

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in Singapore)

(Company Registration No. 198200473E)

PROPOSED ISSUANCE OF 8,389,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

1. INTRODUCTION

1.1 The board of directors ("**Board**" or "**Directors**") of Mercurius Capital Investment Limited (the "**Company**", and together with its subsidiaries, the "**Group**") wishes to announce the following:-

- (a) that the Company had on 25 July 2019 and 4 November 2019, entered into a service agreement and a supplemental letter respectively for the proposed issuance of 2.5 million shares ("**Director's Shares**") at S\$0.045 to Hester Chew Hai Chiene ("**Hester**"), who is a Director of the Company. Subject to Shareholders' (as defined herein) approval to be obtained, the Director's Shares will be allotted and issued to Hester as payment for his director fees on a quarterly basis, or such other timing as may be determined by the Board, for the period of 25 July 2019 to 24 July 2020;
- (b) that the Company had on 26 July 2019 and 4 November 2019, entered into an agreement and a supplemental letter respectively for the proposed issuance of 5 million shares (together with the shares of the Company to be issued to Keith (as defined herein), the "**Payment Shares**") at S\$0.045 to Richard Tan Liat Chew ("**Richard**"). The Payment Shares will be allotted and issued to Richard for his appointment as the advisor and member of the Company's investment committee for its private equity fund for the period of 15 July 2019 to 14 July 2020, payable on a quarterly basis or at such other timing as may be determined by the Board; and
- (c) that the Company had on 27 August 2019 and 4 November 2019, entered into an agreement and a supplemental letter respectively for the proposed issuance of 889,000 Payment Shares at S\$0.045 to Keith Ong Boon Kit ("**Keith**"). The Payment Shares will be allotted and issued to Keith or his company, R Vantage Pte Ltd as payment for his consulting fees for the Company's private equity fund,

(collectively, the "**Transactions**" and the Director's Shares and Payment Shares are collectively known as "**New Shares**").

- 1.1 The Payment Shares to be allotted and issued to Richard and Keith will be made pursuant to the General Mandate (as defined below).
- 1.2 Pursuant to Rules 812(2) of the Listing Manual Section B: Rules of the Catalist ("**Catalist Rules**"), the Company will be seeking the specific approval of its shareholders ("**Shareholders**") for the issuance of shares to Hester at an extraordinary general meeting ("**EGM**") to be convened. The Company will make the appropriate announcement at such time.
- 1.3 The Transactions are neither connected nor inter-conditional on each other.

INFORMATION RELATING TO THE TRANSACTIONS

2. Proposed Director's Shares

- 2.1 **Background and rationale.** Pursuant to the appointment of Hester as an Independent Director of the Company as announced on 24 July 2019, the Company had agreed to, subject to Shareholders' approval, allot the Director's Shares as payment for his annual director fees of S\$112,500 for the period from 25 July 2019 to 24 July 2020, payable on a quarter basis or at such other timing as may be determined by the Board. Accordingly, no placement agent has been appointed for the Transaction. The Board (with Hester abstaining) is of the view that the proposed Director's Shares is beneficial to and in the best interests of the Company as it allows the Company to conserve its cash resources.
- 2.2 **Principal Terms.** The principal terms of the service agreement are summarised as follows:

Issuance of Director's : The Company agrees to allot and issue to Hester, and

Shares	Hester agrees to receive, the Director's Shares at the issue price of S\$0.045, as payment of his director fees and no cash proceeds will be received by the Company from Hester.
Issue Price	: The issue price of S\$0.045 represents a discount of 8.16% to the volume weighted average price of S\$0.049, based on trades done on the SGX-ST on 4 November 2019 (being the last full market day prior to the signing of the supplemental letter). The issue price was agreed upon pursuant to arm's length negotiations between Hester and the Company.
Director's Shares	: 2,500,000 new shares (constituting approximately 0.20% of the Company's entire existing equity share capital as at the date of the supplemental letter and 0.19% of the Company's entire enlarged equity share capital including the New Shares) to be allotted and issued by the Company to Hester on a quarterly basis, or at such other timing as may be determined by the Board, subject to the terms and pursuant to the conditions of the service agreement and supplemental letter.

2.3 The proposed issue of Director's Shares is subject to, *inter alia*, the following conditions:

- (i) as Hester falls within the categories of persons under Rule 812(1) of the Catalist Rules, specific approval of the Shareholders (with Hester abstaining) is to be obtained first at a general meeting to be convened by the Company for the allotment and issuance of the Director's Shares; and
- (ii) the approval of the SGX-ST for, *inter alia*, the listing and quotation of the Director's Shares on Catalist having been obtained by the Company. The Company will make an application to the SGX-ST through its sponsor, Novus Corporate Finance Pte. Ltd., for the listing of and quotation for the Director's Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement upon receipt of the Listing and Quotation Notice from the SGX-ST.

3. Proposed Payment Shares

3.1 **Background and rationale.** The Company had on 26 July 2019, appointed Richard as the Advisor and principal member of the private equity fund (the "**Fund**"), which will focus on resort and leisure property investment in the Indo-China region. As the Fund's Advisor, Richard is to assist the Company in establishing business strategies and plans, assist the Company in executing such strategies and plans, assist the Company in capital management and to advise the Board on financial matters. The Company had agreed to allot the Payment Shares as payment for his annual remuneration for the period of 15 July 2019 to 14 July 2020, payable on a quarterly basis or at such other timing as may be determined by the Board.

On 27 August 2019, the Company had appointed Keith in the capacity of a consultant for the Fund at agreed fees of S\$40,000 payable in shares of the Company upon completion of an investment memorandum for the analysis of the resort and hotel properties development in relation to the joint venture agreement and addendum entered into between the Company and the joint venture partner as announced on 17 June 2019. No placement agent has been appointed for the Transactions. The Board is of the view that the proposed Payment Shares is beneficial to and in the best interests of the Company as it allows the Company to conserve its cash resources.

3.2 **Principal Terms.** The principal terms of the agreements are summarised as follows:

Issuance of Payment Shares	: The Company agrees to allot and issue to each of Richard and Keith (collectively, the " Consultants "), and the Consultants agree to receive, the Payment Shares at the issue price of S\$0.045, which shall be payment of their service fees and no cash proceeds will be received by the Company from the issue of the Payment Shares.
Issue Price	: The issue price of S\$0.045 represents a discount of 8.16% to the volume weighted average price of S\$0.049, based on trades done on the SGX-ST on 4 November 2019 (being the

last full market day prior to the signing of the supplemental letter). The issue price was agreed upon pursuant to arm's length negotiations between the Consultants and the Company.

New Shares : 5,889,000 New Shares (constituting approximately 0.46% of the Company's entire existing equity share capital as at the date of the supplemental letter and 0.46% of the Company's entire enlarged equity share capital including the New Shares) to be allotted and issued by the Company to the Consultants subject to the terms and pursuant to the conditions of their respective agreements and supplemental letters (of which 5 million Shares will be issued to Richard and 889,000 Shares will be issued to Keith).

- 3.3 The proposed Payment Shares is subject to, *inter alia*, the approval of the SGX-ST for, *inter alia*, the listing and quotation of the Payment Shares on Catalist having been obtained by the Company. The Company will make an application to the SGX-ST through its sponsor, Novus Corporate Finance Pte. Ltd., for the dealing in, listing of and quotation for the Payment Shares on the Catalist of the SGX-ST. The Company will make the necessary announcement upon receipt of the Listing and Quotation Notice from the SGX-ST.

4. MANDATE FOR THE ISSUE OF THE NEW SHARES

- 4.1 The New Shares will be allotted and issued by the Company pursuant to the general share issue mandate ("**General Mandate**") granted by the Shareholders at the annual general meeting of the Company held on 26 April 2019 ("**2019 AGM**"), pursuant to which authority was granted to the Directors to, *inter alia*, allot and issue new shares not exceeding 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2019 AGM, of which the aggregate number of shares to be issued other than on a *pro rata* basis to existing Shareholders shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) as at the date of the 2019 AGM.
- 4.2 As at the date of the 2019 AGM, the issued and paid-up share capital of the Company was 1,114,008,940 shares. A total of 151,666,000 shares were previously issued under the General Mandate, pursuant to which the remaining maximum number of shares to be issued other than on a pro-rata basis is 405,338,470. Accordingly, the New Shares of 8,389,000 is within the limit of the General Mandate.

Please refer below for details of shares previously issued under the General Mandate:-

Share Issuances under the General Mandate	Issue price (S\$)	No. of shares issued	Issue Date
Placement shares for 12 placees*	0.040	137,500,000	19 Jul 2019
2017 convertible loan extension shares	0.100	1,166,000	10 Sep 2019
2019 convertible loan	0.040	13,000,000	04 Oct 2019
Total		151,666,000	

Balance under 2019 General Mandate

405,338,470

* The conditions imposed by SGX-ST was to have the placement completed within 7 market days from the date of which the Listing and Quotation Notice had been complied with.

The net proceeds from the 2017 convertible loan have been fully utilised for working capital purposes, as disclosed in the Company's financial results announcement on 14 August 2019. An update of the respective net proceeds from the aforementioned placement shares and 2019 convertible loan is as follows:

(i) 2019 Convertible Loan

Intended uses	Amount allocated (S\$'000)	Amount utilised as of 4 November 2019 (S\$'000)	Balance as at the date of this announcement (S\$'000)
Business and investment opportunities	100	100	-
General working capital ⁽¹⁾	384	346	38
Total	484	446	38

(ii) Placement

Intended uses	Amount allocated (S\$'000)	Amount utilised as of 4 November 2019 (S\$'000)	Balance as at the date of this announcement (S\$'000)
Business investments and acquisition	5,400	5,400	-
General working capital ⁽²⁾	60	-	60
Total	5,460	5,400	60

Notes:

- (1) General working capital includes day-to-day operating expenses such as professional fees, listing fees, staff cost and office expenses.
- (2) Includes operating expenses that may arise pursuant to the Joint Venture.

The use of the net proceeds from the 2019 convertible loans and placement is in accordance with the intended use as disclosed in the announcements. The Company will make periodic announcements as and when the balance of the net proceeds is materially disbursed.

- 4.3 The New Shares, when allotted and issued, represents approximately (i) 0.66% of the Company's existing share capital (being 1,276,474,940 Shares as at the date of this announcement); and (ii) 0.65% of the Company's enlarged share capital (comprising 1,284,863,940 Shares including the New Shares). None of Hester and the Consultants will hold a 5.0% or more shareholding interest in the Company on completion of the issuance of the New Shares. The issuance of the New Shares will not result in any transfer of controlling interest in the Company within the meaning of Rule 803 of the Catalist Rules.
- 4.4 The New Shares, when issued and fully-paid, shall be free from all claims, liens, and other encumbrances whatsoever and shall rank *pari passu* in all respects with the existing Company's shares as at the date of the issue of the New Shares, save that they will not rank for any dividend, right, allotments or other distributions, the record date of which falls on or before the date of completion of the allotment and issuance of the New Shares.

5. FINANCIAL EFFECTS

- 5.1 The pro forma financial effects of the New Shares are presented solely for illustrative purposes and are not intended to be indicative or reflective of the actual future financial situation of the Company and the Group after the issuance of the New Shares.
- 5.2 The pro forma financial effects of the issuance of New Shares have been computed based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2018 ("FY2018"). The financial effects of the issuance of New Shares are based on the following assumptions:
- (i) the financial effect on the net tangible assets ("NTA") per Share is computed based on the assumption that the issuance of New Shares was completed on 31 December 2018;

- (ii) the financial effect on the loss per share (“**LPS**”) is computed based on the assumption that the Issuance of New Shares was completed on 1 January 2019; and
- (iii) expenses to be incurred in respect of issuance of the New Shares amount to approximately S\$10,000.

5.3 Share Capital

	Before the issuance of New Shares	After the issuance of New Shares
Issued and paid-up share capital (S\$)	133,182,529	133,560,034
Total number of Shares	1,114,008,940	1,122,397,940

5.4 NTA per Share

As at 31 December 2018	Before the issuance of New Shares	After the issuance of New Shares
NTA (S\$'000)	94	84
Number of Shares	1,114,008,940	1,122,397,940
NTA per Share (Singapore cents)	0.008	0.007

5.5 LPS

FY2018	Before the issuance of New Shares	After the issuance of New Shares
Net loss attributable to Shareholders (S\$'000)	319	707
Weighted average number of Shares	1,114,008,940	1,122,397,940
LPS (Singapore cents)	0.028	0.063

6. **CONFIRMATION BY THE BOARD**

The Board is of the opinion that as of the date of this announcement, after taking into consideration the Group's present banking facilities, the working capital available to the Group is sufficient to meet its present requirements. No proceeds will be raised from the proposed issuance of the New Shares.

Notwithstanding the sufficiency of the Group's present working capital, the Board is of the view that that the issuance of New Shares will allow the Company to conserve its cash resources as set out in paragraphs 2.1 and 3.1 of this announcement.

7. **INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

In relation to the issuance of the Director's Shares, Hester is a Director of the Company.

Save as disclosed above and save for their respective interests in the issued shares in the capital of the Company (as the case may be), none of the Directors, controlling Shareholders or substantial Shareholders of the Company has any interest, direct, or indirect in the Transactions.

8. CIRCULAR TO SHAREHOLDERS

A circular containing, *inter alia*, the notice of the extraordinary general meeting and details of the proposed issuance of the Director's Shares will be dispatched to Shareholders in due course.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the service agreement, agreements and the supplemental letters will be made available for inspection during normal business hours at the Company's registered office at 6 Shenton Way, #42-04 OUE Downtown 1, Singapore 068809 for a period of three (3) months from the date of this announcement.

10. 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 issuance of New Shares 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 contained 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.

11. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders are advised to refrain from taking any action in respect of their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. In the event of any doubt, Shareholders should consult their stockbrokers, bank managers, solicitors, accountants or other professional advisers.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman and Chief Executive Officer
5 November 2019

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "Sponsor"), in accordance 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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.