

## MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in Singapore)

(Company Registration No. 198200473E)

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### JOINT VENTURE WITH APEX DEVELOPMENT PUBLIC COMPANY LIMITED

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#### 1. INTRODUCTION

The Board of Directors ("**Board**" or "**Directors**") of Mercurius Capital Investment Limited ("**Company**") and together with its subsidiaries, the "**Group**") is pleased to announce that the Company had, on 12 June 2019, entered into a joint venture agreement ("**JVA**") with Apex Development Public Company Limited ("**APEX**") and Grand Bay Hotel Co., Ltd ("**Grand Bay**"). Pursuant to the JVA, the Company shall (i) acquire a 50% shareholding interest in Grand Bay from APEX; and (ii) jointly develop a hotel property under the name of Sheraton Phuket Grand Bay Resort in Phuket, Thailand, with Grand Bay as the joint venture vehicle (the "**Joint Venture**").

#### 2. INFORMATION ON APEX

*The information on APEX and Grand Bay in paragraphs 2 and 3 was provided by APEX and Grand Bay. The Company and the Directors have not independently verified the accuracy and correctness of such information, and the Company's responsibility is limited to the proper extraction and reproduction herein in the context that the information is being disclosed in this announcement.*

- 2.1 APEX, incorporated in Thailand, is a company listed on the Stock Exchange of Thailand. Its core business is in property development, specializing in mixed-use development such as residential properties, commercial buildings, hotels, retirement and medical care resorts, and shopping complexes. As at the date of this announcement, the market capitalisation of APEX amounted to approximately THB720 million (equivalent to approximately S\$31 million).
- 2.2 As at the date of this announcement, none of APEX, its ultimate beneficial controlling shareholders<sup>1</sup> and directors is an associate of the Company, the Directors, the controlling shareholder or the chief executive officer of the Company. As of the date of this announcement, none of APEX, its ultimate beneficial controlling shareholders and directors holds any shares in the share capital of the Company.
- 2.3 APEX was introduced to the Company by Mr Dennis Ng Kok Kee ("**Mr Ng**"), a 100% shareholder and director of Treasures Pte Ltd., a company which provides business consultancy services. Mr Ng is not an associate of the Company, the Directors, the controlling shareholder or the chief executive officer of the Company. Mr Ng will be paid a commission in the form of shares in the capital of the Company. The Company is still in negotiation with Mr Ng on the quantum of the commission to be paid to him. The Company will disclose such information (where necessary) in due course. Mr Ng is also one of the placees of the Placement (defined under paragraph 5 of this announcement), whereby he will be subscribing for an aggregate of 12.5 million placement shares for an aggregate subscription price of S\$500,000.

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<sup>1</sup> The ultimate beneficial controlling shareholders of APEX are Mr Pongphan Sampawakoop (director of APEX), Ms Puangchan Sampawakoop (sister of Mr Pongphan) and Mr Ekapong na Ranong (son of Ms Puangchan) (the "**Sampawakoop's Family Group**"). As at the date of this announcement, the Sampawakoop Family Group owns 47.48% shareholding interest in APEX.

### 3. INFORMATION ON GRAND BAY

- 3.1 Grand Bay, incorporated in Thailand in March 2015, is a private limited company engaged in the business of property development. As at date of this announcement, Grand Bay has an issued and paid up capital of THB468.9 million (equivalent to approximately S\$20.2 million), comprising 5 million shares.

The current shareholders of Grand Bay are as follows:

	Number of ordinary shares	Shareholding (%)
APEX	4,999,997	99.99
Pongphan Sampawakooop	2	*
Wirat Lertsampancharoen	1	*
<b>Total</b>	<b>5,000,000</b>	<b>100.00</b>

\*Less than 0.01%

Mr Pongphan Sampawakooop is the chairman and chief executive officer of APEX, and Mr Wirat Lertsampancharoen is one of the directors of APEX.

As at the date of this announcement, none of APEX, Grand Bay, their respective ultimate beneficial controlling shareholders and directors is an associate of the Company, the Directors, controlling shareholder or the chief executive officer of the Company. As of the date of this announcement, none of APEX, Grand Bay, their respective ultimate beneficial controlling shareholders and directors holds any shares in the share capital of the Company.

- 3.2 Grand Bay is the registered proprietor of the parcels of land located at Ao Po, Phuket, Thailand and measuring approximately 35.31 Rai, held under the land title deeds No. 23710, 23711, 54006, 52371, 57204, and 33561 (the "**JV Properties**"). The JV Properties are currently mortgaged to KTB Securities (Thailand) Public Company Limited for credit facilities extended to APEX amounting to approximately THB 800 million. For the avoidance of doubt, the 2<sup>nd</sup> instalment of the Purchase Price (as defined herein) shall be paid after the release of such encumbrance on the JV Properties. Please refer to paragraph 4.1.3 of this announcement for details of the instalments of the Purchase Price.

No independent valuation was conducted on Grand Bay for the purposes of the Joint Venture. Based on the latest available valuation report commissioned by APEX in September 2018 on, amongst others, the JV Properties, the fair value of the JV Properties as at 30 August 2018 was THB564.96 million, based on the market value basis ("**Valuation Report**").

- 3.3 Based on the audited financial statements of Grand Bay for the financial year ended 31 December 2018, each of the net book value and net tangible assets value amounted to THB343.3 million (equivalent to approximately S\$14.8 million), and net loss for the year amounted to THB0.6 million (equivalent to approximately S\$0.02 million).

#### 4. PRINCIPAL TERMS OF THE JVA

##### 4.1 Acquisition of a 50% shareholding interest in Grand Bay

4.1.1 Pursuant to the JVA, the Company will acquire an aggregate of 2,500,000 shares of Grand Bay (representing 50% of the share capital) ("**Sale Shares**") from APEX, free from all encumbrances and together with all rights attaching thereto. No independent valuation was conducted on the Sale Shares.

4.1.2 The aggregate consideration for the Sale Shares ("**Purchase Price**") is calculated according to the following formula:

$$\text{Purchase Price} = \text{Baht } 335,000,000 + 50\% \text{ of } (A - \text{Baht } 50,000,000),$$

where A represents the total costs for construction and development of the Joint Venture Project up to and including the date on which the final tranche of the Sale Shares are transferred to the Company by APEX in accordance with the payment terms stated in paragraph 4.1.3 of this announcement.

Baht 335,000,000 is calculated on the basis of 50% of total value of the JV Properties (being Baht 310,000,000) plus 50% of the estimated construction costs of the Joint Venture Project incurred by Grand Bay up to 31 March 2019 (being Baht 25,000,000).

The total value of the JV Properties was derived based on the 50% of fair value ascribed in the Valuation Report (being THB282 million) and taking into consideration the current estimated market value of the land surrounding the JV Properties. The total value of the JV Properties was eventually arrived at following arm's length negotiation, on a willing buyer, willing seller basis, after taking into consideration the abovementioned factors.

4.1.3 The Purchase Price shall be paid by the Company to APEX in instalments as follows:

- (a) the 1<sup>st</sup> instalment in the amount of Baht 33,500,000 (equivalent to approximately S\$1.44 million) shall be paid on 13 June 2019. Upon payment, 10% of the Sale Shares will be transferred to the Company.
- (b) the 2<sup>nd</sup> instalment in the amount of Baht 33,500,000 (equivalent to approximately S\$1.44 million) shall be paid after the release of encumbrance on the JV Properties on the date to be determined by APEX at its sole discretion. Upon payment, 10% of the Sale Shares will be transferred to the Company.
- (c) the 3<sup>rd</sup> instalment in the amount of Baht 67,000,000 (equivalent to approximately S\$2.88 million) shall be paid by 30 July 2019 or any later date as reasonably agreed by the parties. Upon payment, 20% of the Sale Shares will be transferred to the Company; and
- (d) the balance of the Purchase Price shall be paid by 30 August 2019 or any later date as reasonably agreed by the parties. Upon payment, 60% of the Sale Shares will be transferred to the Company.

4.1.4 The Purchase Price was arrived at following arm's length negotiations between the Company and APEX, on a willing buyer willing seller basis, having considered factors such as the value of the JV Properties, and related construction costs incurred to-date, for the Joint Venture Project.

## 4.2 The Joint Venture

The Sheraton Phuket Grand Bay Resort (the “**Sheraton Resort**”) is part of an integrated development of Sheraton Phuket Grand Bay Resort and Residences at Po Bay, Phuket (the “**Sheraton Development**”). The Sheraton Development comprises the Sheraton Resort and The Residences at Sheraton Phuket Grand Bay (“**Sheraton Residence**”). For the avoidance of doubt, the Sheraton Residence does not form part of the Joint Venture. The Sheraton Resort shall, upon completion, be operated by Starwood Asia Pacific Hotels & Resorts Pte. Ltd. (“**Starwood**”) or its affiliates.

If funding is required for the development of the Sheraton Resort from time to time after the date of the JVA, Grand Bay shall, as mutually agreed between the Company and APEX:

- (a) firstly, seek for loan(s) from reputable commercial bank(s) in Thailand or any other reputable financial institution(s) as reasonably agreed between the Company and APEX, provided that such funding does not render Grand Bay to be in breach of any condition or limitation under any of Grand Bay’s licences and permits or any agreement Grand Bay has with any third party;
- (b) if the Company and APEX agree that further funding from shareholders of Grand Bay is required, they may agree to increase Grand Bay’s registered capital by issuance of new shares at an issue price to be determined by the Company and APEX, provided that (unless otherwise agreed by the Company and APEX) (i) the Company shall not be diluted to a shareholding percentage of less than fifty percent (50%), and (ii) the Company shall not have any responsibility, obligation or guarantee to be required for an investment of more than Baht 430,000,000 (equivalent to S\$18.49 million) (including the Purchase Price) (“**Maximum Cost of Investment**”); and
- (c) following option (a) and (b) above, if any additional funding is further required by Grand Bay, the Company and APEX shall discuss in good faith to agree on the details of such additional funding and shall procure the passing of the necessary resolution and shall use their best efforts to secure (if necessary) such credit facilities with the assets of Grand Bay only. If banking facility is not available on the terms acceptable to Grand Bay, the Company and APEX may agree to provide shareholders loan to Grand Bay in proportion to the percentage of their shareholding in Grand Bay.

## 4.3 Completion

4.3.1 The completion of the sale of the Sales Shares is subject to the following conditions being satisfied or waived by the Company (“**Conditions Precedent**”), in whole or in part, by the relevant payment date mentioned in paragraph 4.1.3 of this announcement:

- (a) no material adverse change to the nature of business of the parties or the Sheraton Resort or that may affect the timely completion of the Sheraton Resort has occurred and is continuing immediately prior to the relevant transfer date or completion of the Sale Shares;
- (b) all consents, permissions and/or resolution of any relevant person/entity, including but not limited to the Thai Board of Investment, as required by law for the transfer of the Sale Shares to the Company shall have been duly obtained;
- (c) all necessary steps shall have been taken by APEX and Grand Bay to permit the Sale Shares to be duly registered in the name of the Company;
- (d) in respect of the payment of the 3<sup>rd</sup> instalment of the Purchase Price, the written approval, consent or permission is obtained from Starwood permitting the transfers of the Sale Shares to the Company;

- (e) in respect of the payment of the 1<sup>st</sup> instalment of the Purchase Price, the result of the legal due diligence in respect of Grand Bay and the Sheraton Resort carried out by the Company's legal adviser is not unsatisfactory;
- (f) in respect of the payment of the 2<sup>nd</sup> instalment of the Purchase Price, the JV Properties shall be duly released and discharged from any and all encumbrance;
- (g) in respect of the payment of the 4<sup>th</sup> instalment of the Purchase Price, the amended BOI Promotion Certificate that; (i) permits Grand Bay, as a BOI promoted person, to have at least 50% of its shares being held by foreigner; and (ii) grants Grand Bay, as a BOI promoted person, the right to own land as a non-tax benefit, is duly issued to Grand Bay; and
- (h) in respect of the payment of the 4<sup>th</sup> instalment of the Purchase Price, the Building Construction Permit No. 063/2561 dated 13 July 2018 is duly amended by the relevant authority with the building descriptions stipulating that the relevant buildings of the Sheraton Resort are for the "hotel buildings".

4.3.2 Notwithstanding the Conditions Precedent above, the completion of the Sales Shares is also subject to both the Company and APEX obtaining the consents, permissions, resolutions and/or requisite approvals of (i) their respective stock exchange (being the Singapore Exchange Security Trading Limited and The Stock Exchange of Thailand) and, (ii) if required by the applicable law and regulations governing public limited company, and securities and stock exchange, its board of directors or shareholders.

4.3.3 Following the completion of the transfer of Sale Shares, the issued and paid-up share capital of Grand Bay shall be restructured as follows:

Name of shareholder	Current shareholding		Upon completion of the Sale Shares	
	Number of shares	%	Number of shares	%
Company	-	-	2,500,000	50.00
APEX	4,999,997	99.99	2,500,000	50.00
Pongphan Sampawakooop	2	*	-	-
Wirat Lertsampancharoen	1	*	-	-
<b>Total</b>	<b>5,000,000</b>	<b>100.00</b>	<b>5,000,000</b>	<b>100.00</b>

\* Less than 0.01%

#### 4.4 Addendum to the JVA

Subsequent to the signing of the JVA, the Company and APEX had, on 12 June 2019, entered into an addendum to the JVA, where the parties had agreed in principle on the following:

- (a) the parties are interested in entering into a joint venture for the Club Med Krabi Resort and Residences mixed-use development project consisting of both hotel and residences components located at Yao Beach, Krabi Thailand;
- (b) the parties are interested in entering into a joint venture for the Sheraton Krabi Yao Beach Resort and Residences mixed-use development project consisting of both hotel and residences components located at Yao Beach, Krabi Thailand; and

- (c) the parties agreed to negotiate the option of bulk purchase of the remaining units of the Sheraton Residence, whereby APEX will propose to sell the remaining units of the Sheraton Residence to the Company at a price mutually agreed upon.

#### 4.5 Board of directors of Grand Bay

Pursuant to the JVA, the board of directors of Grand Bay shall consist of three (3) directors appointed by the Company (“**Group A**”) and three (3) directors appointed by APEX (“**Group B**”). It is intended that the chairman (with no casting vote) and the managing director will be elected from Group B, and the finance director will be elected from Group A.

### 5. **SOURCE OF FUNDS**

The Company intends to undertake certain fund raising exercises through private placement exercise(s) and public offerings (“**Fund Raising Exercises**”), to fund the Purchase Price.

In this regard, the Company had, on 12 June 2019, entered into separate placement agreements with twelve (12) investors, pursuant to which the Company shall allot and issue an aggregate of 150 million new ordinary shares in the capital of the Company at an issue price of S\$0.04 per placement share, for an aggregate subscription amount of S\$6.0 million (the “**Placement**”). The net proceeds raised from the Placement will be partially used to fund the Purchase Price. Please refer to the Company’s announcement dated 16 June 2019 for further details of the Placement.

### 6. **RATIONALE FOR THE JOINT VENTURE**

The Board is of the view that the Joint Venture is in the best interests of the Company and its shareholders, taking into account, among others, the following:

- (i) the Joint Venture involves a business that is in line with the Company’s core business of property development and property investments;
- (ii) the Joint Venture will provide future revenue stream and operating cash flow for the Group, thereby enhancing shareholders’ value;
- (iii) the Joint Venture allows the Company to expand its operations into new geographical locations;
- (iv) the Purchase Price is to be funded by way of the Fund Raising Exercises, and as such, the Joint Venture is not expected to materially affect the working capital of the Group; and
- (iv) the Company will be able to seize business opportunities in Thailand through the partnership with APEX.

**7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE CATALIST RULES**

7.1 The relative figures for the Joint Venture computed on the bases set out in Rule 1006 of the SGX-ST Listing Catalist Rules and the Group's latest unaudited consolidated financial statements for the three-month financial period ended 31 March 2019 ("1Q2019") are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative figures (%)</b>
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable
(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits <sup>(1)</sup>	Not meaningful <sup>(2)</sup>
(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation	40.5 <sup>(3)</sup>
(d)	The number of equity securities to be issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable
(e)	The aggregate volume or amount of proven and probable reserves to be disposed of, compared with the aggregate of the Group's proven and probable reserves	Not applicable

**Notes:**

- (1) Net profits is defined to be profit or loss before income tax, non-controlling interests and extraordinary items.
- (2) The relative figure for Rule 1006(b) is not meaningful as the Group recorded net loss attributable to equity holders of the Company of approximately S\$50,000 for 1Q2019, and Grand Bay recorded net loss of approximately S\$0.02 million for the financial year ended 31 December 2018.
- (3) Assuming that the purchase price for the Sale Shares is the Maximum Cost of Investment of S\$18.49 million (as stated in paragraph 4.2 of this announcement), and the Company's market capitalisation is approximately S\$45.67 million, computed based on the issued share capital of the Company of 1,114,008,940 Shares and the volume weighted average price of S\$0.041 per Share on 11 June 2019, being the last traded market day immediately preceding the date of the JVA. The Company has no treasury shares.

7.2 As the relative figures set out in Rule 1006(c) of the Catalist Rules exceeds 5% but does not exceed 75%, the Joint Venture constitutes a "discloseable transaction" under Chapter 10 of the Catalist Rules.

7.3 Pursuant to Practice Note 10(A) paragraph 11 of the Catalist Rules, tests based on assets and profits may not give a meaningful indication of the significance of a transaction to the issuer, for example, where the issuer is loss making. In such instance, the sponsor should consult the SGX-ST. As the Group is loss making in 1Q2019, the relative figure computed based on Rule 1006(b) may not be meaningful and accordingly, the Sponsor had, on behalf of the Company, consulted the SGX-ST on whether shareholders' approval is required for the Joint Venture (the "**Consultation**"). The Company will make the necessary announcement on the outcome of the Consultation in due course.

## 8. FINANCIAL EFFECTS OF THE JOINT VENTURE

8.1 The unaudited *pro forma* financial effects of the Joint Venture on the Group as set out below are purely for illustration purposes only and do not reflect of the actual future results and financial position of the Group after the completion of the Joint Venture.

The unaudited *pro forma* financial effects of the Joint Venture set out below have been computed based on the latest unaudited consolidated financial statements of the Group for 31 December 2018 with the following bases and assumptions:

- (a) the financial effects on the consolidated net tangible assets (“**NTA**”) per Share and gearing are computed based on the assumption that the Joint Venture was completed on 1 January 2018;
- (b) the financial effects on the consolidated loss per Share (“**LPS**”) are computed based on the assumption that the Joint Venture was completed on 1 January 2018;
- (c) the Company’s investment in the Joint Venture is accounted for in the consolidated financial statements of the Group using the equity method of accounting whereby the Group recognises its cost of investment in the Joint Venture in its statement of financial position and its share of profit or loss in the Joint Venture (i.e. 50% shareholding interests) in its consolidated statement of profit or loss;
- (d) the fair value adjustments on the net assets of the Group and positive or negative goodwill arising from the Joint Venture, if any, have not been considered for the purposes of computing the financial effects of the Joint Venture and will be determined on the date of completion of the Joint Venture. Any goodwill or negative goodwill arising from the Joint Venture will be accounted for in accordance with the accounting policies of the Group;
- (e) the purchase price for the Sale Shares is the Maximum Cost of Investment of S\$18.49 million; and
- (f) the expenses to be incurred in connection with the Joint Venture are disregarded for the purposes of calculating the financial effects.

### 8.2 NTA per Share

<b>As at 31 December 2018</b>	<b>Before the Joint Venture</b>	<b>After the Joint Venture</b>
NTA attributable to the Shareholders (S\$'000)	87	18,565
Number of Shares	1,114,008,940	1,114,008,940
NTA per Share (Singapore cents)	0.01	1.67

### 8.3 LPS

<b>FY2018</b>	<b>Before the Joint Venture</b>	<b>After the Joint Venture</b>
Net loss attributable to the Shareholders (S\$'000)	(318)	(330)
Weighted average number of Shares	1,114,008,940	1,114,008,940
LPS (Singapore cents)	(0.03)	(0.03)



**9. APPLICATION TO THE SGX-ST ON THE EXTENSION OF TIME TO MAINTAIN LISTING STATUS**

The Company announced on 28 March 2019 that it had submitted an application to the SGX-ST to seek an extension of deadline of 31 March 2019 to demonstrate to the SGX-ST that the Company has a viable business to maintain its listing status (the “**Application**”). There is no certainty or assurance as of the date of this announcement that the SGX-ST will grant approval to the Company for the Application. The Company will make the necessary announcement when there are development on the Application.

**10. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

Save for their respective shareholdings in the Company (if any), none of the Directors, controlling shareholder of the Company and their respective associates has any interests, direct or indirect, in the Joint Venture.

**11. DOCUMENTS FOR INSPECTION**

A copy of the JVA will be made available for inspection during normal business hours at the registered office of the Company at 138 Robinson Road, #26-03 Oxley Tower, Singapore 068906 for three (3) months from the date of this announcement.

**12. SERVICE CONTRACTS**

No person is to be appointed as a director of the Company in connection with the Joint Venture.

Save as disclosed in paragraph 4.4 of this announcement, there are no service contracts to be entered in at Completion, as the current management team of Grand Bay will be kept to continue to manage the business and affairs of Grand Bay.

Accordingly, no service contract is proposed to be entered into between the Company and any person.

**13. CAUTIONARY STATEMENT**

Shareholders of the Company (“**Shareholders**”) and potential investors should exercise caution when trading in the shares of the Company in relation to this announcement 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.

**14. DIRECTORS’ RESPONSIBILITY STATEMENT**

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm, after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Joint Venture and the Group, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement 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 announcement in its proper form and context.

**BY ORDER OF THE BOARD**

Chang Wei Lu  
Executive Chairman and Chief Executive Officer  
17 June 2019

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*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 Catalist.*

*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.*