

**MERCURIUS CAPITAL INVESTMENT LIMITED**

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

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**MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016**

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The board of directors (the “**Board**”) of Mercurius Capital Investment Limited (the “**Company**”) refers to its unaudited full year financial results announcements for the financial year ended 31 December 2016 (“**FY2016**”) released via the SGXNET on 1 March 2017 (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Company for FY2016 (the “**Audited Financial Statements**”) and the report thereon by the Company’s independent auditor within the Company’s annual report for FY2016 which will be issued to shareholders of the Company and released on SGXNET in due course.

Pursuant to Rule 704(5) of Section B: Rules of Catalist of the Listing Manual of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”), the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, the independent auditor has proposed certain adjustments and reclassifications which the management of the Company has adopted accordingly in respect of the Consolidated Statement of Comprehensive Income, Statement of Financial Position and Statement of Cash Flow in the Audited Financial Statements. Details and explanation of the material variances between the Unaudited Financial Statements and the Audited Financial Statements are set out in the Appendix.

BY ORDER OF THE BOARD

CHANG WEI LU

Executive Chairman and Chief Executive Officer

12 April 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, R & T Corporate Services Pte. Ltd. (“**Sponsor**”), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the figures used, statements, opinions or other information made or disclosed.*

*This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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 Mr. Howard Cheam Heng Haw (Telephone: +65 6232 0685) at R & T Corporate Services Pte. Ltd., 9 Battery Road, #25-01, Singapore 049910.*

## Appendix

### Consolidated statement of comprehensive income for FY2016

	12 Months Ended 31/12/2016		Variance		Note
	As per audited financial statement	As per unaudited financial announcement on 01/03/2017			
	S\$'000	S\$'000	S\$'000	%	
<b><u>Continuing Operations</u></b>					
Revenue	-	-	-		
Cost of sales	-	-	-		
Gross profit	-	-	-		
Other (losses)/income, net	(598)	(519)	(79)	15%	1
Selling and distribution expenses	-	-	-		
Administrative expenses	(597)	(595)	(2)	0%	2
Finance costs	-	(2)	2	-100%	2
<b>Loss before income tax</b>	<b>(1,195)</b>	<b>(1,116)</b>	<b>(79)</b>	<b>7%</b>	
Income tax expenses	-	-	-		
<b>Net loss for the financial year from continuing operations</b>	<b>(1,195)</b>	<b>(1,116)</b>	<b>(79)</b>	<b>7%</b>	
<b><u>Discontinued operations</u></b>					
<b>Net loss for the financial year from discontinued operations, net of tax</b>	<b>(21,377)</b>	<b>(20,733)</b>	<b>(644)</b>	<b>3%</b>	<b>3</b>
<b>Total net loss for the financial year</b>	<b>(22,572)</b>	<b>(21,849)</b>	<b>(723)</b>	<b>3%</b>	
<b>Other comprehensive loss</b>					
Items that may be reclassified subsequently to profit or loss:					
Currency translation differences arising from consolidation					
-(Losses)/Gains	(119)	278	(397)	-143%	
-Reclassification	-	-	-		
<b>Total comprehensive loss</b>	<b>(22,691)</b>	<b>(21,571)</b>	<b>(1,120)</b>	<b>5%</b>	
<b>Net loss attributable to:</b>					
Equity holders of the Company - Continuing operations	(1,195)	(1,116)	(79)	7%	
Equity holders of the Company - Discontinued operations	(21,377)	(20,733)	(644)	3%	
Non-controlling interests	-	-	-		
	<b>(22,572)</b>	<b>(21,849)</b>	<b>(723)</b>	<b>3%</b>	
<b>Total comprehensive loss attributable to:</b>					
Equity holders of the Company - Continuing operations	(1,314)	(838)	(476)	57%	
Equity holders of the Company - Discontinued operations	(21,377)	(20,733)	(644)	3%	
Non-controlling interests	-	-	-		
	<b>(22,691)</b>	<b>(21,571)</b>	<b>(1,120)</b>	<b>5%</b>	

Balance sheets as at 31 December 2016

	Group				Company				Note
	As per audited financial statement	As per unaudited financial statement on 01/03/2017	Variance		As per audited financial statement	As per unaudited financial statement on 01/03/2017	Variance		
	S\$'000	S\$'000	S\$'000	%	S\$'000	S\$'000	S\$'000	%	
<b>ASSETS</b>									
<b>Current assets</b>									
Cash and cash equivalents	165	165	-		145	145	-		
Trade and other receivables	69	1,033	(964)	-93%	24	2,466	(2,442)	-99%	4
Income tax recoverable	18	18	-		-	-	-		
Inventories	-	-	-		-	-	-		
	252	1,216	(964)	-79%	169	2,611	(2,442)	-94%	
Asset of disposal group classified as held-for-sale	32,008	31,817	191	1%	18,089	18,089	-		5
	32,260	33,033	(773)	-2%	18,258	20,700	(2,442)	-12%	
<b>Non-current assets</b>									
Property, plant and equipment	9	9	-		9	9	-		
	9	9	-		9	9	-		
<b>TOTAL ASSETS</b>	32,269	33,042	(773)	-2%	18,267	20,709	(2,442)	-12%	
<b>LIABILITIES</b>									
<b>Current liabilities</b>									
Trade and other payables	2,822	3,063	(241)	-8%	781	4,337	(3,556)	-82%	6
	2,822	3,063	(241)	-8%	781	4,337	(3,556)	-82%	
Liabilities directly associated with disposal group classified as held-for-sale	30,008	29,817	191	1%	18,089	16,089	2,000	12%	7
	32,830	32,880	(50)	0%	18,870	20,426	(1,556)	-8%	
<b>TOTAL (LIABILITIES)/ASSETS</b>	32,830	32,880	(50)	0%	18,870	20,426	(1,556)	-8%	
<b>NET (LIABILITIES)/ASSETS</b>	(561)	162	(723)	-446%	(603)	283	(886)	-313%	
<b>EQUITY</b>									
<b>Capital and reserves attributable to equity holders of the Company</b>									
Share capital	49,074	49,074	-		132,732	132,732	-		
Other reserves	8,831	8,831	-		-	-	-		
Accumulated losses	(58,245)	(57,522)	(723)	1%	(133,335)	(132,449)	(886)	1%	
	(340)	383	(723)	-189%	(603)	283	(886)	-313%	
<b>Non-controlling interests</b>	(221)	(221)	-		-	-	-		
<b>TOTAL EQUITY</b>	(561)	162	(723)	-446%	(603)	283	(886)	-313%	

Consolidated statement of cash flow for FY2016

	As per unaudited financial statement on 01/03/2017		Variances		Note
	As per audited financial statement	As per unaudited financial statement on 01/03/2017	S\$'000	%	
<b>Cash flows from operating activities</b>					
Total net loss	(22,572)	(21,849)	(723)	3%	
<b>Adjustments for:</b>					
Income tax expense	17	17	-		
Allowance for impairment of receivables, net	-	-	-		
Amortisation of intangible assets	-	-	-		
Depreciation of property, plant and equipment	119	119	-		
Reversal of impairment loss on plant and equipment	(444)	(444)	-		
Impairment loss on Intangible assets	-	-	-		
Interest expense	703	703	-		
Interest income	(6)	(6)	-		
Loss on liquidation/disposal/strike off of subsidiaries	-	-	-		
Gain on disposal of property, plant and equipments	(194)	(192)	(2)	1%	
Property, plant and equipment written off	368	368	-		
Unrealised currency translation gain	1,718	1,721	(3)	0%	
<b>Operating cash flows before working capital changes</b>	(20,291)	(19,563)	(728)		
<b>Changes in working capital</b>					
Trade and other receivables	24,920	24,822	98	0%	
Inventories	6,111	5,405	706	13%	4
Trade and other payables	(8,367)	(8,319)	(48)	1%	
<b>Cash provided by operations</b>	2,373	2,345	28	1%	
Interest received	6	6	-		
Income tax paid	(85)	(85)	-		
<b>Net cash provided by operating activities</b>	2,294	2,266	28	1%	
<b>Cash flows from investing activities</b>					
Additions of property, plant and equipment	-	-	-		
Deferred consideration from disposal of subsidiary corporations	368	368	-		
Liquidation/disposal/strike off of subsidiaries, net of cash disposed of subsidiary corporations	-	-	-		
<b>Net cash provided by investing activities</b>	368	368	-		
<b>Cash flows from financing activities</b>					
Proceeds from borrowings	29,973	29,974	(1)	0%	
Repayment of borrowings	(33,699)	(33,700)	1	0%	
Interest paid	(703)	(703)	-		
Decrease in bank deposits and bank balances pledged	1,134	1,134	-		
<b>Net cash used in financing activities</b>	(3,295)	(3,295)	-		
<b>Net decrease in cash and cash equivalents</b>	(633)	(661)	28	-4%	
<b>Cash and cash equivalent</b>					
Cash and cash equivalent at beginning of financial year	1,040	1,040	-		
Effects of currency translation on cash and cash equivalents	(211)	(183)	(28)	15%	
Cash and cash equivalent at end of financial year	196	196	-		

**Notes:-**

1. Adjustment for losses from currency translation amounting to S\$79,000.
2. Reclassification of bank charges from finance costs to administrative expenses.
3. Further impairment of inventories by S\$0.6 million upon reassessment of the fair value for the discontinued operation.
4. Company : Being adjustment for allowance for impairment of amount due by the Group's Hong Kong subsidiary corporations amounting to S\$1.6 million and amount due by the Group's Malaysian subsidiary corporations of S\$0.8 million as those amount are considered not recoverable as they had been long overdue.  
Group : Being reclassification of prepayment to assets held for sales amounting to S\$1.0 million as the amount relates to prepayment from trade debtor of the discontinued operations.
5. Group : Being reclassification from prepayment to assets held for sales amounting to S\$1.0 million as the amount relates to prepayment from trade debtor of the discontinued operations, offset by impairment of inventories amounting to S\$0.6 million.
6. Company : Being adjustment for the amount due to the Group's Hong Kong subsidiary corporations amounting to S\$1.6 million and reclassification of liabilities relating to disposal group amounting to S\$2.0 million after further assessment that all amount in relates to the disposing entities to be classified under assets or liabilities held-for-sale.  
Group : Being reclassification of other payables for discontinued operation to liabilities held-for-sales amounting to S\$0.2 million.
7. Company : Being reclassification of amount due to disposing entities amounting to S\$2.0 million after further assessment that all amount in relates to the disposing entities to be classified under assets or liabilities held-for-sale..  
Group : Being reclassification of other payable for discontinued operation to liabilities held for sales amounting to S\$0.2 million, offset by reclassification to asset held-for-sales amounting to S\$50,000.