



**MERCURIUS CAPITAL
INVESTMENT LIMITED**

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

**Unaudited Financial Statements Announcement for the First Quarter and Three-Months
Financial Period Ended 31 March 2018**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by 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.

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 8 Robinson Road, #09-00 ASO Building, Singapore 048544, telephone (65) 6636 4201.

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.

	3 Months Ended		Change
	31/03/2018	31/03/2017	
	S\$'000	S\$'000	%
Continuing operations	Unaudited	Unaudited	
Revenue	-	-	-
Cost of sales	-	-	-
Gross profit	-	-	-
Other income/(losses), net	303	(677)	NM
Administrative expenses	(87)	(93)	-6
Finance costs	(20)	(1)	NM
Profit/(loss) before income tax	196	(771)	NM
Income tax expenses	-	-	-
Net profit/(loss) for the financial period from continuing operation	196	(771)	NM
Discontinued operations			
Net loss for the financial period from discontinued operations, net of tax	-	(819)	-100
Total profit/(loss) for the financial period	196	(1,590)	NM
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation			
- losses	(303)	(682)	-56
Total comprehensive loss	(107)	(2,272)	-95
Net profit/(loss) attributable to:			
Equity holders of the Company-continuing operations	196	(771)	NM
Equity holders of the Company-discontinued operations	-	(819)	-100
Equity holders of the Company	196	(1,590)	NM
Total comprehensive loss attributable to:			
Equity holders of the Company-continuing operations	(107)	(1,453)	-93
Equity holders of the Company-discontinued operations	-	(819)	-100
Equity holders of the Company	(107)	(2,272)	-95

NM = Not Meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit/(loss) before income tax for the financial period was arrived at after crediting/(charging) the following:

	Continuing Operations			Discontinued Operations		
	3 months ended		Change	3 months ended		Change
	31/03/2018	31/03/2017		31/03/2018	31/03/2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Re-presented			Re-presented		
Loss on disposal/strike off of subsidiary corporations	-	(340)	-100	-	-	-
Write back for impairment of trade and other receivables	-	887	-100	-	-	-
Bad debts written off	(4)	-	-	-	-	-
Depreciation of property, plant and equipment	(1)	(1)	0	-	(5)	-100
Salaries, bonuses and allowances	(25)	(25)	0	-	(88)	-100
Rental expenses on operating lease	(1)	-	NM	-	(22)	-100
Interest expense	(20)	-	NM	-	(128)	-100
Currency translation gains/(losses), net	303	(1)	NM	-	(1,864)	-100

NM = Not Meaningful

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.

	Group		Company	
	As at		As at	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
ASSETS				
Current assets				
Cash and cash equivalents	443	499	426	482
Trade and other receivables	85	87	65	62
Income tax recoverable	3	3	-	-
	<u>531</u>	<u>589</u>	<u>491</u>	<u>544</u>
Non-current assets				
Investments in subsidiary corporations	-	-	*	*
Property, plant and equipment	7	8	4	5
	<u>7</u>	<u>8</u>	<u>4</u>	<u>5</u>
TOTAL ASSETS	<u>538</u>	<u>597</u>	<u>495</u>	<u>549</u>
LIABILITIES				
Current liabilities				
Trade and other payables	218	190	150	126
TOTAL LIABILITIES	<u>218</u>	<u>190</u>	<u>150</u>	<u>126</u>
NET ASSETS	<u>320</u>	<u>407</u>	<u>345</u>	<u>423</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	133,182	133,182	133,182	133,182
Other reserves	(1,292)	(1,081)	1,083	1,063
Accumulated losses	(131,578)	(131,702)	(133,920)	(133,822)
	<u>312</u>	<u>399</u>	<u>345</u>	<u>423</u>
Non-controlling interests	<u>8</u>	<u>8</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY	<u>320</u>	<u>407</u>	<u>345</u>	<u>423</u>

* Amount less than S\$1,000.

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

- Amount repayable in one year or less, or on demand

- Amount repayable after one year

Not applicable, as there is no borrowing during the respective financial periods ended 31 March 2018 and 2017.

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.

	3 Months Ended	
	31/03/2018 S\$'000	31/03/2017 S\$'000
Cash flows from operating activities		
Net profit / (loss)	196	(1,590)
Adjustments for:		
Depreciation of property, plant and equipment	1	6
Write-back on allowance of doubtful debts	-	(887)
Bad debt written off	4	-
Interest expense	20	128
Gain on disposal/strike off of subsidiary corporations	-	340
Unrealised currency translation (gain)/loss	(303)	1,865
Operating cash flows before working capital changes	<u>(82)</u>	<u>(138)</u>
Changes in working capital		
Trade and other receivables	(2)	(2)
Inventories	-	266
Trade and other payables	28	(97)
Cash (used in)/provided by operations	<u>(56)</u>	<u>29</u>
Income tax paid	-	(29)
Net cash used in operating activities	<u>(56)</u>	<u>-</u>
Cash flows from investing activities		
Disposal/strike off of subsidiary corporations, net of cash disposed of	-	(42)
Net cash used in investing activities	<u>-</u>	<u>(42)</u>
Cash flows from financing activities		
Proceeds from convertible loan	-	500
Proceeds from borrowings	-	152
Repayment of borrowings	-	(154)
Interest paid	-	(128)
Decrease in bank deposits and bank balances pledged	-	39
Net cash provided by financing activities	<u>-</u>	<u>409</u>
Net (decrease)/increase in cash and cash equivalents	(56)	367
Cash and cash equivalents		
Cash and cash equivalents at beginning of financial period	499	196
Effects of currency translation on cash and cash equivalents	-	(39)
Cash and cash equivalents at end of financial period	<u>443</u>	<u>524</u>

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.

	Equity attributable to owners of the Company								
	Share capital S\$'000	Statutory surplus reserve S\$'000	Capital reserve S\$'000	Currency translation reserve S\$'000	Equity component of convertible loan S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total Equity S\$'000
GROUP									
Balance at 31 December 2017 as previously reported	133,182	-	-	(2,144)	1,063	(131,702)	399	8	407
Effect of adopting SFRS(I)	-	-	-	72	-	(72)	-	-	-
Balance at 1 January 2018 - restated	133,182	-	-	(2,072)	1,063	(131,774)	399	8	407
Profit for the financial period	-	-	-	-	-	196	196	-	196
Other comprehensive income for the financial period	-	-	-	(303)	-	-	(303)	-	(303)
Total comprehensive loss for the financial period	-	-	-	(303)	-	196	(107)	-	(107)
Convertible loans - equity component	-	-	-	-	20	-	20	-	20
Balance at 31 March 2018	133,182	-	-	(2,375)	1,083	(131,578)	312	8	320
Balance at 31 December 2016 as previously reported	49,074	1,911	6,992	(72)	-	(58,245)	(340)	(221)	(561)
Effect of adopting SFRS(I)	-	-	-	72	-	(72)	-	-	-
Balance at 1 January 2017 - restated	49,074	1,911	6,992	-	-	(58,317)	(340)	(221)	(561)
Loss for the financial period	-	-	-	-	-	(1,590)	(1,590)	-	(1,590)
Other comprehensive income for the financial year	-	-	-	(682)	-	-	(682)	-	(682)
Total comprehensive loss for the financial period	-	-	-	(682)	-	(1,590)	(2,272)	-	(2,272)
Derecognised pursuant to disposal of subsidiary corporations	83,658	(1,911)	(6,992)	(2,927)	-	(71,828)	-	229	229
Balance at 31 March 2017	132,732	-	-	(3,609)	-	(131,735)	(2,612)	8	(2,604)
COMPANY									
Balance at 1 January 2018	133,182	-	-	-	1,063	(133,822)	423	-	423
Total comprehensive loss for the financial year	-	-	-	-	-	(98)	(98)	-	(98)
Convertible loan - equity component	-	-	-	-	20	-	20	-	20
Balance at 31 March 2018	133,182	-	-	-	1,083	(133,920)	345	-	345
Balance at 1 January 2017	132,732	-	-	-	-	(133,335)	(603)	-	(603)
Issue of shares via placement	-	-	-	-	-	-	-	-	-
Total comprehensive loss for the financial year	-	-	-	-	-	(90)	(90)	-	(90)
Balance at 31 March 2017	132,732	-	-	-	-	(133,425)	(693)	-	(693)

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 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.

	Issued and fully paid-up ordinary shares	Share capital S\$'000
Balance as at 31 December 2017 and 31 March 2018	1,114,008,940	133,182

On 17 March 2017, the Company entered into a convertible loan agreement with two investors whereby the investors provided a redeemable convertible loan of an aggregate principal value of S\$1.0 million (“**Convertible Loan**”) to the Company, which is, together with interest, convertible into up to 10.8 million new ordinary shares in the issued and paid-up share capital of the Company (“**Shares**”). The Company had on 29 March 2018 extended the maturity date of the Convertible Loan to 17 March 2019. Pursuant to the extension, the Convertible Loan (inclusive of interest) may be convertible up to 11.6 million new Shares.

As at 31 March 2018, the Convertible Loan, inclusive of interest, is convertible into up to 10.8 million new Shares (31 March 2017: Nil). Save for this, the Company does not have any other convertible securities.

There were no treasury shares or subsidiary holdings as at 31 March 2018 and 31 March 2017.

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 March 2018 was 1,114,008,940 (31 December 2017: 1,114,008,940). There were no treasury shares as at 31 March 2018 and 31 December 2017.

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.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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 Company's auditors.

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

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the preparation of the audited financial statements of the Group for the financial year ended 31 December 2017, except the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") and all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2018. The adoption of SFRS(I) have no significant financial impact on the Group's financial statements except as described below:-

The Group elected the optional exemption in SFRS(I) to reset its cumulative currency translation reserves for all foreign operation to zero at the date of transition and reclassify the cumulative currency translation reserves of S\$72,000 as at 1 January 2017 to accumulated losses.

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.**

Refer to Section 4 above.

The Group had adopted all the applicable new and revised Financial Reporting Standards ("FRS") including related interpretations ("INT FRS") which become effective for the financial year beginning on or after 1 January 2018. The adoption of these new and revised FRS and INT FRS did not give rise to any material impact on the Group's financial statements for the current financial period reported on.

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.**

	3 Months Ended	
	31-03-2018	31-03-2017
Weighted average number of ordinary shares for basic earnings per share	1,114,008,940	1,104,008,940
Weighted average number of ordinary shares for diluted earnings per share	1,125,608,940	1,104,008,940
<u>Continuing Operations</u>		
Net profit/(loss) for the financial period/year (S\$'000)	196	(771)
Basic earnings/(loss) per share (cents)	<u>0.02</u>	<u>(0.07)</u>
Diluted earnings/(loss) per share (cents)	<u>0.02</u>	<u>(0.07)</u>
<u>Discontinued Operations</u>		
Net loss for the financial period/year (S\$'000)	-	(819)
Basic loss per share (cents)	<u>-</u>	<u>(0.07)</u>
Diluted loss per share (cents)	<u>-</u>	<u>(0.07)</u>

For the financial period ended 31 March 2018, the weighted average number of shares for diluted earnings/(loss) per share included the 11.6 million new Shares that may be issued and allotted pursuant to the conversion of the Convertible Loan.

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

	Group	
	31/03/2018	31/12/2017
Net Assets Value Per Ordinary Share		
- Based on issued share capital at the end of financial year	0.03 cents	0.04 cents
- Number of existing issued shares at the end of financial year	1,114,008,940	1,114,008,940
	Company	
	31/03/2018	31/12/2017
Net Assets Value Per Ordinary Share		
- Based on issued share capital at the end of financial year	0.03 cents	0.04 cents
- Number of existing issued shares at the end of financial year	1,114,008,940	1,114,008,940

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.**

(A) **Review of consolidated statement of comprehensive income**

Revenue and Gross Profit

Following the completion of the disposal of China Children Fashion Holding Pte Ltd and its subsidiary corporations (the "CCFHPL Group"), the Group did not record any revenue in the first quarter ended 31 March ("1Q") 2018. The Group's new business in property development and property investment which was approved by shareholders of the Company on 30 March 2017, is still in early stages and has not generated any revenue for the Group.

Other Income/Losses

Net other income of S\$0.30 million in 1Q2018 was derived from gain from exchange difference as a result of revaluation of inter-company balances denominated in foreign currencies. As compared to 1Q2017, other losses of S\$0.68 million were derived from loss from exchange differences amounting to S\$1.24 million, partially offset by adjustments to the write back of impairment of trade and other receivables of S\$0.89 million.

Administrative Expenses

Administrative expenses decreased in 1Q2018 as compared to 1Q2017, due to decrease in professional fees amounting to S\$10,000, partially offset by bad debts recognised during 1Q2018 amounting to S\$4,000.

Finance Costs

Finance costs of S\$0.02 million incurred in 1Q2018 was due to recognition of the interest payable from the Convertible Loan.

Net profit/(loss) from continuing operations

As a result of the above, the Group recorded a net profit after tax of S\$0.20 million in 1Q2018, as compared to a net loss of S\$1.59 million in 1Q2017.

(B) Review of statement of financial position

Current Assets

Cash and cash equivalents decreased to S\$0.44 million as at 31 March 2018, from S\$0.50 million as at 31 December 2017. Please refer to the consolidated statement of cash flows on the movement in cash and cash equivalents.

Trade and other receivables decreased slightly to S\$0.08 million as at 31 March 2018 from S\$0.09 million, mainly due to decrease in prepaid expenses, which related to professional and listing fees.

The Group's working capital decreased slightly from S\$0.40 million as at 31 December 2017 to S\$0.31 million as at 31 March 2018.

Non-current Assets

Non-current assets remained relatively stable at S\$0.01 million as at 31 March 2018 and 31 December 2017.

Current Liabilities

Trade and other payables increased by S\$0.03 million, from S\$0.19 million as at 31 December 2017 to S\$0.22 million as at 31 March 2018, mainly due to operating expenses incurred during the financial period.

Equity

The Group's equity decreased slightly from S\$0.41 million as at 31 December 2017 to S\$0.32 million as at 31 March 2018.

(C) Consolidated statement of cash flows

Net cash used in operating activities amounted to S\$0.06 million for 1Q2018, mainly due to (i) cash outflow before changes in working capital of S\$0.08 million; and (ii) increase in trade and other payables of S\$0.03 million as a result of operating expenses incurred in 1Q2018.

There was no cash was used in or generated from investing activities and the financing activities in 1Q2018.

As a whole, the Group had a net cash outflow of S\$0.06 million in 1Q2018. The cash and cash equivalents as at 31 March 2018 amounted to S\$0.44 million.

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

Not applicable.

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.

As mentioned in the Company's Annual Report 2017, the Company had diversified its core business to include property development and property investment ("New Business"). Through the joint venture agreement signed with HM Realty Holdings Sdn Bhd to develop a land located at Kempas, Johor Bahru, Malaysia, the Company is currently in the process of converting the Kempas land title from residential use to commercial use. The Board is aware of the prolonged process of conversion, partly due to the Malaysia General Election in May 2018, which affected the approval process from the respective Government agencies. The Board will keep shareholders of the Company informed of any updates from time to time where appropriate or required under the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist.

The Board is cautiously optimistic of the New Business and believes that it will allow the Group to have better prospects of profitability and improve shareholders' value in the long run.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended); and

No.

- (b) **Amount of dividend per share of the current reporting financial period and of the previous corresponding period.**

Nil (31 December 2017: Nil).

- (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.**

No dividend has been declared or recommended for the financial period ended 31 March 2018.

- 13. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”) 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 for IPT has been obtained from shareholders.

- 14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited**

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to their attention that may render the unaudited financial statements for the three months ended 31 March 2018 to be false or misleading in any material aspect.

- 15. 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).**

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

16. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use in the offer document or the announcement of the issuer.

Use of net proceeds from the Convertible Loan as at 31 March 2018

Use of Net Proceeds	Amount allocated	Amount utilised	Balance as at
	(S\$'000)	(S\$'000)	31 March
			2018
			(S\$'000)
Working capital*	985	603	382
Total	985	603	382

**Working capital included operating expenses such as professional fees, listing fees, staff cost and office expenses.*

The use of the aforementioned net proceeds is in accordance with the intended use as stated in the Company's announcement dated 29 March 2018. The Company will make periodic announcements as and when the balance of the net proceeds is materially disbursed.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman and Chief Executive Officer

11 May 2018