

CIRCULAR DATED 13 APRIL 2017

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Mercurius Capital Investment Limited (“**Company**”). If you are in any doubt as to the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

If you have sold or transferred all of your shares in the capital of the Company through The Central Depository (Pte) Limited (“**CDP**”), you need not forward this Circular, the notice of the extraordinary general meeting (“**EGM**”) of the Company and the attached Proxy Form to the purchaser or transferee as arrangements will be made by CDP for a separate Circular, the notice of the EGM and the attached Proxy Form to be sent to the purchaser or transferee. If you have sold or transferred all your ordinary shares in the capital of the Company, please forward this Circular, the notice of the EGM and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular 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 Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Sponsor has not independently verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

The contact person for the Sponsor is Mr Howard Cheam Heng Haw, R & T Corporate Services Pte. Ltd., at 9 Battery Road, #25-01, Singapore 049910, telephone (65) 62320685.

MERCURIUS CAPITAL INVESTMENT LIMITED

(Company Registration Number: 198200473E)
(Incorporated in the Republic of Singapore)

CIRCULAR TO SHAREHOLDERS IN RELATION TO

THE PROPOSED ALLOTMENT AND ISSUE OF UP TO 10,000,000 NEW SHARES (AS DEFINED HEREIN) BY THE COMPANY TO CHANG WEI LU (“SUBSCRIBER”) IN DISCHARGE AND SETTLEMENT OF AN INTEREST-FREE LOAN AMOUNTING TO S\$450,000.00 OWED BY THE COMPANY TO THE SUBSCRIBER (“PROPOSED SUBSCRIPTION”)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form	:	27 April 2017 at 10.30 a.m.
Date and time of Extraordinary General Meeting	:	29 April 2017 at 10.30 a.m. <i>(or as soon as practicable thereafter following the conclusion or adjournment of the annual general meeting of the Company to be convened on the same day at 9.30 a.m. and at the same venue)</i>
Place of Extraordinary General Meeting	:	Singapore Swimming Club, Fort Room, 45 Tanjong Rhu Road, Singapore 436899

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DEFINITIONS

In this Circular, the following definitions shall apply throughout unless the context otherwise requires or otherwise stated:

- “Act” : The Companies Act (Cap. 50) of Singapore, as amended or modified from time to time
- “AGM” : The annual general meeting of the Company to be held on 29 April 2017 at 9.30 a.m. at Singapore Swimming Club, Fort Room, 45 Tanjong Rhu Road, Singapore 436899
- “Associate” : In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means:-
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more
- In relation to a Substantial Shareholder or a Controlling shareholder (being a company) means any company which is its subsidiary or holding company or is a subsidiary of any such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee” : The audit committee of the Company
- “Board” : The board of Directors
- “Business Day” : A day (other than Saturday and Sunday) on which banks are open for business in Singapore
- “Catalist” : The sponsor-supervised listing platform of the SGX-ST
- “Catalist Rules” : Section B: Rules of Catalist of the listing manual of the SGX-ST, as amended, modified or supplemented from time to time
- “CDP” : The Central Depository (Pte) Limited
- “Circular” : This circular to Shareholders dated 13 April 2017 in respect of the Proposed Subscription

DEFINITIONS

“Company”	:	Mercurius Capital Investment Limited, Company Registration No. 198200473E, with its registered office at 33 Ubi Avenue 3, #08-38 Vertex Singapore 408868
“control”	:	The capacity to dominate decision-making, directly or indirectly, in relation to the financial and operating policies of the Company
“Controlling Shareholder”	:	A person who: (a) holds directly or indirectly 15% or more of the issued share capital of the Company; or (b) in fact exercises Control over the Company
“CPF”	:	Central Provident Fund
“Directors”	:	The directors of the Company as at the date of this Circular
“EGM”	:	The extraordinary general meeting of the Company to be held on 29 April 2017 at 10.30 a.m. at Singapore Swimming Club, Fort Room, 45 Tanjong Rhu Road, Singapore 436899 (or as soon as practicable thereafter following the conclusion or adjournment of the AGM to be convened on the same day at 9.30 a.m. and at the same venue), notice of which is given on page 18 of this Circular
“EPS”	:	Earnings per Share
“FY”	:	Financial year of the Company ended or ending 31 December (as the case may be)
“Group”	:	The Company and its Subsidiaries
“Latest Practicable Date” or “LPD”	:	6 April 2017, being the latest practicable date prior to the printing of this Circular
“Loan”	:	The interest-free cash loan in the amount of S\$450,000.00 extended by the Subscriber to the Company on 25 July 2016
“LPS”	:	Losses per Share
“NAV”	:	Net asset value
“New Shares”	:	10,000,000 new Shares to be allotted and issued by the Company to the Subscriber subject to the terms and pursuant to the conditions of the Subscription Agreement
“NTA”	:	Net tangible asset

DEFINITIONS

“Ordinary Resolution”	:	A resolution to be passed by not less than 50% in value of Shareholders present and voting either in person or by proxy at the EGM
“Proposed Subscription”	:	The proposed allotment and issuance of up to 10,000,000 New Shares by the Company to the Subscriber at the Subscription Price, in full and final discharge of the Loan
“SA Closing Date”	:	Means a date falling not later than 3 Business Days after all of the SA Conditions have been fulfilled or waived, or such other date as may be agreed to in writing by the Parties
“SA Conditions”	:	Has the meaning defined in Section 2.4 of this Circular
“SA Parties”	:	The Company and the Subscriber, being the parties to the Subscription Agreement, and each, a “SA Party”
“Securities Account”	:	The securities account maintained by a Depositor with CDP (but does not include a securities sub-account)
“SFA”	:	The Securities and Futures Act (Cap. 289) of Singapore, as amended or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Share Registrar”	:	B.A.C.S Private Limited
“Share(s)”	:	Ordinary share(s) in the issued and paid up share capital of the Company
“Shareholders”	:	The registered holders of the Shares in the register of members of the Company, except where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares and where the context so admits, mean the Depositors whose Securities Accounts are credited with such Shares
“Sponsor”	:	R & T Corporate Services Pte. Ltd.
“Subscriber”	:	Chang Wei Lu, the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder
“Subscription Agreement”	:	The subscription agreement dated 17 March 2017 entered into between the Company and the Subscriber
“Subscription Price”	:	Has the meaning defined in Section 2.1 of this Circular

DEFINITIONS

“Subsidiary” : A subsidiary of the Company within the definition of Section 5 of the Act and “Subsidiaries” shall be construed accordingly

“Substantial Shareholder” : A person (including a corporation) who holds directly or indirectly 5% or more of the issued and paid up share capital in the Company

Currencies, Units and Others

“S\$” : Singapore Dollar and cents respectively, the lawful currency of Singapore

“%” or “per cent” : Per centum or percentage

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them, respectively, in Section 81SF of the SFA. The term “**Direct Account Holder**” shall have the same meaning ascribed to the term “account holder” in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa. Words importing the masculine gender shall, where applicable, include the feminine and neuter genders. References to persons shall include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Act or any statutory modification thereof and not otherwise defined in this Circular shall have the same meaning assigned to it under the Act or any statutory modification thereof, as the case may be.

Any reference to a time of day in this Circular is made by reference to Singapore time unless otherwise stated.

Any discrepancies in this Circular between the sum of the figures stated and the total thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures which precede them.

CAUTIONARY NOTE ON FORWARD LOOKING STATEMENTS

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements.

Shareholders should not place undue reliance on such forward-looking statements. Further, the Company and the Sponsor disclaim any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

MERCURIUS CAPITAL INVESTMENT LIMITED

(Company Registration Number: 198200473E)
(Incorporated in the Republic of Singapore)

Board of Directors

Chang Wei Lu
(Executive Chairman and Chief Executive Officer)
Mah Seong Kung
(Lead Independent Non-executive Director)
Wong Leong Chui
(Independent Non-executive Director)
Chieng You Ping
(Non-Independent Non-executive Director)

Registered Office

33 Ubi Avenue 3
#08-38, Vertex
Singapore 408868

To: The Shareholders of Mercurius Capital Investment Limited

Dear Sir/Madam

PROPOSED ALLOTMENT AND ISSUE OF UP TO 10,000,000 NEW SHARES BY THE COMPANY TO CHANG WEI LU (“SUBSCRIBER”) IN DISCHARGE AND SETTLEMENT OF AN INTEREST-FREE LOAN AMOUNTING TO S\$450,000.00 OWED BY THE COMPANY TO THE SUBSCRIBER (“PROPOSED SUBSCRIPTION”)

1. INTRODUCTION

The Board proposes to convene an EGM on 29 April 2017 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM) at Singapore Swimming Club, Fort Room, 45 Tanjong Rhu Road, Singapore 436899 to seek Shareholders’ approval in relation to the Proposed Subscription.

The purpose of this Circular is to provide Shareholders with relevant information relating to the Proposed Subscription and to seek the approval of Shareholders for the Ordinary Resolution in respect of the Proposed Subscription as set out in the Notice of EGM.

This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) or for any other purpose.

This Circular has not been examined or approved by the SGX-ST and the SGX-ST takes no responsibility for the accuracy of any statements or opinions made or reports contained in this Circular.

2. PROPOSED SUBSCRIPTION

2.1 Background to the Proposed Subscription and Information on the Subscriber

On 17 March 2017, the Company announced that it had entered into the Subscription Agreement for the proposed subscription of 10,000,000 New Shares by the Subscriber at a price of S\$0.045 for each New Share (“**Subscription Price**”).

The allotment and issuance of the New Shares will be made pursuant to a specific mandate and the Company will be seeking specific Shareholders’ approval for the issuance of the New Shares in accordance with Rule 805(1) of the Catalist Rules and Section 161 of the Act.

LETTER TO SHAREHOLDERS

In addition, Rule 804 of the Catalist Rules provides that, except in the case of an issue made on a pro rata basis to shareholders or a scheme referred to in Part VIII of Chapter 8 of the Catalist Rules, no director of an issuer, or associate of the director, may participate directly or indirectly in an issue of equity securities or convertible securities unless shareholders in general meeting have approved the specific allotment. Rule 812(1)(a) of the Catalist Rules further provides that an issue must not be placed to an issuer's directors and substantial shareholders, unless specific shareholder approval for such a placement has been obtained.

The Subscriber is the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder. As at the Latest Practicable Date, the Subscriber holds 318,041,534 Shares representing 28.81% of the issued and paid-up equity share capital of the Company. Upon allotment and issuance of the New Shares, the Subscriber will hold approximately 29.45% of the Company's entire enlarged equity share capital including the New Shares.

Accordingly, the Subscriber falls within the categories of persons in Rules 804 and 812(1) of the Catalist Rules and the Company will be seeking the specific approval of Shareholders for the Proposed Subscription at the EGM.

The Ordinary Resolution to seek specific Shareholders' approval for the Proposed Subscription pursuant to Rules 804, 805 and 812 of the Catalist Rules is set out in the Notice of EGM.

In accordance with Rule 812(2) of the Catalist Rules, the Subscriber and his Associates will abstain from voting on the Ordinary Resolution to approve the Proposed Subscription at the EGM. Please refer to Section 6 of this Circular for further details.

For the avoidance of doubt, the issuance of the New Shares to the Subscriber will not result in the Subscriber being obliged to make a general offer for the mandatory take-over of the Company pursuant to Rule 14 of the Singapore Code on Take-overs and Mergers.

No placement agent has been appointed for the Proposed Subscription.

2.2 Rationale and Use of Proceeds

The Company had, on 25 July 2016, received the Loan from the Subscriber, who is the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder. As at the Latest Practicable Date, the Loan has not been repaid and remains owing by the Company to the Subscriber. The rationale for the Proposed Subscription is thus for the discharge and settlement of the Company's obligations to repay the Loan through the allotment and issuance of the New Shares by the Company to the Subscriber in lieu of receiving payment from the Subscriber. Accordingly, no cash proceeds will be received from the Subscriber. The Board (with the Subscriber abstaining) is of the view that the Proposed Subscription is beneficial to and in the best interests of the Company as it will reduce the Company's debt and allow the Company to conserve its cash resources.

LETTER TO SHAREHOLDERS

2.3 Principal Terms of the Subscription Agreement

- Subscription : Subject to the terms and pursuant to the conditions of the Subscription Agreement, the Company agrees to allot and issue to the Subscriber, and the Subscriber agrees to subscribe for, the New Shares at the Subscription Price in consideration for the sum of S\$450,000.00, which shall be fully satisfied in lieu of repayment of the Loan by the Company and no cash proceeds will actually be received by the Company from the Subscriber.
- Subscription Price : S\$0.045, representing a discount of 8.16% to the volume weighted average price of S\$0.049 for each Share for trades done on the Company's shares on the SGX-ST for the full market day on 17 March 2017 (being the full market day on the date of signing of the Subscription Agreement). The Company had taken into consideration the loan amount, the volume weighted average price, and the discounted percentage in arriving at the Subscription Price.
- New Shares : 10,000,000 new Shares (constituting approximately 0.91% of the Company's entire existing equity share capital as at the date of the Subscription Agreement and 0.90% of the Company's entire enlarged equity share capital including the New Shares) to be allotted and issued by the Company to the Subscriber.
- SA Closing Date : A date falling not later than 3 Business Days after all of the SA Conditions have been fulfilled or waived, or such other date as may be agreed to in writing by the SA Parties.
- Status of New Shares : The New Shares shall be allotted and issued (i) free from all Encumbrances (as defined in the Subscription Agreement), (ii) ranking *pari passu* in all respects with and carry all rights similar to the existing Shares, except that they will not rank for any dividend, right, allotment or other distribution, accruing on a Record Date (as defined in the Subscription Agreement) which falls on or before the SA Closing Date and (iii) not subject to any rights of pre-emption or first refusal or any restriction on disposal placed by any party or by contractual undertaking or otherwise or under any restrictions by any law or Regulator restricting the sale and transfer of the New Shares.

LETTER TO SHAREHOLDERS

- Discharge of Loan : On or by the SA Closing Date and subject to the terms and conditions of the Subscription Agreement, the Subscriber shall execute and issue to the Company, a discharge letter in the form set out in the Subscription Agreement, irrevocably and unconditionally agreeing and acknowledging that the allotment and issuance of the New Shares to the Subscriber constitutes full and final settlement of the Loan and all his claims against Company, and the Company is absolutely and finally exonerated and discharged from the Loan and all further and other claims of any nature whatsoever by the Subscriber or on the Subscriber's behalf, arising out of or in relation to the Loan, or otherwise.
- No other entitlements : Save as pursuant to the express terms and conditions of the Subscription Agreement, the Subscription Agreement does not confer on the Subscriber, any rights or entitlements to participate in any distributions and/or offers of further securities made by the Company.
- Termination : Notwithstanding any other provisions in the Subscription Agreement (a) the Company may terminate the Subscription Agreement by 7 Business Days' written notice to the Subscriber, and (b) the SA Parties may, by mutual agreement, terminate the Subscription Agreement in writing signed by the SA Parties, whereupon, the Subscription Agreement shall terminate and the SA Parties shall be released and discharged from their respective obligations hereunder (except for their respective obligations, covenants or undertakings which, pursuant to the terms of the Subscription Agreement, are expressed to survive such termination).

2.4 Conditions to the Proposed Subscription

The Proposed Subscription is subject to, *inter alia*, the following conditions ("**SA Conditions**"):

- (a) The respective representations and warranties of each SA Party to the Subscription Agreement being true and accurate in all material respects on and as of the SA Closing Date, with the same force and effect as though made on and as of the SA Closing Date, and each SA Party having performed and complied with all their respective undertakings, covenants and agreements set out in the Subscription Agreement on or prior to the SA Closing Date;
- (b) All required consents and approvals for the transactions under the Subscription Agreement having been obtained without restrictions or limitations whatsoever that are unacceptable to the SA Parties, and being in full force and effect, in particular, and without limitation:
 - (i) the approval of the Board for the entering into of the Subscription Agreement and the transactions under the Subscription Agreement and any related transactions in relation thereto;

LETTER TO SHAREHOLDERS

- (ii) specific approval of the Shareholders (with the Subscriber and his Associates abstaining) at a general meeting to be convened by the Company for the allotment and issuance of the New Shares to the Subscriber;
- (iii) the approval of the Sponsor and SGX-ST for, *inter alia*, the listing and quotation of the New Shares on Catalist having been obtained by the Company and such approval not having been withdrawn, revoked or amended and where such approval is subject to conditions, such conditions being reasonably acceptable to the SA Parties and, to the extent that any conditions for the listing and quotation of the New Shares on Catalist are required to be fulfilled, they are so fulfilled prior to the SA Closing Date;
- (iv) all licenses, consents, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant government bodies, statutory authorities or regulatory, administrative or supervisory bodies (including, without limitation, the Sponsor, SGX-ST, the Monetary Authority of Singapore and the Securities Industry Council, third party contractors, counterparties, financing or facility providers of the Company as may be required for or in connection with (A) the entering into of the Subscription Agreement by the Company, the transactions under the Subscription Agreement and any related transactions in relation thereto, and (B) the allotment and issuance of the New Shares and their listing and quotation on Catalist, all having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the SA Parties and are fulfilled on or before the SA Closing Date; and
- (v) no relevant Regulator (as defined in the Subscription Agreement) taking, instituting, implementing or threatening to take, institute or implement any action, enforcement, proceeding, suit, investigation, inquiry or decision, and no statute, regulation, decision, ruling, award, direction or order having been made, proposed, enacted or implemented, and no steps having been taken, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, direction or order which would or might:
 - (A) make any transaction contemplated in the Subscription Agreement or any other transactions in connection herewith and incidental hereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same, and/or
 - (B) render the Subscriber unable to be allotted and issued all or any of the New Shares in the manner set out in the Subscription Agreement.

In the event any of the SA Conditions is not satisfied or waived, in whole or in part, by the respective entitled SA Party on or before the SA Closing Date, the Subscription Agreement shall be deemed to be terminated and the SA Parties shall be released and discharged from their respective obligations under the Subscription Agreement save in respect of existing breaches (if any) and except for the respective obligations, covenants or undertakings which, pursuant to the terms of Subscription Agreement, are to survive such termination.

LETTER TO SHAREHOLDERS

2.5 Authority for the Allotment and Issuance of New Shares to the Subscriber

The Proposed Subscription is subject to, *inter alia*:

- (a) the approval of the SGX-ST for the listing of and quotation for the New Shares on Catalist; and
- (b) specific approval of the Shareholders (with the Subscriber and his Associates abstaining) at the EGM.

Subject to the approval of Shareholders for the Proposed Subscription being obtained, the Company will be submitting an application to the SGX-ST through its Sponsor for the permission to deal in and for the listing of and quotation for the New Shares on the Catalist of the SGX-ST. Such listing of and quotation for the New Shares on the SGX-ST will be subject to the conditions as stated in the listing and quotation notice.

The Company will make further announcements upon the receipt of the in-principal approval from the SGX-ST for the listing of and quotation for the New Shares.

2.6 Offer pursuant to Section 275(1A) of the SFA

The Proposed Subscription, including the allotment and issuance of the New Shares to the Subscriber, will be made pursuant to the exemptions under section 275(1A) of the SFA. As such, no prospectus or other information statement will be issued by the Company in connection with the Proposed Subscription.

2.7 Financial Effects

As at the Latest Practicable Date, the issued and paid-up share capital of the Group is S\$49,074,000, comprising 1,104,008,940 Shares.

The financial effects of the Proposed Subscription set out below are prepared based on the following bases and assumptions:

- (a) the financial effects are based on the latest audited consolidated financial statements of the Group for FY2016;
- (b) the financial effects on the NTA are computed based on the assumption that the Proposed Subscription had been effected on 31 December 2016; and
- (c) the financial effects on the EPS/LPS are computed based on the assumption that the Proposed Subscription had been effected on 1 January 2016.

LETTER TO SHAREHOLDERS

For illustration purposes only, the financial effects of the issuance of the New Shares are as follows:

(a) Share Capital

	No. of Shares	Paid-up Capital (S\$)
Issued share capital as at 31 December 2016	1,104,008,940	49,074,000
Issued share capital after the Proposed Subscription	1,114,008,940	49,524,000

(b) NTA

	Before the Proposed Subscription	After the Proposed Subscription
NTA (S\$)	(561,000)	(111,000)
No. of Shares	1,104,008,940	1,114,008,940
NTA per Share (cents)	(0.05)	(0.01)

(c) LPS

	Before the Proposed Subscription	After the Proposed Subscription
(Loss) attributable to Shareholders (S\$)	22,572,000	22,582,000
Weighted average number of Shares	1,104,008,940	1,114,008,940
LPS (cents)	2.04	2.03

2.8 Confirmation by Directors

The Directors are of the opinion that after taking into consideration the present financial position of the Group, including:

- (i) its banking facilities, its bank and cash balances, the Group has adequate working capital for its present requirements, and
- (ii) the present bank facilities and net proceeds of the Proposed Subscription, the working capital available to the Group is sufficient to meet its present requirements.

LETTER TO SHAREHOLDERS

2.9 The Proposed Subscription as an Interested Person Transaction

The Subscriber is the Executive Chairman and Chief Executive Officer of the Company and a Controlling Shareholder, and is thus regarded as an “interested person” for purposes of Chapter 9 of the Catalist Rules. Accordingly, the Proposed Subscription constitutes an “interested person transaction” under Chapter 9 of the Catalist Rules.

Rule 906 of the Catalist Rules requires, *inter alia*, that an issuer obtains shareholders’ approval for any interested person transaction of a value equal to, or more than 5% of its group’s latest audited NTA. Based on the latest audited financial statements of the Group for FY2016, the Group is in a net liabilities position and the audited NTA of the Group was approximately S\$(561,000). As such, the materiality of the Proposed Subscription as an interested person transaction cannot be meaningfully measured.

Nevertheless, the Company will be seeking the approval of Shareholders for the Proposed Subscription at the EGM. In accordance with Rule 919 of the Catalist Rules, the Subscriber and his Associates will abstain from voting on the Ordinary Resolution to approve the Proposed Subscription at the EGM. Please refer to Section 6 of this Circular for further details.

Pursuant to Rule 921(4)(b)(i) of the Catalist Rules, an opinion from an independent financial adviser on whether the Proposed Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders, is not required for the Proposed Subscription as it is an issue of shares pursuant to Part IV of Chapter 8 of the Catalist Rules for cash. Instead, an opinion from the Audit Committee in the form required in Rule 917(4)(a) of the Catalist Rules must be disclosed. The opinion of the Audit Committee is set out below in Section 4 of this Circular.

Except for the transactions disclosed in this Circular and transactions less than S\$100,000 in value:

- (a) the Company, its subsidiaries and associated companies which, for the purposes of Chapter 9 of the Catalist Rules, are considered to be “entities at risk”, have not entered into transactions with the Subscriber and his associates since the beginning of FY2017 up to the Latest Practicable Date; and
- (b) no other interested person transactions have been entered into between the Group and any other interested persons since the beginning of FY2017 up to the Latest Practicable Date.

LETTER TO SHAREHOLDERS

3. INTERESTS OF DIRECTORS, CONTROLLING SHAREHOLDERS AND SUBSTANTIAL SHAREHOLDERS

The interests of the Directors, Controlling Shareholders and Substantial Shareholders in the capital of the Company as at the Latest Practicable Date before and after the Proposed Subscription (assuming there is no other issue of Shares by the Company) are as follows:

	As at the Latest Practicable Date				Following the Proposed Subscription			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽²⁾	Number of Shares	% ⁽²⁾
Directors								
Chang Wei Lu (the Subscriber)	318,041,534	28.81	–	–	328,041,534	29.45	–	–
Mah Seong Kung	–	–	–	–	–	–	–	–
Wong Leong Chui	–	–	–	–	–	–	–	–
Chieng You Ping	–	–	–	–	–	–	–	–
Controlling Shareholders								
Chang Wei Lu (the Subscriber)	318,041,534	28.81	–	–	328,041,534	29.45	–	–
Substantial Shareholders								
–								

Notes:

- (1) Calculated based on the 1,104,008,940 Shares in issue as at the Latest Practicable Date.
- (2) Calculated based on the 1,114,008,940 Shares in issue (following the allotment and issue of 10,000,000 New Shares pursuant to the Proposed Subscription).

Save as disclosed in this Circular, none of the Directors, Controlling Shareholders and Substantial Shareholders has any direct or indirect interest in the Proposed Subscription other than through their respective shareholdings in the Company.

4. OPINION FROM THE AUDIT COMMITTEE ON THE PROPOSED SUBSCRIPTION

The Audit Committee of the Company comprises Mr Mah Seong Kung, Mr Wong Leong Chui and Mr Chieng You Ping. None of the members of the Audit Committee have any interest in the Proposed Subscription and they are accordingly considered to be independent for the purposes of the same.

Pursuant to Rule 921(4)(b)(i) of the Catalist Rule, after taking into consideration, the terms of the Proposed Subscription, and the rationale and the benefit for the Proposed Subscription, the Audit Committee is of the view that the Proposed Subscription is on normal commercial terms, and is not prejudicial to the interests of the Company and its minority Shareholders.

LETTER TO SHAREHOLDERS

5. DIRECTORS' RECOMMENDATIONS

Having considered, *inter alia*, the rationale for the Proposed Subscription, the Directors (with the Subscriber abstaining) are of the opinion that the Proposed Subscription is in the best interests of the Company and Shareholders. Accordingly, the Directors (with the Subscriber abstaining) recommend that Shareholders vote in favour of the Proposed Subscription at the EGM.

Shareholders are advised to read this Circular in its entirety, in particular the rationale for the Proposed Subscription and for those who may require advice in the context of his specific investment, to consult his stockbroker, bank manager, solicitor, accountant or other professional adviser.

6. ABSTENTION FROM VOTING

In accordance with Rule 812(2) and Rule 919 of the Catalist Rules, the Subscriber has undertaken that:

- (a) the Subscriber shall, and shall ensure that his Associates (if any) will, abstain from voting on the Ordinary Resolution in respect of the Proposed Subscription at the EGM in respect of their shareholdings in the Company; and
- (b) the Subscriber shall not, and shall ensure that his Associates (if any) will not, accept any appointments to act as proxies of other Shareholders to vote on the Ordinary Resolution in respect of the Proposed Subscription, unless the appointing Shareholder(s) has/have given express instructions in the Proxy Form as to the manner in which the votes are to be cast.

Pursuant to Rule 1203(5) of the Catalist Rules, the Company will disregard any votes cast by the Subscriber and his Associates (if any) on the Ordinary Resolution for the Proposed Subscription at the EGM (a) in respect of their shareholdings in the Company, and/or (b) as proxy(ies) for other Shareholders unless the appointing Shareholder(s) has/have given express instructions in the Proxy Form as to the manner in which the votes are to be cast.

7. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page 18 of this Circular, will be held at Singapore Swimming Club, Fort Room, 45 Tanjong Rhu Road, Singapore 436899 on 29 April 2017 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the AGM) for the purpose of considering and, if thought fit, passing with or without modifications, the Ordinary Resolution set out in the notice of EGM.

8. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote at the EGM on their behalf will find the Proxy Form attached to this Circular which they should complete, sign and return in accordance with the instructions printed thereon as soon as possible and in any event so as to arrive at the registered office of the Company at 33 Ubi Avenue 3, Vertex Singapore 408868 not less than 48 hours before the time fixed for the EGM. **Shareholders should note the restrictions relating to the appointment of proxies set out in Section 6(b) above of this Circular.** The sending of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM in place of his proxy

LETTER TO SHAREHOLDERS

if he wishes to do so, although the appointment of the proxy shall be deemed to be revoked by such attendance. A Depositor shall not be regarded as a member of the Company entitled to attend the EGM to speak and vote thereat unless his name appears in the Depository Register as at 72 hours before the time fixed for the EGM.

9. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Subscription, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this Circular in its proper form and context.

10. DOCUMENTS AVAILABLE FOR INSPECTION

The following documents are available for inspection by Shareholders at the registered office of the Company at 33 Ubi Avenue 3 #08-38, Vertex Singapore 408868, during normal business hours from the date of this Circular up to and including the date of the EGM:

- (a) the constitution of the Company;
- (b) the Subscription Agreement; and
- (c) the annual report of the Company for FY 2016.

Yours faithfully
For and on behalf of the Board

Wong Leong Chui
Independent Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number 198200473E)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (“**Meeting**”) of MERCURIUS CAPITAL INVESTMENT LIMITED (“**Company**” and together with its subsidiaries, the “**Group**”) will be held at Singapore Swimming Club, Fort Room, 45 Tanjong Rhu Road, Singapore 436899 on 29 April 2017 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held on 29 April 2017 at 9.30 a.m.) for the purpose of considering and, if thought fit, passing with or without modifications, the resolution as set out below as ordinary resolution:

ORDINARY RESOLUTION: PROPOSED ALLOTMENT AND ISSUANCE OF UP TO 10,000,000 NEW SHARES BY THE COMPANY TO CHANG WEI LU IN DISCHARGE AND SETTLEMENT OF AN INTEREST-FREE LOAN AMOUNTING TO S\$450,000.00 OWED BY THE COMPANY TO CHANG WEI LU

THAT:

- (a) approval be given for the purpose of Rules 804, 805, 812 and 906 of the Catalist Rules and Section 161 of the Companies Act (Cap. 50), for the proposed allotment and issuance of up to 10,000,000 New Shares by the Company to Chang Wei Lu in discharge and settlement of an interest-free loan amounting to S\$450,000.00 owed by the Company to Chang Wei Lu; and
- (b) the Directors of the Company and any of them to be authorised to take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be necessary, desirable or expedient to give effect to this resolution.

Note to Ordinary Resolution:

Pursuant to Rule 804, Rule 812(2) and Rule 919 of the Catalist Rules, the Subscriber and his associates will abstain from exercising any voting rights in relation to the Ordinary Resolution.

By Order of the Board

MERCURIUS CAPITAL INVESTMENT LIMITED

Wong Leong Chui
Independent Director

13 April 2017

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (1) Save as provided in the Constitution, a member (other than a Relevant Intermediary*) entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote on his/her behalf. A proxy need not be a member of the Company.
- (2) A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number and class of shares shall be specified).
- (3) A member of the Company which is a corporation is entitled to appoint its authorised representatives or proxies to vote on its behalf.
- (4) The instrument appointing the proxy must be deposited at the registered office of the Company at 33 Ubi Avenue 3, #08-38 Vertex Singapore 408868 not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjournment thereof.

*A Relevant Intermediary is: (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

PERSONAL DATA PRIVACY:

By submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

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PROXY FORM

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration Number: 198200473E)

Important:

1. For investors who have used their CPF monies to buy shares in the capital of Mercurius Capital Investment Limited, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to vote should contact their CPF Approved Nominees.

I/We* _____ (Name) NRIC/Passport number* _____ of
_____ (Address)

being a member/members* of Mercurius Capital Investment Limited ("**Company**") hereby appoint:

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

and/or*

Name	NRIC/Passport Number	Proportion of Shareholdings	
		Number of Shares	%
Address			

or failing him/her, the Chairman of the Extraordinary General Meeting ("**EGM**") as my/our* proxy/proxies* to attend and to vote for me/us* on my/our* behalf and, if necessary, to demand a poll at the EGM of the Company to be held at Singapore Swimming Club, Fort Room, 45 Tanjong Rhu Road, Singapore 436899 on 29 April 2017 at 10.30 a.m. (or as soon as practicable immediately following the conclusion or adjournment of the annual general meeting of the Company to be held on 29 April 2017 at 9.30 a.m.) and at any adjournment thereof.

I/We direct my/our proxy/proxies to vote for or against the Resolutions to be proposed at the EGM as indicated hereunder. In the absence of specific directions**, the proxy/proxies will vote or abstain as he/they may think fit, as he/they will on any other matter arising at the EGM).

Ordinary Resolution	Number of Votes For***	Number of Votes Against***
Proposed allotment and issuance of up to 10,000,000 new ordinary shares in the equity capital of the Company to Chang Wei Lu in discharge and settlement of an interest-free loan amounting to S\$450,000.00 owed by the Company to Chang Wei Lu		

* Delete accordingly.

** Please note that the Subscriber shall not, and shall ensure that his Associates (if any) will not, accept any appointments to act as proxies of other Shareholders to vote on the Ordinary Resolution, unless the appointing Shareholder(s) has/have given express instructions in the Proxy Form as to the manner in which the votes are to be cast.

*** If you wish to exercise all your votes "For" or "Against", please indicate an "X" within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

Total number of shares held	
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Signature(s) of Shareholder(s) or Common Seal
IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company (other than a Relevant Intermediary*), entitled to attend and vote at a meeting of the Company is entitled to appoint up to two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
3. The instrument appointing a proxy or proxies must be deposited at the Company's Registered Office at 33 Ubi Avenue 3, #08-38 Vertex Singapore 408868 not less than 48 hours before the time set for the EGM.
4. Where a member (other than a Relevant Intermediary*) appoints two proxies, the appointments shall be invalid unless he specifies the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy.
5. A Relevant Intermediary may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him (which number or class of shares shall be specified).
6. Subject to note 9, completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.
7. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
8. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting, in accordance with Section 179 of the Companies Act, Cap. 50 and the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
9. An investor who holds shares under the Central Provident Fund Investment Scheme ("CPF Investor") and/or the Supplementary Retirement Scheme ("SRS Investors") (as may be applicable) may attend and cast his vote(s) at the Meeting in person. CPF and SRS Investors who are unable to attend the Meeting but would like to vote, may inform their CPF and/or SRS Approved Nominees to appoint the Chairman of the Meeting to act as their proxy, in which case, the CPF and SRS Investors shall be precluded from attending the Meeting.

* A Relevant Intermediary is:

- (a) a banking corporation licensed under the Banking Act (Cap. 19) or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or
- (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act (Cap. 289) and who holds shares in that capacity; or
- (c) the Central Provident Fund Board established by the Central Provident Fund Act (Cap. 36), in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the EGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of EGM dated 13 April 2017.