

ASIASONS CAPITAL LIMITED

Registration Number 199906459N
(Incorporated in the Republic of Singapore)

RESPONSE TO SGX QUERIES

In response to the SGX's queries dated 12 March 2015 for clarification on the Financial Year ending 31 December 2014 results, the Board of Directors (the "**Board**") of Asiasons Capital Limited (the "**Company**") wishes to announce the following:

Query:

It is stated that the 792% increase in cost of media sales "was attributed to HMGPL mainly for the purchase of programming rights for the use of media content. The programming rights were amortized over the period of their estimated useful life."

Please provide details of these programming rights, including but not limited to its total cost of purchase, reasons for purchase, duration of programming rights and the period over which the rights are amortized.

Response:

Hub Media Group Pte Ltd ("HMGPL") is content distribution company and the contents are sold to clients to broadcast on their platform. The programming rights are mainly content agreements and license agreements for the use of such media content ranging from 3 to 6 years.

Category	Cost S\$ (nearest '000)	Period	For
Content Agreements	3,287	3 years	Commitment for delivery of media content media to customer as per contact
License Agreements	247	6 years	For future sales – building up of catalogue of content

Query:

For the Income Statements, please provide:-

a) breakdown of 'Other expenses-net' and demonstrate reasons as to why the Company incurred material expenses amounting to ~S\$25M even though revenue was only ~S\$9M.

Response a):

The breakdown in other expenses – net is as follows:

	S\$ (nearest '000)
Fair value loss on financial assets, at fair value through profit or loss	11,625
Impairment loss on financial assets, available-for-sale	7,430
Impairment loss on other receivables	5,034
Impairment loss on trade receivables	373
Foreign exchange loss	486
Others	6
Total other expenses-net	24,954

The other expenses increased mainly due to the following:

- (1) The Group incurred unrealized fair value impairment loss on its financial assets, at fair value through profit or loss which consisted mainly of quoted shares listed in Singapore as disclosed in the Results announcement made on 27 February 2015. Detail as disclosed in Query c below.
- (2) The Group also made provision for impairment loss on certain of its portfolio investments on a prudent basis.
- (3) The provision for impairment of other receivables relates to a loan which was extended to an investee company of S\$1.35 million, advance to investee companies of S\$0.37 million and advance to a fund managed by the Group of S\$3.31 million.

Query:

b) breakdown and further details on the material items that resulted in the impairment of ~S\$13M.

Response b):

The breakdown that resulted in the impairment of S\$13m is as follows:

	S\$ (nearest '000)
Impairment loss on financial assets, available-for-sale:	
- on quoted securities	364
- on unquoted securities	7,066
Impairment loss on other receivables	5,034
Impairment loss on trade receivables	373
Total impairment	12,837

Query:

c) details on the net fair value loss on quoted securities portfolio that led to the decrease of 'Financial Assets, Fair Value through Profit and Loss' by 77%, or S\$11.6M.

Response c):

The detail on the net fair value loss on quoted securities portfolio is as follows:

FA, at FVTPL	Quantity	Price at 01 Jan 2014	Price at 31 Dec 2014	Fair Value loss S\$ (nearest '000)
Quoted security listed in Singapore	77,500,000	S\$0.17	S\$0.02	S\$11,625
			Total	S\$11,625

Query:

d) details on the impairment made on certain unquoted securities portfolio and fair value loss recognized during the year that led to the decrease of 'Financial Assets, available for sale' by 86%, or S\$7.8M.

Response d):

The details on impairment made on certain unquoted securities portfolio and fair value loss recognized are as follow:

Investments	Unquoted securities
	2014
	S\$ (nearest '000)
Opening balance	7,957
Total losses in other comprehensive income	(5,097)
Impairment	(2,689)
Closing balance	171

Query:

It is stated that 'Share of loss of associated companies' amounted to ~S\$12M. Please disclose details on the entities and provide a review of the material factors that affected turnover, costs and earnings of these significant associated companies.

Response:

	S\$ (nearest '000)
Chaswood Resources Holdings Ltd, Singapore	
Impairment	10,101
Share of loss after tax	1,755
Total	11,855

Included in the share of losses of associated companies is a provision of the impairment loss in the investment of the said associated company of S\$10.1 million.

Query:

Given that the Company has negative working capital, negative operating cash flow and cash balance of ~S\$3M while current borrowings amount to ~S\$8.5M, please explain and provide the basis as to whether and how the Company intends to service its repayment obligations as and when they fall due.

Response:

The operating units under the Group are generating positive cash flows which will enable the Company to service its repayment obligations as it falls due. In addition the Group is currently undertaking a streamlining exercise to lighten its Balance Sheet, simplify its business model and reposition itself to raise new capital in the FY2015. Further announcement will be made in due course.

Query:

It is stated that "The Company is a corporate guarantor for a Revolving Credit Facility ("RCF") granted to a wholly owned subsidiary. A 2-year term loan is also granted to a subsidiary of a wholly owned subsidiary from another bank. Both the RCF and the term loan are secured by quoted securities"

Please provide details on whether the substantive decrease in fair value of quoted securities would have an impact on the covenants of the loans.

Response:

The Company is a corporate guarantor for a RCF granted to a wholly owned subsidiary. As at 31 December 2014, the value of the underlying security pledged is more than sufficient to cover the RCF.

A 2-year term loan is granted to a subsidiary of a wholly owned subsidiary from another bank. Although the value of the underlying quoted securities is below the balance of the term loan as at 31 December 2014, no covenant has been triggered as the Group has partially repaid the term loan and restructured the balance. In addition the Company has not provided any corporate guarantee for the said term loan.

Query:

Please provide a discussion for a reasonable understanding of the higher revenue from media sales, which increased by 414%.

Response:

The higher revenue from media sales were attributed to HMGPL which increased by 315% from S\$1.3 million in FY2013 to S\$5.5 million in FY2014. The increase was due to the following:

- (1) The Group consolidated the full financial year results of HMGPL in FY2014 as compared to FY2013, which is consolidated from 1 May 2013 upon the acquisition.
- (2) HMGPL secured additional contracts towards the end of FY2013 which were delivered and recognized in FY2014.
- (3) New contracts were also secured and delivered in FY2014 as HMGPL had more resources after being acquired by the Group.

BY ORDER OF THE BOARD

Datuk Jared Lim Chih Li
Managing Director
13 March 2015