

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in Singapore)

(Company Registration No. 198200473E)

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- (I) **APPLICATION TO THE SINGAPORE EXCHANGE SECURITIES TRADING LIMITED (“SGX-ST”) FOR FURTHER EXTENSION OF TIME TO MAINTAIN LISTING STATUS; AND**
- (II) **RESPONSE TO QUERIES FROM THE SGX-ST IN RELATION TO THE JOINT VENTURE.**
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1. INTRODUCTION

The board of directors (the “**Board**”) of Mercurius Capital Investment Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) refers to the Company’s announcements on (i) 20 June 2019 in relation to, *inter alia*, the SGX-ST’s grant of an extension of the deadline till 30 August 2019 for the Company to demonstrate to the SGX-ST that the Company has a viable business to maintain its listing status (the “**Deadline**”); and (ii) 17 June 2019 in relation to the Company’s joint venture with Apex Development Public Company Limited (“**APEX**”) and Grand Bay Hotel Co., Ltd (the “**Joint Venture**”); as well as the circular to shareholders dated 5 August 2019 in respect of the Joint Venture (“**Circular**”).

Unless as otherwise defined, all capitalised terms used herein shall have the same meaning ascribed to them in the above mentioned announcements and Circular.

2. APPLICATION TO THE SGX-ST FOR FURTHER EXTENSION OF DEADLINE AND RESPONSE TO QUERIES FROM THE SGX-ST

The Company had applied to the SGX-ST for further extension of the Deadline till 30 November 2019 for the Company to demonstrate to the SGX-ST that the Company has a viable business to maintain its listing status (“**Application**”). The Board would like to provide the Company’s response to queries raised by the SGX-ST in relation to the Application as follows:-

Query 1

It was stated in the announcement of 17 June 2019 that the release of the encumbrance on the JV Properties on the date to be determined by APEX at its sole discretion will take place first, followed by the payment of the second instalment of THB33,500,000, and thereafter the transfer of the 10% Sale Shares.

- (i) Was it originally provided in the JV agreement that other collateral should be obtained to replace the JV Properties in respect of the securitisation required? If so, was it disclosed in the announcement or circular?
- (ii) Did the original timeline provide for time required to (a) obtain other collateral to replace the JV Properties and (b) to convene corporate debenture holders’ meeting to approve the replacement of the collateral and release of mortgage over the JV Properties? If not, why not?
- (iii) What are the new collaterals given to replace the JV Properties?

Company’s response

- (i) It was not provided in the JVA that other collateral should be obtained to replace the JV Properties as the key condition is for the mortgage to be released prior to payment, so that the JV Properties to be held by Grand Bay would be unencumbered. Having to

replace the JV Properties with other collateral would be a commercial matter between APEX and its lender as the loan is extended to APEX, and not to Grand Bay.

- (ii) The original timeline for the payment of the consideration price, does not specifically state the logistical steps which APEX would need to take to release the mortgage. As set out in the response to 1(i) above, the requirement for replacement of collateral would be a commercial matter between APEX and its lender.

It should be noted that the JVA, as drafted by the Thai legal advisers, contains conditions to payment, including that “*all consents, permissions and/or resolution of any relevant person/entity ... for the transfer of the Relevant Sale Shares to MCIL shall have been duly obtained*”, and “*in respect of the payment of the 2nd instalment ... the Properties shall be duly released and discharged from any and all Encumbrance*”.

All timelines for the instalment payments, including the timing for meeting the conditions precedent, were recommended by APEX as they are more familiar with the timing requirements in Thailand. However, as the parties recognise that commercially, certain timelines may not be within their control, there was also flexibility built into the payment dates of each instalment.

- (iii) APEX did not provide such information to the Company as this is APEX’s commercial matter which the Company is not privy to.

Query 2

What will happen to the instalments paid and the partial Sale Shares already transferred to the Company if the Company fails to successfully complete the payment of the second / third / final instalments of the Purchase Price?

Company’s response

The Company has successfully completed the payment of the first, second and third instalments of the Purchase Price. APEX had only just provided the Company with its acknowledgment of receipt of payment for the second and third instalments and the Company will be making an announcement on the use of proceeds.

The Company’s Thai legal advisers have also informed the Company that the transfer of the Grand Bay shares in connection with such payments have been completed.

If the Company defaulted in the final instalment, APEX will have the right to terminate the JVA and recover any actual damages or costs which have been incurred by it as the non-defaulting party. Upon termination, the shares in Grand Bay held by the Company will be transferred back to APEX, and the Company will have no recourse to the purchase price already paid to APEX.

While the Company does not envisage any delay as of the date of these responses, it is the Company’s intention to first enter into discussions with APEX if it fails to successfully complete the payment of the final instalment.

Nonetheless, it is noted that under the terms of the JVA, the timing for the payment of the final tranche may be on such later date as reasonably agreed by the Parties. The Company and APEX are in discussions to agree to delay the payment of the final tranche by 31 October 2019 and APEX has not indicated that they have any concerns with the delay in timing. APEX is currently discussing the revised timeline internally.

Query 3

Please provide an update to the Fund Raising Exercises of the Company. How much has been raised thus far, how much more is required, and what are the detailed plans in place to obtain such funds, from whom/where will such funds be raised, and any CPs/ contingent conditions to be achieved.

Company's response

The Company has received indicative interest from potential investors and is in the process of obtaining the funding for the final payment tranche. The final payment tranche will be financed via a mix of equity and debt. Upon signing of the definitive agreements relating to the funding, the Company will make the requisite announcements and update shareholders.

Query 4

- (i) On the cash currently held by the Company and funds to be raised from future Fund Raising Exercises, and of which have not been paid out for the JVA instalments, what are the safeguards in place to ensure existence of the cash?
- (ii) Who are the authorised signatories to the bank accounts?
- (iii) What is the Audit Committee ("**AC**")'s view as to the adequacy of such controls/safeguards?

Company's response

- (i) The Company's cash is closely monitored by the Chairman of the Company and the Company's Group Finance Manager.
- (ii) The Company's primary bank account is with DBS and the authorised signatories are Mr Chang Wei Lu ("**Mr Chang**") (Executive Chairman and Chief Executive Officer) and Mr Raphael Liew Soon Chee ("**Raphael**") (Group Finance Manager). All banking documents and instructions must be signed off by both Mr Chang and Raphael.
- (iii) The AC is of the view that the controls in place are adequate and this is in line with the Company's historical cash management. The Company's external auditor, Nexia TS Public Accounting Corporation, has not raised any issues in relation to the Company's management of cash and bank balances.

Query 5

Please inform if Grand Bay and APEX has confirmed that the revised timeline, wherein the Joint Venture will be completed by 30 November 2019, is achievable?

Company's response

The parties intend to finalise the revised timeline as soon as possible, and the terms for the final payment tranche to be paid by 31 October 2019 are currently being put to APEX's board of directors for its consideration. Once the revised terms are finalised, the Thai legal advisers for the Joint Venture will assist to draft the revised terms for parties to sign off on.

As of the date of these responses, APEX has not indicated any concerns with the proposed timeline. The remaining conditions precedent are in the process of being finalised by APEX.

3. EXTENSION OF DEADLINE TO MAINTAIN LISTING STATUS

The Board wishes to update that the SGX-ST had granted an extension of the Deadline till 30 November 2019, for the Company to complete the Joint Venture and demonstrate viability of business (in the form of investment in Grand Bay Hotel Co., Ltd). Failing which, the Company shall then be deemed as a cash company under Rule 1017 of the Catalist Rules.

4. CAUTIONARY STATEMENT

Shareholders and potential investors should exercise caution when trading in the shares of the Company as there is no certainty that the Joint Venture will be completed. Shareholders and potential investors are advised to read this announcement and any further announcements by the Company carefully, and should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman and Chief Executive Officer
31 August 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst.*

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.