office in FY2018 was lower as compared to FY2017.

5) Other operating expenses

Other operating expenses of the Group decreased by RMB0.15 million or 32.7%, from RMB0.46 million in 4Q2017 to RMB0.30 million in 4Q2018. The decrease was mainly attributable to lower insurance and telephone expense incurred for 4Q2018 as compared to 4Q2017.

On the other hand, other operating expenses of the Group increased by RMB0.02 million or 1.9%, from RMB1.25 million in FY2017 to RMB1.28 million in FY2018. The slight increase was mainly attributable to higher travelling expenses incurred during the year.

Share of loss of a joint venture

The Group has recognised its share of loss from a joint venture amounting to RMB0.001 million and RMB0.08 million for 4Q2018 and FY2018 respectively. The losses were primarily due to start-up costs as the joint venture prepares for and markets its first fund.

Share of profit/(loss) of an associated company

The Group had recognised its share of profit from an associated company amounting to RMB0.002 million and RMB0.02 million for 4Q2018 and FY2018 respectively.

Profit before tax

As a result of the above, the Group recorded a loss before tax of RMB2.81 million for 4Q2018 and a profit before tax of RMB3.42 million for FY2018 as compared to profit before tax of RMB2.15 million for 4Q2017 and RMB 5.59 million for FY2017 respectively.

The decrease in FY2018 profit before tax was mainly due to lower volume of advisory contracts secured and completed as opposed to FY2017.

Income tax

The reversal of income tax amounted to RMB0.45 million for 4Q2018 was derived from overprovision of income tax in the earlier periods. The income tax expense of RMB1.77 million in FY2018 incurred solely by Tianjin WFOE, and the tax expenses translated to effective tax rates of 51.67%.

The effective tax rate was significantly higher than China's statutory tax rate of 25%. It was mainly due to losses incurred by other group entities with different tax jurisdictions which cannot be offset against profits earned by Tianjin WFOE.

Profit after tax

Consequent to the above, the Group recorded net loss of RMB2.36 million in 4Q2018 and net profit of RMB1.65 million in FY2018 as compared to profit after tax of RMB1.20 million in 4Q2017 and profit after tax of RMB2.47 million in FY2017.

Discontinued operations

The garment trading business has been reclassified as "Discontinued Operations". The Group has recorded net loss of RMB Nil in 4Q2018 and RMB0.25 million in FY2018 as compared to net loss of RMB0.34 million in 4Q2017 and RMB0.93 million in FY2017 respectively.

Commentary on Financial Position

Non current assets

Property, plant and equipment of the Group and the Company decreased by RMB0.02 million from RMB0.04 million as at 31 December 2017 to RMB0.02 million as at 31 December 2018 respectively, due mainly to depreciation charges.

The Group's investment in the associated company increased by RMB0.02 million, from RMB1.98 million as at 31 December 2017 to RMB2.0 million as at 31 December 2018, due to share of profit for FY2018.

Investment in joint venture decreased by RMB0.08 million, from RMB3.28 million as at 31 December 2017 to RMB3.20 million as at 31 December 2018, mainly due to the Group's share of losses in FY2018.

There are no change to the investment in subsidiaries of the Company as at 31 December 2018 and 31 December 2017.

Current Assets

Current assets of the Group decreased by RMB1.13 million, from RMB44.17 million as at 31 December 2017 to RMB43.04 million as at 31 December 2018, mainly due to decrease in cash and cash equivalents offset by the increase in trade and other receivables and other current assets.

Cash and cash equivalents decreased by RMB12.77 million, from RMB34.96 million as at 31 December 2017 to RMB22.19 million as at 31 December 2018, mainly due to net cash used in investing activities of RMB17.00 million offset with the net cash generated from operating activities of RMB4.23 million.

Trade and Other Receivables

	Group			Company		
	31 Dec 2018	31 Dec 2017	% Change	31 Dec 2018	31 Dec 2017	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Trade receivables	-	6,488	n.m.	-	-	-
Other receivables	20,225	2,107	859.9	1,312	4,953	(73.5)
Total	20,225	8,595	135.3	1,312	4,953	(73.5)

Trade and other receivables of the Group increased by RMB11.64 million from RMB8.59 million as at 31 December 2017 to RMB20.23 million as at 31 December 2018 and was due to:

- i) Decrease in trade receivables of RMB6.49 million as a result of subsequent collection from debtors.
- ii) Other receivables rose from RMB2.11 million to RMB20.23 million due to a) interest-bearing loans of RMB17.70 million made to the associated company during FY2018 as explained in previous announcements; b) accumulated loan interest receivable; and c) offset with a lump sum repayment of principal sum of the loans amounted to RMB0.7 million. The loans to associated company are interest-bearing at rates ranging from 8% to 9% per annum and are recoverable within 8-12 months.

Other current assets of the Company increased by RMB0.01 million, from RMB0.62 million as at 31 December 2017 to RMB0.63 million as at 31 December 2018, due to increase in prepayment.

Current Liabilities

Trade and other payables decreased by RMB1.62 million, from RMB2.98 million as at 31 December 2017 to RMB1.36 million as at 31 December 2018, mainly due to settlement of trade and other payables.

The current income tax liabilities of RMB1.06 million as at 31 December 2018 are made up of provision for income tax made of RMB1.06 million in FY2016 with respect to revenue generated from a Hong Kong garment trading company.

Consequent to the above, the Group's current liabilities decreased by RMB2.62 million from RMB5.03 million as at 31 December 2017 to RMB2.42 million as at 31 December 2018.

Commentary on financial cash flows

The Group generated net cash from operating activities of RMB0.66 million in 4Q2018 and RMB4.23 million for FY2018. This was mainly due to collection from trade receivables, payments made to trade and other payables and offset with the operating (loss)/ profits for 4Q18 and FY2018 respectively.

Net cash generated from/ investing activities of RMB0.7 million in 4Q18 was a result of repayment of loan from associated company. Net cash used in investing activities of RMB17.00 million in was due to the interest-bearing loans made to associated company.

Consequent to the above, cash and cash equivalents increased by RMB1.36 million for 4Q2018 and decreased by RMB12.8 million for FY2018 respectively.

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 the recent tariff actions by the United States against China and China's retaliatory tariffs have caused turmoil and led in part to the decline in both the equity and currency markets. Our industry does better when markets are bouyant and more certain, has been impacted. However, the degree of future impact is difficult to judge. Nevertheless, the Group expects the global market and equity to remain challenging.

The Group will continue to focus on the development and growth of its strategic planning, corporate advisory, financial restructuring and management consultancy business.

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/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for FY2018 as the Board of Directors deems it appropriate to conserve funds for the Group's business development and further expansion.

13. Segmented revenue and results for business or geographic segments (of the Group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Group	Trading (Discontinued operations)		Corporate advisory		Other		Total	
	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000	2018 RMB'000	2017 RMB'000
Revenue	-	2,718	9,822	19,389	-	-	9,822	22,107
Other gains, net	-	-	1,099	207	871	19	1,970	226
Interest income	-	-	1,029	37	299	129	1,328	166
Currency exchange gain/(loss)	(246)	(595)	511	(242)	638	450	903	(387)
Purchasing of trading goods	-	(2,664)	-	-	-	-	-	(2,664)
Consultancy charges	-	-	-	(1,931)	-	-	-	(1,931)
Depreciation	-	(38)	(2)	(2)	(21)	(46)	(23)	(86)
Employee compensation	-	-	(2,223)	(1,223)	(2,096)	(2,608)	(4,319)	(3,831)
Directors fee	-	-	-	-	(993)	(929)	(993)	(929)
Professional fees	(5)	(247)	(16)	(302)	(698)	(2,407)	(719)	(2,956)
Rental on operating leases	-	-	(2,051)	(1,344)	(1,395)	(1,672)	(3,446)	(3,016)
Finance	(2)	(5)	(8)	(4)	(11)	(8)	(21)	(17)
Other operating expenses	7	(95)	(725)	(461)	(553)	(793)	(1,271)	(1,349)
Share of loss of joint venture	-	-	-	-	(78)	(640)	(78)	(640)
Share of profit/(loss) of associate	-	-	17	(25)	-	-	17	(25)
Profit/(loss) before income tax	(246)	(926)	7,453	14,099	(4,037)	(8,505)	3,170	4,668
Income tax expense	-	-	(1,765)	(3,121)	-	-	(1,765)	(3,121)
Net profit/(loss)	(246)	(926)	5,688	10,978	(4,037)	(8,505)	1,405	1,547
Segment assets	1,051	10	24,049	24,583	23,159	24,876	48,259	49,469
Segment assets includes:								
Investment in an associated company and a joint venture	-	-	1,992	1,975	3,204	3,282	5,196	5,257
Additions to:								
- property, plant and equipment	-	-	-	-	-	34	-	34
Segment liabilities	1,057	1,115	270	2,781	1,091	1,137	2,418	5,033

14. 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.

15. **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 Fourth Quarter Results of the Group for the financial year ended 31 December 2018 to be false or misleading in any material aspect.

16. **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.

17. **Disclosure on the status on the use 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.**

Disclosure of the status on the use of proceeds raised from Rights Issue allotted and issued on 18 August 2015

The details of the utilisation of proceeds for the rights issue as at 31 December 2018 are as follows:

Intended 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

18. **Disclosure of person occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There are no employees as at 31st December 2018 who are related to the Directors or substantial shareholder.

BY ORDER OF THE BOARD
Leo Peng WeiLe
Executive Director
27 February 2019