

EUCON HOLDING LIMITED

Quarterly Financial Statement And Dividend Announcement

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

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

	Group		
	3 months ended		(Unfav)
	31/3/2017	31/3/2016	
	\$'000	\$'000	%
Revenue	757	9,883	(92)
Cost of services and sales	(381)	(9,792)	96
Gross profit	376	91	313
<i>Gross margin</i>	49.7%	0.9%	NM
Other income (including interest income)	11,059	263	NM
Administrative expenses	(200)	(2,504)	92
Distribution costs	-	(369)	100
Other expenses	(556)	(975)	43
Finance costs	-	(286)	100
Profit (Loss) before income tax	10,679	(3,780)	NM
Income tax expense	(91)	-	-
Net profit (loss) for the period	10,588	(3,780)	NM
Attributable to:			
Equity holders of the parent	10,585	(3,421)	NM
Non-controlling interest	3	(359)	NM
	10,588	(3,780)	
<u>Statement of comprehensive income</u>			
Net profit (loss) for the period	10,588	(3,780)	NM
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(854)	(126)	NM
Other comprehensive loss for the period	(854)	(126)	
Total comprehensive income (loss) for the period	9,734	(3,906)	NM
Total comprehensive income (loss) attributable to:			
Equity holders of the parent	9,736	(3,105)	NM
Non-controlling interest	(2)	(801)	100
	9,734	(3,906)	NM

NM: Not meaningful

Profit (Loss) before income tax is arrived at after charging (crediting) the following:

Depreciation of property, plant and equipment	-	967
Amortisation of land use rights	-	22
Gain on disposal of property, plant and equipment	(11,055)	-
Interest income	(4)	(3)
Interest expense	-	286
Net foreign exchange loss (gain)	(376)	365

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

Statements of Financial Position

	Group		Company	
	As at 31/3/2017 \$'000	As at 31/12/2016 \$'000	As at 31/3/2017 \$'000	As at 31/12/2016 \$'000
Current assets				
Cash and cash equivalents	44,751	46,047	14,744	15,504
Trade receivables	2	-	-	-
Assets classified as held for sale	-	62,684	-	-
Total current assets	44,753	108,731	14,744	15,504
Non-current assets				
Investment in subsidiaries	-	-	30,000	30,000
Property, plant and equipment	1	-	-	-
Goodwill	87	-	-	-
Total non-current assets	88	-	30,000	30,000
Total assets	44,841	108,731	44,744	45,504
Current liabilities				
Trade and other payables	489	391	364	389
Liabilities classified as held for sale	-	73,739	-	-
Total current liabilities	489	74,130	364	389
Non-current liabilities				
Total non-current liabilities	-	-	-	-
Capital, reserves and non-controlling interests				
Share capital	100,287	100,287	100,287	100,287
Reserves	(55,940)	(65,686)	(55,907)	(55,172)
Equity attributable to equity holders of the company	44,347	34,601	44,380	45,115
Non-controlling interest	5	-	-	-
Total equity	44,352	34,601	44,380	45,115
Total liabilities and equity	44,841	108,731	44,744	45,504

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

Amount repayable in one year or less, or on demand

As at 31/3/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

The amount repayable after one year

As at 31/3/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collaterals

None.

1 (c) **Cash Flow Statement for period ended 31 March**

	Group	
	3 months ended	
	31/3/2017	31/3/2016
	\$'000	\$'000
<u>Operating Activities:</u>		
Profit (Loss) before income tax:	10,679	(3,780)
Adjustments for:-		
Depreciation of property, plant and equipment	-	967
Amortisation of land use rights	-	22
Interest income	(4)	(3)
Interest expense	-	286
Net foreign exchange (gain) loss	(281)	365
Gain on disposal of property, plant and equipment	(11,055)	-
Operating loss before working capital changes	(661)	(2,143)
Changes in working capital:-		
Trade receivables	(2)	(916)
Other receivables and prepayments	-	591
Inventories	-	577
Trade and other payables	6	(1,726)
Cash used in operations	(657)	(3,617)
Net interest received (paid)	4	(283)
Income tax paid	-	-
Cash flows used in operating activities	(653)	(3,900)
<u>Investing Activities:</u>		
Acquisition of subsidiary, net of cash acquired	(87)	-
Decrease in investment in structured deposits	-	3,314
Purchase of property, plant and equipment	-	(556)
Cash flows (used in) from investing activities	(87)	2,758
<u>Financing Activities:</u>		
Decrease (Increase) in restricted cash	-	1,606
Repayment of bank loans	-	(789)
New bank loans raised	-	638
Repayment to shareholders	-	(101)
New loans from shareholders	-	160
Cash flows from financing activities	-	1,514
Net (decrease) increase in cash and cash equivalents	(740)	372
Cash and cash equivalents at beginning of year	46,047	6,355
Effect of exchange rate changes on the balances of cash held in foreign currencies	(556)	(76)
Cash and cash equivalents at end of year	44,751	6,651

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

Statement of Changes in Equity for the financial period ended 31 March

	Share capital \$'000	Currency translation reserves \$'000	Statutory reserves \$'000	Other reserves \$'000	Capital reserves \$'000	Accumulated losses \$'000	Total attributable to equity holders of the company \$'000	Non-controlling interests \$'000	Total \$'000
Group									
At 1 January 2016	56,127	(8,128)	7,912	(2,993)	-	(50,419)	2,499	4,654	7,153
<u>Total comprehensive income for the year:</u>									
Loss for the year	-	-	-	-	-	(3,421)	(3,421)	(359)	(3,780)
Other comprehensive loss for the year	-	314	-	-	-	2	316	(442)	(126)
Total	-	314	-	-	-	(3,419)	(3,105)	(801)	(3,906)
At 31 March 2016	56,127	(7,814)	7,912	(2,993)	-	(53,838)	(606)	3,853	3,247
At 1 January 2017	100,287	(6,320)	7,912	(16,472)	2,710	(53,516)	34,601	-	34,601
<u>Total comprehensive income for the year:</u>									
Loss for the year	-	-	-	-	-	10,585	10,585	3	10,588
Other comprehensive income for the year	-	(849)	-	-	-	-	(849)	(5)	(854)
Total	-	(849)	-	-	-	10,585	9,736	(2)	9,734
At 31 March 2017	100,287	(7,169)	7,912	(16,472)	2,710	(42,931)	44,337	(2)	44,335
Company									
At 1 January 2016	56,127	1,814	-	-	-	(58,113)	(172)	-	(172)
<u>Total comprehensive income for the year:</u>									
Loss for the period	-	-	-	-	-	(1,195)	(1,195)	-	(1,195)
Other comprehensive loss for the year	-	32	-	-	-	2	34	-	34
Total	-	32	-	-	-	(1,193)	(1,161)	-	(1,161)
At 31 March 2016	56,127	1,846	-	-	-	(59,306)	(1,333)	-	(1,333)
At 1 January 2017	100,287	1,869	-	-	2,710	(59,751)	45,115	-	45,115
<u>Total comprehensive income for the year:</u>									
Loss for the period	-	-	-	-	-	(734)	(734)	-	(734)
Other comprehensive income for the year	-	(1)	-	-	-	-	(1)	-	(1)
Total	-	(1)	-	-	-	(734)	(735)	-	(735)
At 31 March 2017	100,287	1,868	-	-	2,710	(60,485)	44,380	-	44,380

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

During 1 January 2017 to 31 March 2017, the Company did not issue any shares.

- 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 total number of issued shares excluding treasury shares

As at 31/3/2017	As at 31/12/2016
3,120,000,000	3,120,000,000

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

Not applicable.

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.

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

Not applicable.

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

The Group has adopted the same accounting policies and methods of computation for the current year consistent with those of the audited financial statements for the year ended 31 December 2016. In the current financial year, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2016.

The adoption of these new and revised FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

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 effect, of the change.

Not applicable.

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.

Earnings per ordinary share for the year based on net profit/(loss) for the year:

(i) Based on the weighted average number of ordinary shares in issue (cts); and
Weighted average number of shares

(ii) On a fully diluted basis (cts)
Weighted average number of shares

Group	
3 months ended	
31/3/2017	31/3/2016
0.34	(0.60)
3,120,000,000	570,000,000
0.34	(0.60)
3,120,000,000	570,000,000

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

Net asset value per ordinary share (cts)
Number of shares

Group		Company	
As at 31/3/2017	As at 31/12/2016	As at 31/3/2017	As at 31/12/2016
1.42	1.11	1.42	1.45
3,120,000,000	3,120,000,000	3,120,000,000	3,120,000,000

8. Review of the Group's performance

Recap:

On 28 December 2016, Eucon entered into a conditional sale and purchase agreement to acquire the entire issued and paid-up share capital of BJ Vast Universe Culture Communication Co., Ltd.

On 30 December 2016, Eucon entered into a conditional sale and purchase agreement to dispose the entire issued and paid-up share capital of Eucon Investment Holding Pte. Ltd. to Mr Wen Yao-Long. Eucon had submitted an application to waive the EGM for this matter to SGX.

On 31 March 2017, SGX had advised that it had no objection to the Proposed Acquisition and no objection waiving Listing Rule 1014(2) in respect of the Proposed Disposal subjected certain conditions. These conditions were:

- (i) the Company to announce the waiver granted, the reasons for seeking the waiver and the conditions as required under Listing Rule 1071;
- (ii) submission of a written confirmation from the Company that the waiver does not contravene any laws and regulations governing the Company and the constitution of the Company; and
- (iii) Oriental Straits Fund III submitting a letter to the SGX-ST confirming that it will vote in favour of the Proposed Disposal should shareholders' approval be required.

Under both sale and purchase agreements, the parties irrevocably agree that, in the event the Completion Date falls after 1 January 2017:

- (a) the Purchaser shall be deemed to have
 - (i) been the beneficial owner of the Target Shares with effect from 1 January 2017, and
 - (ii) assumed all the assets and liabilities of the Target, each with effect from 1 January 2017; and
- (b) the Vendor shall be deemed to have held the Target Shares (including all rights, benefits and entitlements attaching thereto) on trust for the Purchaser between 1 January 2017 and the Completion Date.

INCOME STATEMENT

Due to a total change market industry from 1 January 2017 onwards, the following Group's performance review will not make reference to corresponding period of prior year.

Revenue and Profitability

Revenue for the three months ended 31 March 2017 ("1Q17") were made up of revenue earned from management of cultural events and activities from Beijing Vast Universe Culture Communication Co., Ltd ("BJ Vast Universe"). A gross profit of \$376,000 were made from management of cultural events and activities, giving a gross profit margin of 49.7%.

Expenses

Other Income

Other income comprised of gain on disposal of Eucon Investment Holding Pte Ltd ("Eucon Investment") of \$11.1 million and interest income of \$4,000. As at 31 December 2016, Eucon Investment was in a net liability position of \$11.1 million.

Administrative Expenses

Administrative expenses of \$200,000 were mainly made up of professional fees, staff salary, provision of directors' fees and audit fees, and other administrative expenses.

Other Expenses

Other expenses comprised entirely of realised exchange loss due to the fall in United States Dollars against Singapore since January 2017.

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 - (ii) assumed all the assets and liabilities of the Target, each with effect from 1 January 2017; and
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STATEMENTS OF FINANCIAL POSITION

The Group's cash and cash equivalents of \$46.0 million in 4Q16 decreased slightly to \$44.8 million as at 1Q17 due to cashflow used in operating activities.

Trade receivables pertain to trade receivables under BJVU and are due for payment in April. Trade receivable's credit period is generally 90 days.

Assets classified as held for sale pertains to total assets under Eucon Investment. Eucon Investment was disposed on 1 January 2017.

Goodwill arises from the acquisition of BJ Vast Universe.

The increase in trade and other payables is mainly due to the tax payable of \$114,000 payable under BJ Vast Universe.

Liabilities classified as held for sale pertains to total liabilities under Eucon Investment Holding Pte Ltd. Eucon Investment were disposed on 1 January 2017.

The Group's net working capital position was \$44.3 million as at 1Q17 as compared to \$34.6 million as at 4Q16.

As at 1Q17, the Group's current ratio (current assets/current liabilities) is 91.5 while equity attributable to owners of the company stands at \$44.3 million.

CASH FLOW STATEMENT

For 1Q17, cash flow used in operating activities of \$0.7 million were mainly due to administrative and other expenses.

For 1Q17, cash flow used in investing activities of \$87,000 pertains to the net cash outflow on acquisition of BJ Vast Universe. The equity of BJ Vast Universe is \$0.4 million as at 31 December 2016.

For 1Q17, there is no cash flow generated from or used in financing activities.

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

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Subsequent to the \$45 million fund injection on 12 October 2016, the Group's focus will be on the removal from SGX watch-list via assets acquisition. In accordance with the Circular dated 27 September 2016, the Company shall consult the SGX-ST on any acquisitions entered into in the next 12 months following completion of the Proposed Subscription and the SGX-ST may require the Company to comply with one or more of the following conditions:

- (i) Target company to be profitable;
- (ii) Target company to be in healthy financial position;
- (iii) An independent valuation to be commissioned on the target company; and
- (iv) Moratorium of at least 6 months on the shareholdings of the controlling shareholders.

Subsequent to the acquisition of Beijing Vast Universe, the Group is still continuing to look out for potential and profitable target assets. The utmost priority for the Group is to be profitable in 2017 and exit the Watchlist.

Shareholders are advised to exercise caution in trading their Shares. The Company will make the necessary announcements when there are further developments.

11. Dividend

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

None

11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

None

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

12. If no dividend has been declared/ recommended, a statement to that effect.

No dividend has been declared for the first quarter ended 31 March 2017

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. 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 statements, with comparative information for the immediately preceding year.

Not applicable

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

Not applicable

15. A breakdown of sales as follows:

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable

17. Interested party transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial period, there were related parties transactions based on terms agreed between the parties as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Beijing Aozhongxingye Real Estate Development Co., Ltd ("BJ Aozhong Real Estate") - Provision of management services to BJ Aozhong Real Estate	\$303,600	-

The Company had acquired Beijing Vast Universe Culture Communication Co., Ltd ("BJ Vast Universe") on 1 January 2017. Prior to the Company's acquisition of BJ Vast Universe, BJ Vast Universe had already entered into a management agreement with BJ Aozhong Real Estate, a company which is controlled by Mr. Ji Zenghe, the Company's Executive Chairman.

Under the said management agreement, BJ Vast Universe will manage certain assets of BJ Aozhong Real Estate, including the landmark LED screen located at The Place, Beijing, and earn a fixed management fee of RMB6 million (equivalent to approximately \$1.2 million) annually, coupled with profit sharing arrangement, subject to performance. All management costs will be borne by BJ Vast Universe and will not exceed the fixed management fee of RMB6 million (equivalent to \$1.2 million). Accordingly, the amount at risk to the Company is zero.

No announcement had been made in respect of the management agreement as it was in place prior to the Company's acquisition of BJ Vast Universe.

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into the Group or by the Company during the financial period ended 31 March 2017.

18. Confirmation pursuant to Rule 705(5) of the SGX Listing Manual

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to its attention which may render the unaudited financial results for the first quarter ended 31 March 2017 to be false or misleading in any material aspect.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Ji Zenghe
Executive Chairman & CEO
20 April 2017