

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in Singapore)

(Company Registration No. 198200473E)

GRANT OF A CONVERTIBLE LOAN OF AN AGGREGATE PRINCIPAL AMOUNT OF S\$0.5 MILLION

1. INTRODUCTION

- 1.1 The board of directors (“**Board**”) of Mercurius Capital Investment Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) is pleased to announce that the Company had on 29 March 2019, entered into a convertible loan agreement (the “**Convertible Loan Agreement**”) with Daniel Chieng Chien Tee and Cheah Bee Lin (collectively, “**Investors**”), pursuant to which the Investors had agreed to extend to the Company a redeemable convertible loan of an aggregate principal value of S\$500,000 (“**Convertible Loan**”), which is convertible into new ordinary shares in the capital of the Company (“**Shares**”) on the terms and subject to the conditions of the Convertible Loan Agreement.
- 1.2 The Convertible Loan shall constitute the direct, unconditional and unsecured obligation of the Company, ranking *pari passu* with all the Company’s other present and future unsecured and unsubordinated indebtedness (other than indebtedness preferred by operation of law) and without preference among themselves.
- 1.3 The Convertible Loan including the allotment and issuance of any New Shares to the Investors (as the case may be), will be made pursuant to the exemptions under Section 275(1A) of the Securities and Futures Act, Chapter 289 of Singapore (“**SFA**”) and in compliance with all the conditions of these exemptions in the SFA therein. As such, no prospectus or other information statement will be issued by the Company and lodged with the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) acting as agent on behalf of the Monetary Authority of Singapore in connection with the Convertible Loan.

2. PRINCIPLE TERMS OF THE CONVERTIBLE LOAN

- 2.1 The principal terms and conditions of the Convertible Loan are summarised as follows:

Principal Sum	:	S\$250,000 from each Investor, amounting to S\$500,000 in aggregate.
Conversion Price	:	S\$0.04 per Share, subject to adjustments in accordance with the provisions of the Convertible Loan Agreement. The Conversion Price was agreed upon based on arm’s length negotiations between the Investors and the Company (“ Parties ”, and each a “ Party ”), taking into account, amongst others, the volume weighted average price (“ VWAP ”) of the Company’s Shares quoted on the SGX-ST on 27 March 2019 of S\$0.03. The Conversion Price is 33% higher than the volume weighted average price of S\$0.03 per Shares, based on trades done on the SGX-ST on 27 March 2019 (being the full market day on which Shares were traded prior to the signing of the Convertible Loan Agreement).
Maturity Date	:	The first business day falling 6 calendar months after the Completion Date (as defined herein).
Interest Rate and Interest Shares	:	<p>Simple interest shall accrue on the principal sum of the Convertible Loan in accordance with the terms of the Convertible Loan Agreement, non-compounded, at the rate of 8% per annum, payable in cash by the Company to the Investors on the Maturity Date (“Interest”).</p> <p>In lieu of payment of Interest to the Investors in cash, the Company may, at its sole and absolute discretion, satisfy the payment of Interest to the Investors by allotment and issuance of such number of new Shares to each Investor, as is equivalent to the amount of Interest due to the Investors (being up to S\$10,000 to each Investor) divided by the Conversion Price (“Interest Shares”).</p>

Conversion Shares	: Up to 12,500,000 new Shares to be allotted and issued by the Company to the Investors upon Conversion (as defined herein), determined by dividing the principal sum of the Convertible Loan over the Conversion Price. Please refer to paragraph 2.5 of this announcement for more details of the resultant number of new Shares held by each of the Investors pursuant to Conversion.
Completion and Completion Date	: A date falling not later than 3 business days after all of the Conditions Precedent (as defined below) have been fulfilled or waived, or such other date as may be agreed to in writing by the Parties (" Completion Date "), on which the Convertible Loan will be disbursed in full by the Investors to the Company (" Completion ").
Adjustments to Conversion Price	: The Conversion Price will be subject to adjustments under certain events provided for in the Convertible Loan Agreement in accordance with the following formula: $\mathbf{NCP} = \mathbf{CP} \times \frac{\mathbf{OSC}}{\mathbf{NSC}}$ <p>where:</p> <p>NCP : is the new Conversion Price;</p> <p>CP : is the Conversion Price;</p> <p>OSC : is the entire share capital of the Company immediately before such event, and</p> <p>NSC : is the entire share capital of the Company immediately after such event.</p> <p>Such events include, without limitation, consolidation or subdivision of the Shares, bonus issues, capitalisation of profits or reserves, rights issues and other issues to all shareholders of the Company ("Shareholders") on a pro-rata basis. Any such adjustments shall be announced by the Company on SGXNET.</p> <p>Save as so provided in the Convertible Loan Agreement, there shall be no material alteration to the terms of the Conversion and/or adjustments as described therein to the advantage of the Investors, without the express prior approval of the Shareholders in a general meeting of the Company.</p>
Conversion	: Subject to the provisions of the Convertible Loan Agreement, the Companies Act (Cap. 50), the Catalist Rules and any rules, regulations, practice directions or guidelines of the CDP, the Company may, in its sole and absolute discretion, convert the Convertible Loan into Conversion Shares at the Conversion Price on the Maturity Date, whereupon, the Company shall capitalise the Principal Amount of the Convertible Loan and instruct the Company's secretary to file the return on allotment to the Accounting and Corporate Regulatory Authority (" ACRA ") for the allotment and issuance of the Conversion Shares, for credit to the Investors' respective CDP securities account and notify the Investors within 14 Business Days thereafter, that the Conversion Shares have been credited to their respective CDP securities accounts (" Conversion ", and " Convert " and " Converted " to be construed accordingly). <p>Conversion (and the allotment and issuance of Interest Shares by the Company, as the case may be) shall be good and valid discharge of the Company's obligations for redemption (as described below) and all</p>

		rights accruing to the respective Investors in respect of redemption under the Convertible Loan Agreement, at law and equity, shall be fully and finally extinguished upon Conversion (and allotment and issuance of Interest Shares by the Company, as the case may be).
Status of the Conversion Shares and the Interest Shares	:	The Conversion Shares and the Interest Shares (collectively, the “ New Shares ”), when allotted and issued, will rank <i>pari passu</i> , with all then existing Shares, free from encumbrances pursuant to the terms of the Convertible Loan Agreement.
Listing and Quotation Notice	:	<p>The allotment and issue of New Shares to the Investors is subject to the approval of the SGX-ST for, <i>inter alia</i>, the dealing in, listing of and quotation for the New Shares on the Catalist of the SGX-ST 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 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 Maturity Date.</p> <p>The Company will make an application to the SGX-ST through its sponsor, ZICO Capital Pte. Ltd., for the dealing in, listing of and quotation for the New 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.</p>
Redemption	:	Unless Converted in accordance with the terms of the Convertible Loan Agreement, the Convertible Loan shall be redeemed by the Company on the Maturity Date by payment of the outstanding Principal Sum and all accrued Interest thereof to the Investors in cash, subject to any deduction for withholding taxes (which shall be borne by the Investor), and subject to any fiscal, taxation or other laws and regulations applicable to the Company, whereupon the Company's obligation to Convert the Convertible Loan and the Convertible Loan Agreement shall terminate and the Parties shall be released and discharged from all their respective rights, liabilities and obligations hereunder with effect from the date of such termination except for such rights and remedies as shall have accrued to the Investors and the Company prior to the date of such termination and the respective obligations, covenants or undertakings of the Parties which, pursuant to the terms of the Convertible Loan Agreement, are expressed to survive such termination.
Termination	:	Notwithstanding any other provisions in the Convertible Loan Agreement (a) the Company may terminate the Convertible Loan Agreement by 30 Business Days' written termination notice to the Investors (“ Termination Notice ”), and (b) the Parties may, by mutual agreement (“ Termination Agreement ”), terminate the Convertible Loan Agreement in writing signed by the Parties, which Termination Notice or Termination Agreement (as the case may be) shall provide for the repayment of the Convertible Loan to the Investors (if it has not been redeemed or Converted), together with all accrued Interest thereof pro-rated to the period up to such termination, whereupon full payment by the Company to the Investors, the Convertible Loan Agreement shall terminate and the Parties shall be released and discharged from their respective obligations thereunder (except for their respective obligations, covenants or undertakings which, pursuant to the terms of the Convertible Loan Agreement, are expressed to survive such termination).

3. INFORMATION ON THE INVESTORS

The New Shares will be allotted and issued to each of the Investors upon the full conversion of the Convertible Loan and Interest into Conversion Shares and Interest Shares, respectively:

Name of Investor	Principal Sum of the Convertible Loan (S\$)	Maximum Amount of Accrued Interest (S\$)	Maximum number of New Shares that may be allotted and issued	As a percentage of enlarged share capital of the Company upon allotment and issuance of the New Shares (%)
Daniel Chieng Hien Tee ("Mr Chieng")	250,000	10,000	6,500,000	0.575
Cheah Bee Lin ("Ms Cheah")	250,000	10,000	6,500,000	0.575
Total	500,000	20,000	13,000,000	1.150

Mr Chieng and Ms Cheah are both Malaysians who engage in the property investment business. As at the date of this announcement, Mr Chieng has total interests (deemed and direct) in 10,940,000 Shares, representing approximately 0.98% of the existing issued Shares of the Company, while Ms Cheah has total interests (deemed and direct) in 55,099,207 Shares, representing approximately 4.95% of the existing issued Shares of the Company.

As announced by the Company on 17 March 2017, Ms Cheah had previously extended a redeemable convertible loan of principal sum of S\$500,000 to the Company with simple interest at the rate of 8% per annum, accruing non-compounded, on the principal sum of S\$500,000 ("**2017 Convertible Loan**"). Pursuant to the terms of the 2017 Convertible Loan, on maturity, if converted at the sole and absolute discretion of the Company, Ms Cheah will be allotted and issued up to 5,000,000 new Shares upon conversion of the principal sum and 400,000 new Shares in lieu of interest. The original maturity date of the 2017 Convertible Loan was 17 March 2018, and it had been extended by express agreement in writing between the Company and the investors of the 2017 Convertible Loan (including Ms Cheah) to 17 March 2019, as announced by the Company on 29 March 2018. The Company is currently in negotiation with the 2017 Convertible Loan investors to extend the maturity date of the 2017 Convertible Loan, and will make the necessary announcement in due course.

Save as set out above, each of the Investors has no previous business, commercial, trade dealings or any other connection with the Group, the Directors or the controlling shareholders of the Company. The Investors are investing in the Company, at arm's length, as strategic investors. Pursuant to the Convertible Loan Agreement, each of the Investors has represented, warranted and undertaken to and for the benefit of the Company, *inter alia*, that they are not acting in concert with any other investors or Shareholders.

Mr Chieng and Ms Cheah have each represented and warranted to the Company in the Convertible Loan Agreement that they do not fall within any of the categories as set out in Rule 812(1) of Catalyst Rules. The Investors are current Shareholders of the Company. No commission or payment was paid to anyone in relation to the Convertible Loan.

4. CONDITIONS PRECEDENT

Completion of the Convertible Loan Agreement is subject to, *inter alia*, the following conditions ("**Conditions Precedent**"):

- (a) The respective representations and warranties of each Party set out in the Convertible Loan Agreement being true and accurate in all material respects on and as of the Completion Date, with the same force and effect as though made on and as of the Completion Date, and each

Party having performed and complied with all their respective undertakings, covenants and agreements set out in the Convertible Loan Agreement on or prior to the Completion Date;

- (b) The following consents and approvals for the transactions under the Convertible Loan Agreement having been obtained without restrictions or limitations whatsoever that are unacceptable to the 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 Convertible Loan Agreement and the transactions under the Convertible Loan Agreement and any related transactions in relation thereto;
 - (ii) a valid general share issue mandate pursuant to section 161 of the Act and Rule 806 of the Catalist Rules from the Shareholders being available and sufficient for the allotment and issue of the New Shares to the Investors;
 - (iii) save as provided for in section 2.1 - Listing and Quotation Notice, all licenses, consents, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant Regulator¹(s), entitled third parties, counterparties, financing or facility providers of the Company as may be required for or in connection with (a) the entering into of the Convertible Loan Agreement by the Company, the transactions under the Convertible Loan Agreement and any related transactions in relation thereto, and (b) the allotment and issuance of the New Shares, having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the Parties and are fulfilled on or before Completion Date; and
 - (iv) no relevant Regulator¹ 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 make any transaction contemplated in the Convertible Loan 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.

In the event any of the Conditions Precedent is not satisfied or waived by the respective entitled Party on or before 15 April 2019, the Convertible Loan Agreement shall be deemed to be terminated and the Parties shall be released and discharged from their respective obligations under the Convertible Loan Agreement save in respect of existing breaches (if any) and except for the respective obligations, covenants or undertakings which, pursuant to the terms of the Convertible Loan Agreement, are to survive such termination.

5. REPRESENTATIONS AND WARRANTIES

Pursuant to the Convertible Loan Agreement, the Investors have represented, warranted and undertaken to the Company that, *inter alia*:

- (a) they are not persons or entities prescribed under Rule 812(1) of the Catalist Rules;
- (b) they acknowledge that the New Shares will be allotted and issued to them on Maturity Date (as the case may be) pursuant to the Company's reliance on the exemption provided under Section 275(1A) of the SFA and in compliance with all the conditions of these exemptions in the SFA therein and the Investors will not offer any of the New Shares for sale to another person in Singapore, where such offer is contrary to the provisions of the SFA;

¹ "Regulator" means any central bank or provincial, state, federal, national, government, semi-government, administrative, supervisory, regulatory, statutory, fiscal or judicial agency, authority, body, commission, department, tribunal, entity or ministry (including but not limited to the Monetary Authority of Singapore, the Securities Industry Council and/or the SGX-ST).

- (c) upon being allotted and issued any New Shares (as the case may be) no Investor will acquire a deemed and/or direct interest in more than 15% of the enlarged share capital of the Company (upon conversion of the Convertible Loan and the Interest into Conversion Shares and Interest Shares, respectively);
- (d) each Investor is an accredited investor as defined in the SFA and each has full power and capacity to enter into and perform the Convertible Loan Agreement, which when executed, will constitute valid and legally binding obligations enforceable against the Investors in accordance with the terms therein; and
- (e) the Investors will not be holding any New Shares (as the case may be) on trust or for the benefit of other parties nor will the Investors subsequently offer any New Shares for sale to other parties where such action may contravene the provisions of the SFA.

6. RATIONALE AND USE OF PROCEEDS

The estimated net proceeds to be raised from the Convertible Loan, after deducting estimated expenses of approximately S\$16,000 incurred in connection with the Convertible Loan, is approximately S\$484,000 (“**Net Proceeds**”).

The Company intends to use the Net Proceeds in the following manner:

Intended Uses	Net Proceeds	
	(S\$)	(%)
General working capital*	384	79.4
Business and investment opportunities	100	20.6
Total Net Proceeds	484	100.0

**General working capital includes day to day operating expenses for the Group such as professional fees, listing fees, staff cost, and office expenses.*

In line with the Board’s continuing efforts to search for new business and investment opportunities, the Board is of the view that the Convertible Loan is beneficial to and in the best interests of the Company as it will assist to fund the Company’s operating expenses for the next 12 months while the Company explores new business opportunities and activities.

Pending deployment of the Net Proceeds, such proceeds may be placed as deposits with financial institutions in short term money markets or debt instruments or for any other purposes on a short term basis, but in accordance with the terms of the Convertible Loan Agreement, as the Directors may, in their absolute discretion, deem fit.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when they are materially disbursed and whether such a use is in accordance with the stated use. Where there is any material deviation from the stated use of the Net Proceeds, the Company will announce the reasons for such deviation. The Company will also provide a status report on the use of the Net Proceeds in the Company’s interim and full year financial results announcement, and annual reports. Where the Net Proceeds are to be used for working capital, the Company will disclose a breakdown with specific details on the use of the Net Proceeds for working capital in its announcements and annual reports.

7. MANDATE FOR THE ISSUE OF THE NEW SHARES

The New Shares, arising from the conversion of the Convertible Loan and/or the Interest, 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 27 April 2018 (“**2018 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 2018 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 2018 AGM.

As at the date of the 2018 AGM, the issued and paid-up share capital of the Company was 1,114,008,940 Shares. As no Shares were previously issued under the General Mandate, the maximum number of Shares to be issued other than on a pro-rata basis is 557,004,470. Accordingly, the maximum number of New Shares of 13,000,000 is within the limit of the General Mandate.

The maximum number of New Shares, when allotted and issued, will represent approximately 1.17% of the issued share capital of the Company comprising 1,114,008,940 Shares as at the date of this announcement and will represent approximately 1.15% of the enlarged issued share capital of the Company comprising 1,127,008,940 Shares including the New Shares. Accordingly, no transfer of a controlling interest in the Company within the meaning of Rule 803 of the Catalyst Rules will arise from the allotment and issuance of the New Shares by the Company to the Investors.

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 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 of which falls on or before the date of completion of the allotment and issuance of the New Shares.

8. FINANCIAL EFFECTS

The pro forma financial effects of the Convertible Loan 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 Completion.

The pro forma financial effects of the Convertible Loan have been computed based on the unaudited consolidated financial statements of the Group for the financial year ended 31 December 2018 (“FY2018”). The financial effects of the Convertible Loan 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 Convertible Loan was fully disbursed, and the Convertible Loan and Interest were fully converted into New Shares on 31 December 2018; and
- (ii) the financial effect on the loss per share (“LPS”) is computed based on the assumption that the Convertible Loan was fully disbursed, and the Convertible Loan and Interest were fully converted into New Shares on 1 January 2018; and
- (iii) expenses to be incurred in respect of the Convertible Loan, being mainly professional fees, are estimated to be approximately S\$16,000.

Share Capital

	Before the full conversion of the Convertible Loan and Interest into New Shares	After the full conversion of the Convertible Loan and Interest into New Shares
Issued and paid-up share capital (S\$')	133,182,529	133,702,529
Total number of issued Shares	1,114,008,940	1,127,008,940

NTA per Share

	Before the full conversion of the Convertible Loan and Interest into New Shares	After the full conversion of the Convertible Loan and Interest into New Shares
NTA of the Group as at 31 December 2018 (S\$'000)	94	598
Number of Shares	1,114,008,940	1,127,008,940
NTA per Share (Singapore cents)	0.008	0.053

LPS

	Before the full conversion of the Convertible Loan and Interest into New Shares	After the full conversion of the Convertible Loan and Interest into New Shares
(Loss) attributable to Shareholders for FY2018 (S\$'000)	(318)	(334)
Weighted average number of Shares	1,125,608,940	1,138,608,940
LPS (Singapore cents)	(0.028)	(0.029)

9. CONFIRMATION BY THE DIRECTORS

The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration:

- (i) the Group's present banking facilities, the Group has adequate working capital for its present requirements; and
- (ii) the Group's present banking facilities and the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements.

Notwithstanding the sufficiency of the Group's present working capital, the Board is of the view that the Convertible Loan will further strengthen the Group's financial position while the Company explores new business opportunities and activities.

10. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the Directors and their respective associates, and to the best knowledge of the Directors, none of the substantial Shareholders of the Company (other than in their capacity as Directors or Shareholders), as well as their respective associates, has any interest, whether direct or indirect, in the Convertible Loan.

11. DOCUMENTS AVAILABLE FOR INSPECTION

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

12. 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 Convertible Loan 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.

13. 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
30 March 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**"), for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

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.