

FULL YEAR UNAUDITED RESULTS FOR YEAR ENDED 31 DECEMBER 2019

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		
	4Q19 RMB'000	4Q18 RMB'000	%Change +/(–)	FY2019 RMB'000	FY2018 RMB'000	%Change +/(–)
Continuing Operations						
Revenue	1,390	-	100.0	3,553	9,822	(63.8)
Other income	98	857	(88.6)	1,035	1,969	(47.4)
Interest income	(211)	389	n.m.	276	1,329	(79.2)
Other gain/(loss), net						
Gain on disposal of subsidiaries	-	-	-	6	-	100.0
Currency exchange (loss)/gain, net	(88)	64	n.m.	373	1,149	(67.5)
Other loss	-	(1,039)	(100.0)	-	-	-
	<u>1,189</u>	<u>271</u>	<u>338.7</u>	<u>5,243</u>	<u>14,269</u>	<u>(63.3)</u>
Expenses						
-Amortisation of right-of-use asset	(346)	-	100.0	(1,357)	-	100.0
-Consultancy charges	(261)	-	100.0	(596)	-	100.0
-Depreciation	(3)	(4)	(25.0)	(13)	(23)	(43.5)
-Directors' fee	(142)	(216)	(34.3)	(689)	(993)	(30.6)
-Employee compensation	(963)	(1,392)	(30.8)	(4,088)	(4,319)	(5.3)
-Professional fees	(137)	(267)	(48.7)	(1,106)	(714)	54.9
-Rental on operating leases	(56)	(886)	(93.7)	(441)	(3,446)	(87.2)
-Expected credit losses on other receivables	(18,066)	-	100.0	(19,293)	-	100.0
-Allowance for impairment of investment in associated company and joint venture	(3,765)	-	100.0	(3,765)	-	100.0
-Interest expense for lease liability	(16)	-	100.0	(87)	-	100.0
-Finance	(2)	(7)	(71.4)	(18)	(19)	(5.3)
-Other operating expenses	(255)	(309)	(17.5)	(1,044)	(1,278)	(18.3)
Total expenses	<u>(24,012)</u>	<u>(3,081)</u>	<u>679.4</u>	<u>(32,497)</u>	<u>(10,792)</u>	<u>201.1</u>
Share of loss of a joint venture	(5)	(1)	400.0	(27)	(78)	(65.4)
Share of profit/(loss) of an associated company	2	2	-	(4)	17	n.m.
(Loss)/profit before income tax	(22,826)	(2,809)	712.6	(27,285)	3,416	n.m.
Income tax credit/(expense)	30	446	(93.3)	3	(1,765)	n.m.
(Loss)/profit from continuing operations	(22,796)	(2,363)	864.7	(27,282)	1,651	n.m.
Discontinued operations						
Loss from discontinued operations, net of tax	(104)	-	100.0	(104)	(246)	(57.7)
Total (loss)/profit, representing total comprehensive (loss)/income	(22,900)	(2,363)	869.1	(27,386)	1,405	n.m.
(Loss)/profit attributable to						
-Equity holders of the Company	(23,109)	(2,363)	878.0	(27,595)	1,405	n.m.
-Non-controlling interests	209	-	100.0	209	-	100.0
	<u>(22,900)</u>	<u>(2,363)</u>	<u>869.1</u>	<u>(27,386)</u>	<u>1,405</u>	<u>n.m.</u>
(Loss)/profit attributable to equity holders of the Company related to:						
-(Loss)/profit from continuing operation	(23,005)	(2,363)	873.6	(27,491)	1,651	n.m.
-Loss from discontinued operations	(104)	-	100.0	(104)	(246)	(57.7)
	<u>(23,109)</u>	<u>(2,363)</u>	<u>878.0</u>	<u>(27,595)</u>	<u>1,405</u>	<u>n.m.</u>
Total comprehensive (loss)/income attributable to						
-Equity holders of the Company	(23,109)	(2,363)	878.0	(27,595)	1,405	n.m.
-Non-controlling interests	209	-	100.0	209	-	100.0
	<u>(22,900)</u>	<u>(2,363)</u>	<u>869.1</u>	<u>(27,386)</u>	<u>1,405</u>	<u>n.m.</u>

(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		
	4Q19 RMB'000	4Q18 RMB'000	%Change + / (-)	FY2019 RMB'000	FY2018 RMB'000	%Change + / (-)
<u>(Expense)/Income</u>						
Depreciation of property, plant and equipment	(3)	(4)	(25.0)	(13)	(23)	(43.5)
Interest income	(211)	389	n.m.	276	1,329	(79.2)
Interest expense for lease liability	(16)	-	100.0	(87)	-	100.0
Foreign exchange (losses)/gains, net	(88)	64	n.m.	373	1,149	(67.5)
Expected credit loss on other receivables	(18,066)	-	100.0	(19,293)	-	100.0
Allowance for impairment of investment in associated company and joint venture	(3,765)	-	100.0	(3,765)	-	100.0
Gain on disposal of subsidiaries	-	-	-	6	-	100.0
Share of loss of joint venture	(5)	(1)	400.0	(27)	(78)	(65.4)
Share of profit/(loss) of an associated company	2	2	-	(4)	17	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 2019 RMB'000	As at 31 Dec 2018 RMB'000	As at 31 Dec 2019 RMB'000	As at 31 Dec 2018 RMB'000
ASSETS				
Current assets				
Cash and cash equivalents	6,348	22,191	3,559	19,527
Trade and other receivables	11,890	20,225	12,484	1,312
Other current assets	414	629	370	368
Right-of-use asset	890	-	890	-
Current Assets	19,542	43,045	17,303	21,207
Non-current assets				
Investment in subsidiaries	-	-	926	1,259
Investment in associated company	788	1,992	-	-
Investment in joint venture	612	3,204	612	3,204
Property, plant and equipment	5	18	5	17
	1,405	5,214	1,543	4,480
Total assets	20,947	48,259	18,846	25,687
LIABILITIES				
Current liabilities				
Trade and other payables	1,542	1,361	360	1,426
Lease liability	914	-	914	-
Current income tax liabilities	32	1,057	-	-
Total liabilities	2,488	2,418	1,274	1,426
NET ASSETS	18,459	45,841	17,572	24,261
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	145,320	145,320	145,320	145,320
Accumulated losses	(127,074)	(99,479)	(127,748)	(121,059)
Currency translation reserve	1	-	-	-
Non-controlling interests	212	-	-	-
TOTAL EQUITY	18,459	45,841	17,572	24,261

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 2019 and 31 December 2018.

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	
	4Q19	4Q18	FY2019	FY2018
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash flows from operating activities				
(Loss)/profit from continuing operations	(22,796)	(2,363)	(27,282)	1,651
Loss from discontinued operation	(104)	-	(104)	(246)
Adjustments for:				
-Income tax (credit)/expense	(30)	(446)	(3)	1,765
-Depreciation	3	4	13	23
-Amortisation of right-of-use asset	346	-	1,357	-
-Lease liability – Reversal of rental expense	(362)	-	(1,419)	-
-Lease liability – Interest expense	16	-	87	-
-Interest income	211	(389)	(276)	(1,329)
-Expected credit loss on other receivables	18,066	-	19,293	-
-Allowance for impairment of investment in associated company and joint venture	3,765	-	3,765	-
-Unrealised currency translation losses	-	-	-	(40)
-Share of profit/(loss) of associated company	(2)	(2)	4	(17)
-Share of loss of a joint venture	5	1	27	78
-Gain on disposal of subsidiaries	-	-	(6)	-
Operating (loss)/profit before changes in working capital	(882)	(3,195)	(4,544)	1,885
Changes in working capital				
-Trade and other receivables	(11,833)	3,570	(12,879)	6,388
-Other current assets	48	(589)	216	(10)
-Trade and other payables	22	1,019	261	(1,623)
Cash (used in)/generated from operations	(12,645)	805	(16,946)	6,640
Interest received	29	37	273	308
Income tax paid	-	(186)	(46)	(2,714)
Net cash (used in)/generated from operating activities	(12,616)	656	(16,719)	4,234
Cash flows from investing activities				
Repayment of loan from associated company	-	700	860	700
Interest received on loan from associated company	-	-	16	-
Loans to associated company	-	-	-	(17,700)
Net cash generated from/(used in) investing activities	-	700	876	(17,000)
Net (decrease)/increase in cash and cash equivalents	(12,616)	1,356	(15,843)	(12,766)
Cash and cash equivalents at beginning of financial period/year	18,964	20,835	22,191	34,957
Cash and cash equivalents at end of financial period/year	6,348	22,191	6,348	22,191

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

	Group		Group	
	4Q19	4Q18	FY 2019	FY 2018
	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>	<u>RMB'000</u>
Cash and bank balances	6,348	22,191	6,348	22,191

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)		
<u>Group</u>						
At 1 January 2019	145,320	-	(99,479)	45,841	-	45,841
Total comprehensive loss for the financial year	-	1	(27,595)	(27,594)	212	(27,382)
At 31 December 2019	145,320	1	(127,074)	18,247	212	18,459
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
<u>Company</u>						
At 1 January 2019	145,320	-	(121,059)	24,261	-	24,261
Total comprehensive loss for the financial year	-	-	(6,689)	(6,689)	-	(6,689)
At 31 December 2019	145,320	-	(127,748)	17,572	-	17,572
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

- 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 2019.

	Group and Company	
	As at 31 December 2019	As at 31 December 2018
	(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 2019.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial year and as at the end of the immediately preceding year.**

	Group and Company	
	As at 31 December 2019	As at 31 December 2018
<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 2018.

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

The Group has adopted all new and revised 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, except for the adoption of SFRS(I) 16.

SFRS(I) 16 - Leases

SFRS(I) 16 introduces a single lessee accounting model. A lessee is required to recognise all leases on its statements of financial position to reflect its rights to use the leased assets ("ROU asset") and a corresponding lease liability except for certain short-term leases (less than 12 months) and leases of low value assets.

The Group capitalised its operating leases on office premises on the statement of financial position by recognising ROU asset and their corresponding lease liabilities based on future lease payments of RMB2.35 million which has been discounted to present values of RMB2.25 million as at 1 January 2019. Subsequently, the ROU asset will be depreciated over the lease term on straight line method and the lease liabilities will be measured at amortised cost.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit and loss over the lease period at a constant periodic rate of interest on the remaining balance of the liability for each period.

The adoption of SFRS(I) 16 resulted in adjustments to the statement of financial position of the Group as at 1 January 2019. On adoption of SFRS(I) 16, the Group chose to measure the right-of-use assets at amounts equal to the lease liabilities, adjusted by the amounts of any prepaid or accrued lease payments relating to those leases recognised in the statement of financial position immediately before 1 January 2019. Accordingly, the adoption of SFRS(I) 16 does not result in any adjustment to the opening balance of retained earnings as at 1 January 2019.

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 2019	2018	Full Year ended 31 Dec 2019	2018
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
(Losses)/Earnings Per Share (Basic and Diluted)				
- Continuing operations	(1.0801)	(0.1109)	(1.2907)	0.0775
- Discontinued operations	(0.0049)	-	(0.0049)	(0.0115)
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 (losses)/earnings 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 31 Dec 2019	As at 31 Dec 2018	As at 31 Dec 2019	As at 31 Dec 2018
	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>	<u>RMB Cents</u>
Net assets value per ordinary share	0.87	2.15	0.83	1.14
Number of issued ordinary shares as at end of the financial period/year	2,130,000,000	2,130,000,000	2,130,000,000	2,130,000,000

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must include a discussion of the following:-**
a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period/year reported on, including (where applicable) seasonal or cyclical factors; and
b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period/year reported on.

Commentary on Financial Results

Revenue

Revenue is generated from the business of providing corporate and financial solution advisory services. Our corporate and financial solution advisory services mainly comprises: (i) advice and services to fund and investment managers; (ii) advice and services to the new economy including Fintech, blockchain and other digital transformation; and (iii) advice and services to SMEs (and high net worth individuals) with respect to better deployment of idle capital.

	Revenue			Revenue		
	4Q19	4Q18	%Change +/(-)	FY2019	FY2018	%Change +/(-)
	RMB'000	RMB'000		RMB'000	RMB'000	
China – fund/ investment managers	47	-	100.0	2,210	9,822	(77.5)
Singapore – technology company	1,343	-	100.0	1,343	-	100.0
	1,390	-	100.0	3,553	9,822	(63.8)

As explained in our earlier result announcements dated 27 February 2019, 14 May 2019, 13 August 2019 and 13 November 2019, our business is sensitive to Chinese corporate activity. Lower corporate advisory revenue recognised in 4Q2019 and FY2019 was due to the continuous slowdown in Chinese corporate activities coupled with the US-China trade war which further dampens business activities and the deleveraging policy introduced by the Chinese Government which limits the credit access for businesses in the Chinese financial sector.

In the reporting quarter of 4Q2019, revenue of RMB0.05 million recognised from the China fund/investment manager was related to a final tranche of an existing service contract.

On the other hand, the revenue of RMB1.34 million was in relation to the management fee generated by Prisma Technologies Pte. Ltd. ("Prisma Technologies") for management of a contract as announced on 21 October 2019. The nature of the management services rendered by Prisma Technologies includes strategic planning, corporate advisory, financial structuring and management consulting services.

The Group's revenue for the 12 months ended 31 December 2019 ("FY2019") decreased by RMB6.27 million, from RMB9.82 million for the 12 months ended 31 December 2018 ("FY2018") to RMB3.55 million for FY2019. The decrease was due to fewer corporate advisory contracts clinched and completed in FY2019 as compared to FY2018. While our corporate advisory business is not wholly dependent on the macro economic activity in China, it is sensitive to Chinese corporate activities.

Other income of the Group decreased by RMB0.76 million, from RMB0.86 million in 4Q2018 to RMB0.10 million in 4Q2019. The decrease was attributable to lower rental income as the Company only subleased to a former related company as compared with 2 related companies in 4Q2018, no incentive received from Tianjin Local Tax Authority and no one-off refund of proposed Rights Issue listing fee. The other income of RMB0.10 million comprised mainly the rental income from the sublease.

For FY2019, other income of the Group decreased by RMB0.94 million to RMB1.03 million, from RMB1.97 million in FY2018. The decrease was attributable to:

- i) Lower sublease rental income as the Company subleased only to a former related company in FY2019 as compared to 2 related companies in FY2018. 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) Lower incentive received from the Tianjin Local Tax Authority during FY2019 as compared to FY2018. The incentive from the Tianjin Local Tax Authority is for the purpose of incentivising local enterprises which set up companies within the local proximity.

Interest Income

The Group's interest income for 4Q2019 reported a negative amount of RMB0.21 million. This was due to a reversal of interest income on loans to an associated company which was recognised in previous quarter.

The decrease of Group's interest income for FY2019 by RMB1.05 million, from RMB1.33 million in FY2018 to RMB0.28 million in FY2019, was attributable to:

- i) Decrease in interest earned from fixed deposits with financial institutions as a result of lower amounts of fixed deposits placement in FY2019 as compared with FY2018; and
- ii) No interest recognised for loans to an associated company in FY2019.

Other gain/(loss), net

- i) Currency exchange (loss)/gains, net
The Group has recorded a currency exchange loss of RMB0.09 million for 4Q2019 and a gain of RMB0.37 million in FY2019, mainly due to the fluctuation 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 overall appreciation of the USD and SGD against Renminbi ("RMB") contributed to the foreign currency exchange gain in FY2019 and FY2018.

- ii) Gain on disposal of subsidiaries
As announced on 1 February 2019 and 11 July 2019 respectively, the Company disposed its garment trading entities (which was previously presented as assets of disposal group classified as held-for-sale and liabilities directly associated with disposal group classified as held-for-sale in 1Q2019 results announcement). A gain on disposal of RMB0.006 million was recognised upon completion of the disposal.
- iii) Other loss
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) Amortisation of right-of-use asset

The amortisation of right-of-use asset relates to depreciation of ROU asset over the lease term on straight line method. Please refer to paragraph 5 above for the effects of adoption of SFRS(I) 16.

2) Consultancy charges

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

3) Employee compensation

Employee compensation of the Group decreased by RMB0.43 million or 30.8%, from RMB1.39 million in 4Q2018 to RMB0.96 million in 4Q2019 and decreased by RMB0.23 million or 5.3%, from RMB4.32 million in FY2018 to RMB4.09 million in FY2019 respectively. The decrease was mainly due to lower employee costs in our Tianjin WFOE, a result of reduction of number of headcount during FY2019.

4) Professional fees

Professional fees of the Group decreased by RMB0.13 million or 48.7%, from RMB0.27 million in 4Q2018 to RMB0.14 million in 4Q2019 and increased by RMB0.39 million or 54.9%, from RMB0.71 million in FY2018 to RMB1.10 million in FY2019 respectively. The increase was due to more professional services rendered during FY2019 in relation to the feasibility of potential corporate exercises and other advisory matters.

5) Rental on operating leases

Rental on operating leases of the Group decreased by RMB0.83 million or 93.7% in 4Q2019, from RMB0.89 million in 4Q2018 to RMB0.06 million in 4Q2019, and decreased by RMB3.01 million or 87.2% in FY2019, from RMB3.45 million in FY2018 to RMB0.44 million in FY2019 respectively.

The significant decrease was due to reversal of rental expenses recognised in adoption of SFRS(I) 16 as explained in paragraph 5 above. As the adoption of SFRS(I) 16 does not require retrospective application, hence, the variance analysis of the rental expenses for 4Q2019 versus 4Q2018 and FY2019 versus FY2018 are not meaningful.

The rental on operating leases amounted to RMB0.06 million for 4Q2019 and RMB0.44 million for FY2019 are for leases of office premises and photocopiers which are for less than 12 months and are low value assets. This category of operating leases is excluded for application of the SFRS(I) 16.

6) Expected credit losses on other receivables

Expected credit losses ("ECL") on other receivables are made for loans receivable from the associated company, Le Rong Financial Factoring Company Limited ("Le Rong") due to slow collection of loan receivables which were overdue. The ECL amounted to RMB18.07 million and RMB19.29 million were provided for in 4Q2019 and FY2019 respectively, which represent the full amount of loan receivables from Le Rong.

The management of the Company's subsidiary, Tianjin WFOE ("TJF"), periodically reviews its loan receivables for objective evidence of impairment. When there is objective evidence of impairment, TJF's management will bring it to the attention of the Group, and the Group and Board will assess and recommend the amount of ECL to be recognised based on their best estimates of amount of loan that could be recovered from the associated company.

The ECL on loan receivables is mainly caused by the factoring customer of Le Rong who is facing financial difficulties and hence resulted in the slow collection from its customer.

In assessing objective evidence of impairment for the associated company, TJF has considered the following:

- Default in meeting contractual repayment terms by Le Rong; and
- Knowledge of detrimental financial conditions of Le Rong and its customer based on management's meetings and discussions with Le Rong.

In view of the above, TJF has concluded that there are objective evidences that these receivables are to be impaired.

In estimating the amount of ECL, management has considered the financial conditions of Le Rong taking into consideration the estimated realisable value of those amounts factored out by Le Rong but yet to be recovered. As there was no past historical trend of default payments in prior year, ECL was then recognised with reference to the current Chinese and global economy conditions as well as the forward looking uncertainties arising from the recent COVID-19 outbreak.

The management and Board of the Company, having reviewed the above bases and results, concurred with the full provision for ECL on loan receivables recommended for TJF.

7) Allowance for impairment of investment in associated company and joint venture

Allowance for impairment of investment in associated company and joint venture are in relation to allowance for impairment made for the following investments of the Group:

	Group			Group		
	4Q19	4Q18	%Change +/(−)	FY2019	FY2018	%Change +/(−)
	RMB'000	RMB'000		RMB'000	RMB'000	
Le Rong Financial Factoring Company Limited ("Le Rong")	1,200	-	100.0	1,200	-	100.0
TNT Global Capital Pte Ltd ("TNT")	2,565	-	100.0	2,565	-	100.0
	3,765	-	100.0	3,765	-	100.0

As indication of impairment exists based on the review of Le Rong's financial performance as well as other indications as mentioned in item 6 above. An allowance for impairment of investment in associated company of RMB1.20 million is made for the investment costs in Le Rong, which represents the difference between the Group's share of net assets of Le Rong as at 31 December 2019 and the carrying amount of the investment costs reported on.

The Company invested 40% interests in TNT, a fund management company in July 2017. Due to global market uncertainty and challenging market conditions, TNT remained inactive. An allowance for impairment of RMB2.56 million is made for the investment costs in TNT, which represents the difference between the Group's share of net assets of TNT as at 31 December 2019 and the carrying amount of the investment costs reported on.

8) Interest expense on lease liability

Interest expense on lease liability relates to imputed interest on operating leases amounted to RMB0.02 million and RMB0.08 million in 4Q2019 and FY2019 respectively. Please refer to Paragraph 5 above for the effects of adoption of SFRS(I) 16.

9) Other operating expenses

Other operating expenses of the Group decreased by RMB0.05 million or 17.5%, from RMB0.31 million in 4Q2018 to RMB0.26 million in 4Q2019. On the other hand, other operating expenses of the Group decreased by RMB0.23 million or 18.3%, from RMB1.28 million in FY2018 to RMB1.04 million in FY2019.

The decrease was mainly attributable to lower travelling and insurance expenses incurred during 4Q2019 and FY2019.

Share of loss of joint venture and associated company

The Group has recognised its share of loss from a joint venture amounting to RMB0.01 million and RMB0.03 million for 4Q2019 and FY2019 respectively.

The Group had recognised its share of profit from an associated company amounting to RMB0.002 million and share of loss of RMB0.004 million for 4Q2019 and FY2019 respectively.

(Loss)/profit before tax

As a result of the above, the Group recorded losses before tax of RMB22.83 million for 4Q2019 and RMB27.29 million for FY2019 as compared to loss before tax of RMB2.81 million for 4Q2018 and profit before tax of RMB 3.42 million for FY2018 respectively.

Income tax

There was income tax credit of RMB0.03 million for 4Q2019 and RMB0.003 million in FY2019.

(Loss)/profit after tax

Consequent to the above, the Group recorded net losses of RMB22.80 million in 4Q2019 and RMB27.28 million in FY2019 as compared to loss after tax of RMB2.36 million in 4Q2018 and profit after tax of RMB1.65 million in FY2018.

Discontinued operations

As announced on 18 October 2019, both inactive direct and indirect subsidiaries namely, Forise Capital Management Company Limited ("FCMCL") and Forise Global Strategy Investment SPC ("FGSI"); were placed on voluntarily liquidation and striking off. These inactive subsidiaries are therefore re-classified as "Discontinued Operations" and recorded net loss of RMB0.10 million in 4Q2019 and FY2019.

On 12 February 2020, FCMCL has completed its liquidation process and been successfully dissolved from the Registrar of Corporate Affairs of the British Virgin Islands. On the other hand, FGSI will be struck off from the Registrar of Companies of Cayman Islands on 31 March 2020 and thereupon dissolved.

Commentary on Financial Position

Non current assets

Property, plant and equipment of the Group and the Company decreased by RMB0.01 million from RMB0.02 million as at 31 December 2018 to RMB0.01 million as at 31 December 2019 respectively, mainly due to depreciation charges for the financial year.

The Group's investment in the associated company decreased by RMB1.20 million, from RMB1.99 million as at 31 December 2018 to RMB0.79 million as at 31 December 2019, was mainly due to allowance for impairment of RMB1.20 million recognised in FY2019.

Investment in joint venture decreased by RMB2.59 million, from RMB3.20 million as at 31 December 2018 to RMB0.61 million as at 31 December 2019, was due to the allowance for impairment of RMB2.56 million recognised and the Group's share of losses of RMB0.03 million in FY2019.

The investment in subsidiaries of the Company decreased by RMB0.33 million, from RMB1.26 million as at 31 December 2018 to RMB0.93 million as at 31 December 2019, was due to allowance for impairment of RMB0.33 million recognised for the investment cost of Forise Capital Management Company Limited which was placed on voluntarily liquidation in October 2019.

Current Assets

Current assets of the Group decreased by RMB23.51 million, from RMB43.05 million as at 31 December 2018 to RMB19.54 million as at 31 December 2019, mainly due to decrease in cash and cash equivalents and other current assets offset by the increase in trade and other receivables and right-of-use asset.

Cash and cash equivalents decreased by RMB15.84 million, from RMB22.19 million as at 31 December 2018 to RMB6.35 million as at 31 December 2019, mainly due to net cash used in operating activities of RMB16.72 million offset with the net cash generated from investing activities of RMB0.88 million.

Trade and Other Receivables

	Group			Company		
	31 Dec 2019	31 Dec 2018	% Change	31 Dec 2019	31 Dec 2018	% Change
	RMB'000	RMB'000	+ / (-)	RMB'000	RMB'000	+ / (-)
Trade receivables	1,346	-	100.0	-	-	-
Other receivables	29,837	20,225	47.5	12,484	1,312	851.5
Less: expected credit loss	(19,293)	-	100.0	-	-	-
Total	11,890	20,225	41.2	12,484	1,312	851.5

Trade and other receivables of the Group increased by RMB8.34 million, from RMB20.23 million as at 31 December 2018 to RMB11.89 million as at 31 December 2019, and was due to:

- Increase in trade receivables of RMB1.35 million as a result of service revenue generated from Prisma Technology in December 2019.
- Other receivables increasing from RMB20.23 million to RMB29.84 million was mainly due to an advance of RMB10.6 million made from one of the subsidiaries to a related company. The advance is short-term in nature and will be recoverable on demand.

Included in the other receivables of the Group are the interest-bearing loans made to the associated company and its accumulated interests receivable amounted to RMB19.29 million, which was fully provided for ECL as explained in expenses item 6 above.

Other receivable of the Company increased by RMB11.17 million, from RMB1.31 million as at 31 December 2018 to RMB12.48 million as at 31 December 2019, was mainly due to i) a loan of S\$2 million (equivalent to RMB10.6 million) was made to Prisma Technologies during 4Q2019, which is interest-bearing at 5.5% per annum; and ii) interests on loan amounted to RMB0.13 million.

Other current assets

Other current assets of the Group decreased by RMB0.22 million, from RMB0.63 million as at 31 December 2018 to RMB0.41 million as at 31 December 2019, due to lower prepayment of office rental made by Tianjin WFOE.

Right-of-use asset

For adoption of SFRS(I) 16, the Group capitalised its operating leases on office premises for its Singapore office on the statement of financial position by recognising right-of-use asset. The right-of-use asset has been presented as current asset as the lease of Singapore office premises is effectively lesser than 12 months as at 31 December 2019.

Please refer to Paragraph 5 above for the effects of adoption of SFRS(I) 16.

Current Liabilities

Trade and other payables of the Group increased by RMB0.07 million, from RMB2.42 million as at 31 December 2018 to RMB2.49 million as at 31 December 2019, mainly due to:

- i) Reclassification of tax provision of RMB1.05 million for the Hong Kong garment trading subsidiary to other payables upon completion of disposal of the subsidiary in June 2019 (please refer to explanation in paragraph below); and
- ii) Offsetting of repayment of FY2018 accrued expenses during FY2019 as well as additional accrued operating expenses for the financial period reported on.

The current income tax liabilities of the Group decreased by RMB1.03 million from RMB1.06 million as at 31 December 2018 to income tax payable of RMB0.03 million as at 31 December 2019. The decrease was mainly due to a provision of income tax of RMB1.05 million for FY2016 with respect to the revenue generated from a Hong Kong garment trading company. As the garment trading company has been disposed during 2Q2019 and ceased to be subsidiary of the Group, hence the amount of tax provision of the garment trading company (which will be offset with the balance of RMB1.05 million owed by the garment trading company to a Hong Kong subsidiary, upon finalisation of FY2016 taxes by Hong Kong Inland Revenue Department) is now re-classified from income tax liabilities to other payables.

For adoption of SFRS(I)16, the Group capitalised its lease liability based on future lease payments of RMB2.35 million which has been discounted to present values of RMB2.25 million as at 1 January 2019. The lease liability is subsequently measured at its amortised costs. Please refer to Paragraph 5 above for the effects of adoption of SFRS(I) 16.

Commentary on financial cash flows

Net cash used in operating activities of RMB12.62 million and RMB16.72 million in 4Q2019 and FY2019 respectively were mainly due to increase in trade and other receivables and operating losses reported on.

Net cash generated from investing activities of RMB0.88 million for FY2019 was in relation to receipt of loan repayments from the associated company.

Consequent to the above, cash and cash equivalents decreased by RMB15.84 million, from RMB22.19 million as at 31 December 2018 to RMB6.35 million as at 31 December 2019.

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 is coupled with i) the recent tariff actions by the United States against China and China's retaliatory tariffs which further dampened business activities and have caused significant uncertainty and has led to the decline of both equity and currency markets; and ii) deleveraging policy introduced and new financial reforms by the Chinese Government which limits the credit access for businesses in the Chinese financial sector. Our industry, which does better when markets are buoyant and more certain, has been negatively impacted.

The recent COVID-19 outbreak has swept the whole of China, spreading to more than two dozen countries worldwide, including Singapore. The death toll and confirmed cases of COVID-19 is increasing on daily basis and various prevention and fighting measures were mobilized by respective countries including restriction of mobility of the large segments of population and the operation of non-fundamental businesses, with the objective of slowing and reducing the spread of the COVID-19. The COVID-19 will add pressure to the global economy but the degree of impact is unclear and difficult to judge. Nevertheless, the Group expects the global market and the China equity market to remain challenging.

The Group will continue to focus on the development and growth of its corporate advisory, financial solution and management consultancy business. To this end, a subsidiary of the Group – Prisma Technologies has been awarded the right to manage a contract which relates to the provision of solutions for visual-based security for aviation and highway automation systems in the regions of Africa and Asia. In view of the growth and potential applications of digital transformation, the Group aims to deploy more internal funding and resources for its business of management consultancy services to the clients in this exciting industry.

The Group will continue to focus on the development and growth of its strategic planning, corporate advisory, financial restructuring and management consultancy business. In particular, the Group aims to further develop its business of corporate advisory and management consultancy services in digital transformation industry utilising largely existing internal fundings and resources.

The Group remains committed to source for other business opportunities to expand and enhance the performance and net asset value of the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for FY2019 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	Corporate advisory		Other		Other (Discontinued operations)		Trading (Discontinued operations)		Total	
	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000	2019 RMB'000	2018 RMB'000
Revenue	3,553	9,822	-	-	-	-	-	-	3,553	9,822
Other gains, net	656	1,098	379	871	-	-	-	-	1,035	1,969
Interest income	88	1,030	188	299	-	-	-	-	276	1,329
Currency exchange (loss)/gain	(113)	511	486	641	(3)	(3)	-	(246)	370	903
Gain on disposal of subsidiaries	-	-	6	-	-	-	-	-	6	-
Consultancy charges	(596)	-	-	-	-	-	-	-	(596)	-
Depreciation	(1)	(2)	(12)	(21)	-	-	-	-	(13)	(23)
Amortisation of right-of-use asset	-	-	(1,357)	-	-	-	-	-	(1,357)	-
Employee compensation	(2,101)	(2,223)	(1,987)	(2,096)	-	-	-	-	(4,088)	(4,319)
Directors fee	-	-	(689)	(993)	-	-	-	-	(689)	(993)
Professional fees	(16)	(16)	(1,090)	(653)	(101)	(45)	-	(5)	(1,207)	(719)
Rental on operating leases	(421)	(2,051)	(20)	(1,395)	-	-	-	-	(441)	(3,446)
Expected credit loss on other receivables	(19,293)	-	-	-	-	-	-	-	(19,923)	-
Allowance for impairment of investment in associated company and joint venture	(1,200)	-	(2,565)	-	-	-	-	-	(3,765)	-
Interest expense on lease liability	-	-	(87)	-	-	-	-	-	(87)	-
Finance	(5)	(8)	(13)	(11)	-	-	-	(2)	(18)	(21)
Other operating expenses	(456)	(725)	(588)	(552)	-	(1)	-	7	(1,044)	(1,271)
Share of loss of joint venture	-	-	(27)	(78)	-	-	-	-	(27)	(78)
Share of (loss)/profit of associate	(4)	17	-	-	-	-	-	-	(4)	17
(Loss)/profit before income tax	(19,909)	7,453	(7,376)	(3,988)	(104)	(49)	-	(246)	(27,389)	3,170
Income tax credit/(expense)	3	(1,765)	-	-	-	-	-	-	3	(1,765)
Net (loss)/profit	(19,906)	5,688	(7,376)	(3,988)	(104)	(49)	-	(246)	(27,386)	1,405
Segment assets	15,510	24,049	5,437	23,159	-	-	-	1,051	20,947	48,259
Segment assets includes: Investment in an associated company and a joint venture	788	1,992	612	3,204	-	-	-	-	1,400	5,196
Segment liabilities	(1,218)	(270)	(1,270)	(1,091)	-	-	-	(1,057)	(2,488)	(2,418)

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 2019 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 proceeds for the rights issue has been fully utilised during 2019 and the details of the utilisation of proceeds 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	(4.27)	-
For general working capital purposes	4.50	(4.50)	-
Total	8.77	(8.77)	-

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 2019 who are related to the Directors or substantial shareholder.

BY ORDER OF THE BOARD
Leo Peng WeiLe
Executive Director
28 February 2020