

**MERCURIUS CAPITAL INVESTMENT LIMITED**

(Incorporated in Singapore)

(Company Registration No. 198200473E)

(the “**Company**”)**RESPONSES TO SGX QUERIES**

The Board of Directors of Mercurius Capital Investment Limited (the “**Company**”) refers to the following queries raised by the Singapore Exchange Securities Trading Limited and would like to provide further information in relation to the Company’s announcement “Proposed Acquisition of Groceries Business in Malaysia – Third Supplemental Agreement” dated 17 October 2022 (“**Announcement**”).

Unless otherwise defined, all terms and references used in this announcement shall bear the same meaning as ascribed to them in the Company’s Announcement.

**SGX Query 1:****What is the current status of Unfulfilled Conditions?**

Company’s response to Query 1:

| <b>Unfulfilled Conditions</b>   | <b>Status</b>  | <b>Implications</b>   | <b>Current Status while pending approvals</b>   |
|---|--|---|---|
| The receipt and possession of the approval from the Malaysian Labour Department (“ <b>MLD</b> ”) to SMSB in relation to the transfer of foreign workers to SMSB         | Pending approval from the MLD.   | If the approval from MLD is not obtained, SMSB will not be able to hire foreign workers.<br><br>In such an event, SMSB will consider re-submitting its application or to hire local employees.  | The foreign workers who currently hold existing working permit under the previous company are not employed under SMSB, pending the approval of the relevant authorities.  |
| The receipt and possession of the endorsement reflecting SMSB as the new employer of the foreign workers on the existing work permits of the respective foreign workers | In connection with the first condition, this will only be updated once MLD approves the transfer of foreign workers to SMSB.   |   |   |
| SMSB obtaining a certificate of accommodation in respect of certain accommodation units provided to its foreign workers   | Pending issuance by the MLD. The said certificates will only be issued once the approvals are obtained from the local councils on the workers accommodation designs at the respective premises. At the moment, the approvals from the respective local | In the event the certificate of accommodation is not obtained, SMSB will not be able to provide accommodation to its foreign workers.<br><br>SMSB will consider re-submitting its application upon its consultation with its application officer on the reasons for its failure. If the re- | With reference to the Company’s response above, as there are no foreign workers employed by SMSB while pending the relevant approvals from the authorities, SMSB is not require to provide any accommodation to date. |

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|--|---|---|---|
|  | councils are pending.   | submission is likely to bear similar result, SMSB will consider engaging a licensed workers' hostel provider to accommodate SMSB's foreign workers. |   |
| Granville Grocery Sdn Bhd ("Granville") registering its employees in the Human Resources Development Fund with Human Resource Development Corporation ("HRDC") | Granville has completed registering its employees in the Human Resources Development Fund with HRDC as at 7 November 2022, and this condition has been fulfilled. | -   | - |

SMSB is closely monitoring and following up with the relevant authorities in respect of the foregoing. Notwithstanding the foregoing Unfulfilled Conditions, there are no changes to SMSB's current operations.

#### **SGX Query 2:**

##### **Why was the original target timeline not met?**

Company's response to Query 2:

The original target timeline was not met as the approvals are pending from the MLD and the local authorities, which is out of the parties' control and resulted in the postponement of the original target timeline. We are given to understand that the delay in processing the approvals is due to the backlog arising from the manpower limitation arising from the Covid-19 pandemic which lasted approximately 2 years prior to the authorities resuming work in full force.

#### **SGX Query 3:**

##### **What are the implications of the Unfulfilled Conditions on the SPV, the Company and its diversification plan?**

Company's response to Query 3:

Please refer to the table above. The Company is of the view that there is no implication on the Company's diversification plan as it will still proceed, bearing in mind that there are alternatives if the Unfulfilled Conditions remained unfulfilled before the Consideration Shares under the second tranche are issued. In addition, the SPV (Songmart Holdings Sdn Bhd) is now a fully-owned subsidiary of the Company since the transfer of the SPV shares have been completed on 28 October 2022.

#### **SGX Query 4:**

##### **What will happen if the Unfulfilled Conditions are not fulfilled when second tranche Consideration Shares is due for issuance?**

Company's response to Query 4:

The Company will actively re-assess how the Unfulfilled Conditions will affect the operations of the Company. The alternatives as per our response to query 3 above will be considered, namely to recruit new foreign workers or local workers if the transfer of the existing foreign workers cannot be done, and to provide alternative accommodation for the foreign workers.

**SGX Query 5:**

**Given the Company would have already issued the first tranche Consideration Shares by then, what are the implications on the Proposed Acquisition, the SPV and the Company?**

Company's response to Query 5:

There are no implications on the Proposed Acquisition, SPV and the Company, as the shares of the SPV were transferred to the Company on 28 October 2022 and the SPV is now a fully-owned subsidiary of the Company. The Vendors under the SSA will continue to be fully responsible to fulfil the Unfulfilled Conditions within the period stipulated and the Company will not be responsible in any way for non-compliance thereof. In addition, the Vendors have agreed to jointly and severally indemnify the Company and keep the Company indemnified against all claims or damages that the Company may incur or be liable for in connection with the Unfulfilled Conditions or non-compliance with the applicable laws arising from such Unfulfilled Conditions.

**SGX Query 6:**

**In relation to the approval required from MLD, for SMSB to hire foreign workers, what is the current foreign worker to local workers ratio? Is there a shortage of manpower since SMSB does not have these foreign workers working for them, and how does SMSB sustain its operations? Is there a timeline which SMSB is looking at on the application to MLD or the transfer of foreign workers? If SMSB does not get the approval within such a timeline, what are its plans?**

Company's response to Query 6:

The current foreign worker to local worker ratio is 1:10 and SMSB is currently employing local employees to continue its business operations to resolve the manpower issues.

SMSB has been given the timeline to complete the application process before the issuance of the second tranche Consideration Shares (or any other period mutually agreed between the Parties in writing).

In the case where SMSB does not get the approval within the timeline given, SMSB will continue to employ local employees for its business operations.

**SGX Query 7:**

**In relation to Granville registering its employees with HRDC – Granville should have been aware that it will need to register its employees with HRDC in connection with the business expansion. In light that it is already November 2022, and the expansion took place in October 2022, please clarify why the information was not obtained earlier to submit with HRDC, and what was the cause for the delay?**

Company's response to Query 7:

There was a delay as the personnel from SMSB dealing with HRDC's officer had a miscommunication on the information required for registration. As stated in the table set out in response to query 1 above, Granville has completed registering its employees in the Human Resources Development Fund with HRDC as at 7 November 2022.

**BY ORDER OF THE BOARD**

**CHANG WEI LU**  
Executive Chairman  
10 November 2022

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*This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**"), in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**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.*

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