
UNAUDITED FINANCIAL STATEMENTS ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER ("FY") 2019

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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HEALTHBANK HOLDINGS LIMITED
(Company Registration No.: 201334844E)

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	The Group		Change %
	RMB'000		
	FY2019	FY2018	
	Unaudited	Audited	
Revenue	4,043	10,241	(61)
Other income	2	10	(80)
Other (losses)/gains - net	(26,711)	2,857	NM
Amortisation of intangible assets	(1,036)	(518)	100
Depreciation of property, plant and equipment	(32)	(32)	-
Employee compensation	(5,450)	(9,019)	(40)
Other expenses	(3,164)	(4,819)	(34)
Total expenses	(9,682)	(14,388)	(33)
Loss before income tax	(32,348)	(1,280)	>100
Income tax expense	(407)	(144)	>100
Loss for the financial year	(32,755)	(1,424)	>100
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(24)	296	NM
Other comprehensive loss, net of tax	(24)	296	NM
Total comprehensive loss for the financial year	(32,779)	(1,128)	>100
(Loss)/profit attributable to:			
Equity holders of the Company	(25,493)	(2,299)	>100
Non-controlling interests	(7,262)	875	NM
	(32,755)	(1,424)	>100
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(25,517)	(2,003)	>100
Non-controlling interests	(7,262)	875	NM
	(32,779)	(1,128)	>100

NM – Not Meaningful

1(a)(ii) Additional information for the income statement

The Group's loss for the financial year is derived at after charging/(crediting):

	The Group		
	FY2019	FY2018	Change
	RMB'000	RMB'000	%
Interest income – bank deposits	(1)	(10)	(90)
Investment income	(23)	(2,859)	(99)
Currency exchange losses – net	-*	2	NM
Gain on disposal of a subsidiary corporation	(1,964)	-	NM
Allowance for goodwill impairment	12,157	-	NM
Allowance for intangible assets impairment	2,154	-	NM
Provision for doubtful debts	14,388	-	NM

NM – Not Meaningful

* Denotes amount less than RMB 1,000

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

BALANCE SHEETS

ASSETS

Current assets

Cash and cash equivalents	9,715	(Restated) 1,980	7,822	4	153	498
Financial assets, at FVTPL	-	59,530	-	-	-	-
Trade receivables	3,116	6,288	1,300	-	-	-
Other receivables, deposits and prepayments	9,138	12,279	72,739	33,318	75,880	77,899
	21,969	80,077	81,861	33,322	76,033	78,397

Non-current assets

Goodwill	-	12,157	-	-	-	-
Management contracts and naming rights	10,844	14,034	-	-	-	-
Investments in subsidiary corporations	-	-	-	39,601	*	*
Financial assets, at FVTPL	44,000	-	-	-	-	-
Property, plant and equipment	147	277	3	134	148	-
	54,991	26,468	3	39,735	148	*

Total assets

LIABILITIES

Current liabilities

Trade and other payables	3,865	5,200	1,014	625	831	578
Current income tax liabilities	55	97	918	-	-	-
	3,920	5,297	1,932	625	831	578

Non-current liabilities

Deferred income tax liabilities	3,918	3,747	-	-	-	-
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Total liabilities

NET ASSETS

Group			Company		
31 Dec 19 RMB'000	31 Dec 18 RMB'000	1 Jan 18 RMB'000	31 Dec 19 RMB'000	31 Dec 18 RMB'000	1 Jan 18 RMB'000
	(Restated)				
	1,980	7,822	4	153	498
	59,530	-	-	-	-
	6,288	1,300	-	-	-
	12,279	72,739	33,318	75,880	77,899
	80,077	81,861	33,322	76,033	78,397
	12,157	-	-	-	-
	14,034	-	-	-	-
	-	-	39,601	*	*
	-	-	-	-	-
	277	3	134	148	-
	26,468	3	39,735	148	*
	106,545	81,864	73,057	76,181	78,397
	5,200	1,014	625	831	578
	97	918	-	-	-
	5,297	1,932	625	831	578
	3,747	-	-	-	-
	9,044	1,932	625	831	578
	97,501	79,932	72,432	75,350	77,819

EQUITY

**Capital and reserves attributable to equity holders
of the Company**

Share capital	29,194	29,194	29,194	29,194	29,194	29,194
Currency translation reserves	1,743	1,767	1,471	5,979	3,550	1,471
Accumulated profits	21,475	46,968	49,267	37,259	42,606	47,154
	52,412	77,929	79,932	72,432	75,350	77,819
Non-controlling interests	16,710	19,572	-	-	-	-
Total equity	69,122	97,501	79,932	72,432	75,350	77,819

* Denotes amount less than RMB 1,000

1(b)(ii) Aggregate amount of group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Not applicable. There were no borrowings and debt securities recorded as at 31 December 2019 and 31 December 2018.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	FY2019	FY2018
	RMB'000	RMB'000
Cash flows from operating activities:		
Net loss for the financial year	(32,755)	(1,424)
Adjustments for:		
Income tax expense	407	144
Depreciation of property, plant and equipment	32	32
Amortisation of intangible assets	1,036	518
Interest income	(1)	(10)
Investment income	(23)	(2,859)
Allowance for goodwill impairment	12,157	-
Allowance for intangible assets impairment	2,154	-
Provision for doubtful debts	14,388	-
Unrealised currency translation (gains)/losses	(24)	296
Operating cash flows before movements in working capital	(2,629)	(3,303)
Change in working capital:		
Trade and other receivables	425	63,558
Trade and other payables	(1,336)	(17,093)
Financial assets, at FVTPL	48,123	(56,671)
Cash generated from/(used in) operations	44,583	(13,509)
Interest received	1	10
Income tax paid	(277)	(918)
Net cash provided by/(used in) operating activities	44,307	(14,417)
Cash flows from investing activities:		
Additions to property, plant and equipment	98	(275)
Acquisition of subsidiary corporation, net of cash acquired	(39,600)	8,850
Proceeds from redemption of financial assets	11,430	-
Net cash (used in)/provided by investing activities	(28,072)	8,575
Cash flows from financing activities:		
Loan to related party	(8,500)	-
Net cash used in financing activities	(8,500)	-
Net increase/(decrease) in cash and cash equivalents	7,735	(5,842)
Cash and cash equivalents		
Beginning of financial year	1,980	7,822
End of financial year	9,715	1,980

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

The Group	Share Capital	Currency Translation Reserves	Accumulated Profits	Non-Controlling Interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	29,194	1,767	46,968	19,572	97,501
Total comprehensive loss for the financial year	-	(24)	(25,493)	(7,262)	(32,779)
Acquisition of subsidiary corporation	-	-	-	4,400	4,400
At 31 December 2019	29,194	1,743	21,475	16,710	69,122
At 1 January 2018	29,194	1,471	49,267	-	79,932
Total comprehensive income/(loss) for the financial year	-	296	(2,299)	875	(1,128)
Acquisition of subsidiary corporation	-	-	-	18,697	18,697
At 31 December 2018	29,194	1,767	46,968	19,572	97,501

The Company	Share Capital	Currency Translation Reserves	Accumulated Profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2019	29,194	3,550	42,606	75,350
Total comprehensive income/(loss) for the financial year	-	2,429	(5,347)	(2,918)
At 31 December 2019	29,194	5,979	37,529	72,432
At 1 January 2018	29,194	1,471	47,154	77,819
Total comprehensive income/(loss) for the financial year	-	2,079	(4,548)	(2,469)
At 31 December 2018	29,194	3,550	42,606	75,350

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purposes since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Ordinary shares of the Company	Number of shares	Share capital RMB
	78,000,000	29,194,031
As at 31 December 2019, 30 June 2019 and 31 December 2018		

The Company did not have any outstanding options, convertibles, treasury shares and subsidiary holdings as at 31 December 2019 and 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 period and as at the end of the immediately preceding year.

The Company's total number of issued and paid up share capital as at 31 December 2019 was 78,000,000 ordinary shares (31 December 2018: 78,000,000 ordinary shares).

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

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

There were no sales, transfers, cancellation and/or use of treasury shares during FY2019.

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

There were no sales, transfers, cancellation and/or use of subsidiary holdings during FY2019.

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

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

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

Not applicable.

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3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The Group's latest audited financial statement for the financial year end 31 December 2018 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Save as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for FY2019 compared to the audited financial statements for FY2018.

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

The Group has adopted all new and revised SFRS(I) and Interpretations of SFRS(I) that are relevant to its operations and effective for the financial period on or after 1 January 2019, where applicable. The adoption of these new and revised standards from the effective date did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's results for FY2019.

Prior year adjustments in accordance with SFRS(I) 3 – Business Combinations

On 21 July 2018, Beijing Zhuoyue Tiancheng Business Management Co., Ltd. (“**BJZY**”), an indirect subsidiary corporation of the Company, acquired 52% equity interest in Beijing Shengting Commercial Management Co., Ltd. (f.k.a. Beijing Libre Commercial Management Co., Ltd.) (“**BJST**”) for a cash consideration of RMB 15.59 million.

On the same date, Zhang Li (the “**Seller**”) granted Elite Management (Singapore) Pte. Ltd. (“**EMSP**”), a direct subsidiary corporation of the Company, a call option to purchase the remaining 48% equity in BJST via a Special Purpose Vehicle (“**SPV**”) incorporated in Hong Kong.

Based on the call option agreement, the option consideration shall be satisfied by the issuance of shares by the Company to the Seller and shall be capped at a maximum of consideration shares of 33,270,000 at a consideration share price of S\$0.12. Further, the Seller would undertake and complete an internal restructuring exercise within 30 days from the subscription date.

The Group is required to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values to be recognised as goodwill. In accordance to SFRS(I) 3 – Business Combinations, the management is to carry out a PPA within one year from the acquisition date. Robert Khan & Co Pte Ltd was appointed as the Company's independent valuer.

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Based on the draft Purchase Price Allocation (“PPA”) report, the call options have been valued at RMB 0.5 million as at 21 January 2019. However, the management has not recognised the value of these call options as the internal restructuring exercise was not undertaken and completed by the Seller within 30 days from the subscription date which is 21 July 2018. On 8 November 2019, EMSP issued an irrevocable waiver which provides, *inter alia*, that EMSP waives its call option right to acquire all of the issued share capital in the SPV.

During the financial year ended 31 December 2018, a provisional goodwill and intangible assets have been recognised based on the draft PPA report. On 4 April 2019, the PPA report have been finalised, and accordingly, the Group adjusted the provisional amounts goodwill and deferred tax liabilities during the financial year ended 31 December 2019 as follows:

Description	Provisional RMB’000	Adjustment RMB’000	Restated RMB’000
Goodwill	12,223	(66)	12,157
Management contracts	11,063	157	11,220
Naming rights	3,318	14	3,332
Deferred tax liabilities	3,595	105	3,700 ¹

SFRS(I) 16 – Leases

In its financial statements announcement dated 14 August 2019 (“HY2019 Results Announcement”) for the half year ended 30 June 2019 (“HY2019”), the Group disclosed that it applied SFRS(I) 16 which was effective on 1 January 2019 resulted 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 assets) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. As a result, for HY2019, the Group recorded right-of-use asset and corresponding lease liability of approximately RMB 1.5 million.

Subsequent to HY2019 Results Announcement, the Group terminated the office lease as a result of staff streamlining of China team as part of cost management measures. The China team is currently utilizing business associate’s working space due to smaller headcount.

As a result of the lease termination, for FY2019, the Group has ceased to recognize and reversed the right-to-use and assets and a financial liability recognized in HY2019.

¹ The deferred tax liability is pertaining to recognition of withholding tax on unremitted foreign earnings.

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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.

Loss per share ("LPS")	The Group	
	FY2019	FY2018
Loss for the financial year attributable to equity holders of the Company (RMB'000)	(25,493)	(2,299)
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	78,000	78,000
Basic and diluted LPS (RMB cents) ⁽¹⁾	(32.68)	(2.95)

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

7. Net asset 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 year.

Net asset value ("NAV") per ordinary share	Group		Company	
	31 Dec 19	31 Dec 18	31 Dec 19	31 Dec 18
NAV attributable to equity holders of the Company (RMB'000)	52,412	77,929	72,432	75,350
Number of ordinary shares ('000)	78,000	78,000	78,000	78,000
NAV per ordinary share based on issued share capital (RMB cents)	67.19	99.91	92.86	96.60

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF FINANCIAL PERFORMANCE

As at 31 December 2019, the Group hospitality division has five hotels under long-term hotel management contracts in People's Republic of China ("China"). Three of these hotels were in operation during FY2019 and the details are as follows:

Names of hotels/resorts	Number of rooms	Location	Status
Libre Resorts Huangshan	528	Huangshan, Anhui Province, China	In operation from January 2019 to December 2019 ⁽¹⁾
Libre Resorts Lijiang	562	Lijiang, Yunnan Province, China	In operation from January 2019 to December 2019 ⁽¹⁾
Libre Collection Yizheng	36	Yangzhou, Jiangsu Province, China	In operation from January 2019 to December 2019 ^{(1) (2)}

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Notes:

- (1) In view of the recent COVID-19 outbreak, these hotels are temporarily closed under the directives from the Chinese government and local health authorities since 24 January 2020 until further notice.
- (2) The hotel management company, Yangzhou Asset Management Co., Ltd is undergoing restructuring and has dispute with the hotel owner, the Group did not recognize revenue on a prudence basis. In any case, the revenue contribution from this hotel is not expected to be material to the Group.

Revenue

Revenue Type	FY2019	Contribution	FY2018	Contribution	Change
	RMB'000	%	RMB'000	%	%
Consultancy services	-	NM	7,412	72	NM
Hotel management fees	4,043	100	2,829	28	43
TOTAL	4,043	100	10,241	100	(61)

The Group achieved revenue of RMB 4.04 million in FY2019 compared to RMB 10.24 million in FY2018. While hotel management fees increased by 43% to RMB 4.04 million from RMB 2.83 million in FY2018, it was offset by a decrease in consultancy services fees which is on project basis. In FY2019, the Group was facing great challenge in securing new consultancy project contracts due to a slowing China economy and deleveraging policy introduced by the Chinese Government which restricts the hotel operators'/owners' ability and access to liquidity to complete current and invest in new projects.

Other income

The Group's other income was mostly from the interest income from bank deposits. The decrease is due to lower average bank balances throughout the financial year.

Other losses – net

The Group's other losses of RMB 26.71 million in FY2019 was mainly attributed to:

- goodwill impairment of RMB 12.16 million and intangible assets impairment of RMB 2.15 million which arose from the acquisition of BJST due to the uncertainties arising from the US-China trade dispute and the recent COVID-19 outbreak.
- provision for doubtful debts of RMB 14.39 million is due to slow collection of trade receivables as a result of the slowing China economy and the deleveraging policy which restricts credit access for the hotel operators/owners as well as the uncertainties arising from the recent COVID-19 outbreak; and
- partially offset by gain on disposal of Beijing Libre Hotel Management Co., Ltd. of RMB 1.96 million.

The impairment of goodwill and intangible assets was assessed in accordance to SFRS (I) 1-36 – Impairment of Assets whereby the carrying amount of goodwill and intangible assets are compared to the recoverable amount, which is the higher of value-in-use and the fair value less costs to sell. The management has applied value-in use model by computing sales and cashflow projection, applying appropriate discount rate to determine the recoverable amount. An impairment loss was recognised as the carrying amount exceeded the recoverable amount.

The Group has made full provision for long outstanding trade and other receivables of more than 1 year which amounted to RMB 3.61 million. In addition, the Group has also fully impaired certain trade and other receivables which amounted to RMB 10.78 million in aggregate after considering the financial positions of the relevant debtors.

Amortisation of intangible assets

The Group's amortisation of intangible assets of RMB 1.04 million in FY2019 arose from the acquisition of BJST. The Group amortises the intangible assets over the span of 12 to 15 years in accordance to the contract periods of the management contracts and naming rights.

Employee compensation

The employee compensation decreased by RMB 3.57 million or 40%, from RMB 9.02 million in FY2018 to RMB 5.45 million in FY2019 due to various cost management measures including staff restructuring and streamlining of the China team to improve the profitability of the Group.

Other expenses

The decrease in other expenses of RMB 1.65 million or 34% was mainly due to the following:

- A reduction in directors fees of RMB 0.21 million, amounting to RMB 0.41 million in FY2019 from RMB 0.62 million in FY2018, due to a restructuring of board members following the disposal of carpet furnishing business;
- A reduction in rental fees of RMB 0.26 million, from RMB 0.75 million in FY2018 to RMB 0.49 million in FY2019, as the Company is utilizing business associate's working space due to smaller headcounts; and
- A reduction in marketing and promotion as well as travel and entertainment expenses of RMB 0.95 million, from RMB 1.51 million in FY2018 to RMB 0.56 million in FY2019, due to smaller headcounts with reduced travelling and marketing activities, as the Group focused on managing its existing management contracts.

Income tax

The Group incurred an income tax expense of RMB 0.41 million in FY2019, an increase of RMB 0.26 million from RMB 0.15 million in FY2018. The increase was largely attributable to provision for deferred tax liabilities on unremitted earnings from foreign subsidiaries in accordance with SFRS(I) 1-12 – Income Taxes. Furthermore, losses from other companies within the Group were not allowed to offset against the profits from other profitable companies within the Group for income tax purposes.

Loss for the financial year

The Group recorded a loss after tax of RMB 32.76 million in FY2019 as compared to a loss after tax of RMB 1.42 million in FY2018 due mainly to a decrease in revenue and an increase in amortisation of intangible assets, provision for doubtful debts, allowance for goodwill impairment and allowance for intangible assets impairment.

Non-controlling interests

The loss attributable to non-controlling interests of the BJST amounted to RMB 7.26 million for FY2019 as compared to a profit of RMB 0.88 million in FY2018.

REVIEW OF FINANCIAL POSITION**Current assets**

Cash and cash equivalents increased from RMB 1.98 million as at 31 December 2018 to RMB 9.72 million as at 31 December 2019, mainly due to a full redemption of short-term fixed income instruments denominated in RMB.

Financial assets, at FVTPL of RMB 59.53 million, was fully redeemed as at 31 December 2019, mainly for the purpose of acquisition of Libre Hospitality Limited in December 2019.

As of 31 December 2019, the Group has trade receivables of RMB 3.12 million which comprises of hotel management fees and consultancy services revenue due from customers. The decrease of RMB 3.17 million in trade receivables, from RMB 6.29 million as at 31 December 2018, was mainly due to provision of doubtful debts of RMB 3.61 million.

Other receivables, deposits and prepayments decreased by RMB 3.14 million, from RMB 12.28 million as at 31 December 2018 to RMB 9.14 million as at 31 December 2019, mainly due to provision for doubtful debts of RMB 10.78 million, partially offset by the loan to related corporation of RMB 8.5 million for Atlantis Garden project development in Hainan Province, China, where the Group has an effective interest of 7.2% via its interest in Libre Hospitality Limited.

Non-current assets

Goodwill from the acquisition of BJST of RMB 12.16 million was fully impaired in accordance with SFRS (I)1-36 – Impairment of Assets as the recoverable amount is lower than the carrying amount.

Management contracts and naming rights which arose from the acquisition of BJST decreased by RMB 3.19 million, from RMB 14.03 million as at 31 December 2018 to RMB 10.84 million as at 31 December 2019, mainly due to impairment of RMB 2.15 million and amortisation of intangible assets of RMB 1.04 million.

The Group recorded new financial assets, at FVTPL of RMB 44.0 million which is pertaining to Atlantis Garden project development in Hainan Province, China, where the Group has an effective interest of 7.2% via its interest in Libre Hospitality Limited.

Current liabilities

Trade and other payables decreased by RMB 1.33 million, from RMB 5.20 million as at 31 December 2018 to RMB 3.87 million as at 31 December 2019, mainly due to lower staff cost accrued as a result of reduced headcounts from management and operational team restructuring.

Non-current liabilities

Deferred income tax liabilities of RMB 3.92 million as at 31 December 2019 was pertaining to the deferred tax liabilities allocated to the intangible assets based on the application of statutory tax on the fair value of the intangible assets and provision for deferred tax liabilities on unremitted earnings from foreign subsidiaries.

Working capital

Working capital of the Group decreased by RMB 56.73 million to RMB 18.05 million as at 31 December 2019, from RMB 74.78 million as at 31 December 2018 due mainly to provision for doubtful debts of RMB 14.39 million and cash amounted to RMB 39.60 million being used for the acquisition of Libre Hospitality Limited.

Shareholders' equity

The Group's equity attributable to equity holders of the Company decreased by RMB 25.52 million to RMB 52.41 million as at 31 December 2019, from RMB 77.93 million as at 31 December 2018. The decrease is due to losses as a result of lower revenue and increase in amortisation of intangible assets, provision for doubtful debts, allowance for goodwill and intangible assets impairments.

REVIEW OF CASH POSITION

Net cash generated from operating activities of the Group amounted to RMB 44.31 million for FY2019 was mainly due to a decrease in financial assets, at FVTPL of RMB 48.12 million and a decrease in trade and other receivables of RMB 0.42 million, partially offset by operating cash outflows before movements in working capital of RMB 2.63 million, decrease in trade and other payables of RMB 1.34 million and income tax paid of RMB 0.28 million.

Net cash used in investing activities of RMB 28.07 million were due to the acquisition of Libre Hospitality Limited for RMB 39.60 million, partially offset by proceeds of RMB 11.43 million from redemption of financial assets, at FVTPL.

Net cash used in financing activities was due to RMB 8.50 million loan to related party.

Overall, the Group recorded a net cash increase of RMB 7.74 million in FY2019.

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

The Group's results for FY2019 are generally in line with the Company's profit guidance announcement dated 14 February 2020.

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.

With the ongoing US-China trade dispute and past years China government deleveraging policy, China achieved a lower GDP growth of 6.1% for 2019 as compared to GDP growth of 6.6% achieved in 2018. As the on-going COVID-19 outbreak impact remain unknown, China FY2020 economy and GDP will be greatly affected by the uncertainties. However, the Group believe China economy fundamentals remain strong and the long term economy outlook remains positive and resilient would continue to support the growth of the Group's hospitality business.

The lower GDP growth achieved in FY2019 has impacted the hospitality industries where hotel owners are cautious in investing on new projects and travellers are prudent in spending all of which affected the hotel management company ability to achieve higher revenue growth and profitability where it derive consultancy and management fees for services provided to the hotel owners.

Meanwhile, the recent COVID-19 epidemic has quickly swept the whole of China, spreading to two dozen countries, including Singapore and Europe. The Chinese Government has mobilized the whole country to prevent and fight the COVID-19, and has severely restricted the mobility of large segments of the population and the operation of non-fundamental businesses, with the objective of slowing and reducing the spread of the COVID-19, which leads to the China economy coming to a standstill which significantly affect hospitality industry and hotel occupancy rates .

In accordance with the latest directives from the Chinese government and local health authorities in various cities of the provinces, those hotels under our management are temporarily closed until further notice. The re-opening dates of the above-mentioned hotels will be announced in due course.

The Group will continue to monitor the COVID-19 situation closely, maintain communications with the relevant parties and implement additional short-term precautionary measures, if required.

As the situation relating to the spread of the COVID-19 remains uncertain, it is currently difficult to ascertain the financial impact it has on the financial performance of the Group for FY2020. Nevertheless, the Group looks forward to resuming normal operations as soon as it is appropriate to do so.

The increase in FY 2019 losses was mainly because of management's prudent approach to impair certain assets due to macro environment uncertainties. The Group remains comfortable with its financial position with net assets attributable to equity holders of the Company of RMB 52.41 million and working capital of RMB 18.05 million as of 31 December 2019. With the economic uncertainties and the volatile market conditions, the management have implemented various cost cutting measures to improve the profitability of the Group.

Meanwhile, as part of the Group long term growth plan, the acquisition of Libre Hospitality Limited presents a good opportunity for the Group to tap into growth of the Chinese tourism and hospitality industries in Hainan Province, which is slated by the Chinese Government for development into an international tourism destination and the largest Free Trade Zone ("FTZ") in China, ultimately being for the benefit of and in the best interests of the Company and the Company's shareholders.

The acquisition provides an opportunity for the Group to invest in Atlantis Garden project, a residential and service apartment development project located in the west side of Qionghua Avenue, Jiangdong District, Haikou City, Hainan Province. The acquisition also enables the Group to provide management services to Atlantis Garden project upon completion and foray into Hainan real estates and hospitality facilities management services which allow the Group to create recurring income sources from Hainan Province.

Looking ahead, the Group will continue to identify new growth areas and opportunities, especially in the area of property investment or acquisition, with the goal of expanding and enhancing the performance and net asset value of the Group.

11. If a decision regarding dividend has been made:**(a) Whether an interim (final) dividend has been declared (recommended); and**

No dividend is declared for the current financial period reported on.

(b) (i) Amount per share in cents

Not applicable.

(ii) Previous corresponding period in cents

No dividend is declared for the corresponding period.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended in view of the losses incurred in FY2019.

13. If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT") the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPT. There are no interested person transactions of S\$100,000 or more during the financial period under review.

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

Business Segments

	Hospitality Division*		HQ and other investing activities		Total	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		<i>Restated</i>		<i>Restated</i>		<i>Restated</i>
Segment Revenue	4,043	10,241	-	-	4,043	10,241
Adjusted LBITDA	(28,375)	(768)	(2,938)	(2,831)	(31,313)	(3,599)
Allowance for impairment of trade and other receivables	(14,388)	-	-	-	(14,388)	-
Allowance for goodwill impairment	(12,157)	-	-	-	(12,157)	-
Allowance for intangible assets impairment	(2,154)	-	-	-	(2,154)	-
Depreciation	(17)	(17)	(15)	(15)	(32)	(32)
Income tax expense	(407)	(144)	-	-	(407)	(144)
Interest income	1	10	-	-	1	10
Amortisation of intangible assets	(1,036)	(518)	-	-	(1,036)	(518)
Investment income	23	2,859	-	-	23	2,859
Segment assets	73,219	104,434	3,741	2,111	76,960	106,545
Segment liabilities	(6,728)	(8,123)	(1,110)	(921)	(7,838)	(9,044)

Geographical Segments

	Hospitality Division*		HQ and other investing activities		Total	
	FY2019	FY2018	FY2019	FY2018	FY2019	FY2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		<i>Restated</i>		<i>Restated</i>		<i>Restated</i>
Revenue						
China	4,043	10,241	-	-	4,043	10,241
Segment assets						
China	73,219	104,434	-	-	73,219	104,434
Singapore	-	-	3,741	2,111	3,741	2,111
	73,219	104,434	3,741	2,111	76,960	106,545

*The Consultancy Services Division is renamed as Hospitality Division in FY2018 following the acquisition of BJST. The activities of the Hospitality Division include the management of hotels and resorts, and provision of consultancy services on hotel and resorts management, investment, development and branding.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Paragraph 8.

16. A breakdown of sales as follows:

	Group FY2019 RMB'000	Group FY2018 RMB'000	Increase / (Decrease) %
Sales reported for first half year	2,376	1,632	46
Operating loss after tax before deducting non-controlling interests reported for first half year	(1,157)	(880)	31
Sales reported for second half year	1,667	8,609	(81)
Operating loss after tax before deducting non-controlling interests reported for the second half year	(31,598)	(544)	>100

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable.

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

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

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that there is no person occupying a managerial position in the Company or in any of its principal subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

On behalf of the Board

Peng Fei
Executive Director and CEO
29 February 2020