



# MERCURIUS CAPITAL INVESTMENT LIMITED

## Sustainability Report 2019

*This sustainability report has been prepared by the Company and reviewed by the sponsor, Novus Corporate Finance Pte. Ltd. (the “Sponsor”) in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalyst.*

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

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## Executive Chairman and CEO Statement

Dear Stakeholders,

I am pleased to present the Sustainability Report of Mercurius Capital Investment Limited (“**Mercurius Capital**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) for the financial year ended 31 December (“**FY**”) 2019.

As we venture into the new business units of property development and property investment, we endeavour to expand our revenue base and offer new business opportunities to enhance shareholders’ value.

In FY2019, the Group entered into a joint venture agreement (“**JVA**”) with Apex Development Public Company Limited (“**APEX**”) and Grand Bay Hotel Co., Ltd (“**Grand Bay**”) to jointly develop a hotel property under the name of Sheraton Phuket Grand Bay Resort (the “**Sheraton Resort**”) in Phuket, Thailand. We conducted stringent assessments of our joint venture partners for economic, environmental and social compliance, as well as their engagement with local communities. We will work with our joint venture partners to ensure that sustainable measures and practices are implemented in the development of Sheraton Resort. We endeavour hotel construction and operations to have no negative environmental and social impacts.

On behalf of the Board of Directors (the “**Board**”) and management, we would like to thank our business partners, customers and shareholders for their unwavering support and faith for the Group over the years. We look forward to growing the Group’s business strategically to provide greater value to our shareholders.

MR CHANG WEI LU

Executive Chairman and Chief Executive Officer

## Organisation Profile

Mercurius Capital is an investment holding company listed on the Catalist board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). The Company is principally engaged in property development and property investment, which involves (i) activities such as real estate-related investments and property development activities (including acquisition, development activities and/or sale of real estate) and holding investments in real estate and residential, hospitality (including hotels and/or serviced residence), commercial (retail and office), industrial and any other suitable types of properties (including missed development properties) (“**Property Related Assets**”); and (ii) acquisition and holding of investments in Property Related Assets, as well as trading in and holding the same for long-term investment purposes.

Apart from property development and property investment, the Company’s business scope also includes, among others, (i) financial investment business activities, (ii) fund management, (iii) advising on corporate finance and providing financial advisory services, (iv) provision of financing and operating leases, and (v) extraction and/or harvesting and supply, trading and distribution in renewable energy products.

Our joint venture with HM Realty Holdings Sdn Bhd to develop a plot of land measuring approximately 3.09 hectares at Kempas, Johor Bahru, Malaysia (“**Kempas Land**”) was stalled due to impending approval from Majlis Bandaraya Johor Bahru (“**MBJB**”) for the conversion of the Kempas land from residential use to commercial use. To date, the Company has yet to receive the approval from MBJB and will continue to seek approval from MBJB on the conversion of the Kempas Land to proceed with the Company’s initial proposed plan for a mix-development property.

With the over-supply of properties and adverse property market condition in Johor Bahru in 2018 and 2019, the Company had begun exploring new investment opportunities. On 12 June 2019, the Company had entered into a JVA with APEX and Grand Bay to acquire a 50% shareholding interest in Grand Bay from APEX to jointly develop Sheraton Resort in Phuket, Thailand, with Grand Bay as the joint venture vehicle. On 7 January 2020, the Company completed the JVA and the Company became a 50% shareholder of Grand Bay.

The Company owns the “Friven & Co.” brand, a local Singapore bed linens and bedding product with good quality and contemporary designs. In the Group’s effort to re-penetrate into the bed linen business and revive the “Friven & Co.” brand, the Company had on 13 July 2018 signed a licensing agreement with Clover Lifestyle Sdn (“**Clover**”), whereby the Company granted Clover the right to use the Group’s proprietary brands, namely Friven, Allegoria, DS, and Relax at home, for the sale of bedding, bed linen and bath products exclusively in Singapore and Malaysia for a duration of 12 months ending 31 July 2019. The licensing agreement with Clover was not renewed upon its expiration on 31 July 2019.

## About This Report

Mercurius Capital presents its annual Sustainability Report (the “**Report**”) which covers the Group’s performance from 1 January 2019 to 31 December 2019.

This Report provides information about Mercurius Capital’s key sustainability topics, its management approach as well as its performance across the Group’s operations. The

Group has chosen the Global Reporting Initiative Standards (“**GRI Standards**”) as it is the most established international sustainability reporting standard. This Report is prepared in accordance with the “Core” option of the GRI Standards and incorporates the primary components of the report content as set out by the “comply or explain” requirements on sustainability reporting under Rule 711B of the SGX-ST Listing Manual Section B: Rules of Catalist.

The material topics applicable to the Group are identified based on their impact on the Group’s internal and external stakeholders, as outlined in the “Key Stakeholder’s Engagement” section. Detailed section reference with GRI Standards is found under the “GRI Standards Content Index” section. The Sustainability Task Force has assessed that external assurance is not required as the Group wishes to continue strengthening its sustainability reporting framework for the next few years as the Group commences its new business in property development and property investment.

The Company welcomes feedback from stakeholders with regard to its sustainability efforts as this will enable the Company to improve its policies, systems and results. Please send your comments and suggestions to Mr. Raphael Liew, Group Finance Manager at [raphael@mercuriuscapital.com](mailto:raphael@mercuriuscapital.com).

## **Governance and Statement of the Board**

Mercurius Capital is committed towards shaping a sustainable society. The Group has established a Sustainability Task Force which reviews the Group’s sustainability objectives, challenges, targets and progress to align with its strategic direction. The Sustainability Task Force comprises department heads and is chaired by the Group Finance Manager, Mr Raphael Liew. The Sustainability Task Force reports directly to the Board to consider sustainability issues as part of its strategic formulation, determine the material environmental, social and governance factors and oversees the management and monitoring of these factors.

The Group has also adopted a precautionary approach in its strategic decision making and day-to-day operations by setting appropriate risk appetite and risk tolerance to ensure material risks are identified and mitigated to acceptable level.

## **Sustainability Targets**

The Group will adopt a prudent approach in managing its business and continue to encourage diversity in its workforce. The Group continues to comply with applicable laws, regulations and professional codes of conduct.

The Group aims to maintain zero social and economic non-compliance in FY2020 and will act in strict compliance with applicable laws, regulations and professional codes of conduct.

The Group targets to unlock value for its stakeholders with its operations. However, in times of economic uncertainty as a result of the COVID-19 pandemic, the Group remains cautious in strategising the development of its core business in FY2020. It will continue to explore joint ventures and/or strategic alliances to carry out its existing business.

## Key Stakeholder Engagement

Mercurius Capital engages with all its stakeholders through a variety of channels to gather their feedback and to update them on the Group's business developments. The Company identifies stakeholders as groups that have an impact or have the potential to be impacted by its business, as well as external organisations that have expertise in topics that the Company considers material. The feedback received from its stakeholders helps the Group to determine its material topics and the following focus areas have been identified:

Stakeholders	Areas of Concern	Means of Engagement	Section Reference
Employees	<ul style="list-style-type: none"> <li>Ethics and conduct</li> <li>Remuneration and benefits</li> <li>Training and development</li> </ul>	<ul style="list-style-type: none"> <li>Training needs identification exercise</li> <li>Trainings</li> <li>Performance appraisal</li> <li>Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Corruption</li> <li>Social Topics</li> </ul>
Shareholders and investors	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>SGX-ST announcements</li> <li>Annual reports</li> <li>Investor relations management</li> <li>Whistle blowing channels</li> <li>Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Corruption</li> <li>Social Topics</li> <li>Property Development</li> </ul>
Government and regulatory bodies	<ul style="list-style-type: none"> <li>Regulatory and industrial requirements</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability reporting</li> <li>Ongoing dialogues</li> </ul>	<ul style="list-style-type: none"> <li>Social Topics</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Social development</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Social Topics</li> </ul>

## Material Topics and Boundaries

The Company has applied the GRI Standards for defining report content to identify material topics which are relevant to the business and to its stakeholders. The Company has conducted a materiality assessment based on the guidelines of GRI Standards. The following table summarises topics which were determined to be currently of most significance to the Group:

Material Topics	Boundaries (where the impact occurs)
<b>ECONOMIC</b>	
GRI 205: Anti-Corruption	The Group
<b>ENVIRONMENTAL</b>	
GRI 307: Environmental Compliance	Property Development
GRI 308: Supplier Environmental Assessment	
<b>SOCIAL</b>	
GRI 405: Diversity and Equal Opportunity	The Group
GRI 406: Non-Discrimination	
GRI 414: Supplier Social Assessment	Property Development
GRI 419: Socioeconomic Compliance	The Group

## Anti-Corruption

*GRI 205-1, 205-2, 205-3*

The Group takes a strong stance against corruption in all operations and does not tolerate any malpractice, impropriety, statutory non-compliance or wrongdoing by staff in the course of their work. The Group has in place a whistle-blowing policy whereby accessible channels are provided for employees, shareholders, business partners and external parties to raise concerns about possible improprieties in financial reporting, fraudulent acts and other irregularities, and to ensure that arrangements are in place for independent investigations of such matters and timely implementation appropriate preventive and corrective actions.

The administration of the anti-corruption policy is overseen by the Company's Audit Committee ("**AC**") and periodic reports will be submitted to the AC stating the number and the nature of complaints received, the results of the investigations, follow-up actions and unresolved complaints. There were no reports received through the whistle-blowing mechanism in FY2019.

## Property Development

### Environmental Compliance

*GRI 307-1*

Sheraton Resort is part of an integrated development of Sheraton Phuket Grand Bay Resort and Residences situated with an exclusive hillside setting at Po Bay, east coast of Phuket, overlooking the beautiful Po Bay Grand Marina, Phang Nga National Park and Phi Phi Islands.

Sheraton Resort will feature a host of five-star facilities for guests including all-day dining, specialty restaurants, infinity pool, spa and fitness centre, banquet hall, and 183 rooms comprising of hotel rooms, suites and pool villas. The Sheraton Resort shall, upon completion, be operated by Starwood Asia Pacific Hotels & Resorts Pte. Ltd. or its affiliates.

The Group is committed to develop Sheraton Resort into a green and sustainable property that is comfortable and safe for guests. The Group will strictly comply with local environmental regulations to ensure that its buildings have minimal impacts on the surrounding environment and community. With the completion of the joint venture to construct Sheraton Resort in 2020, the Group will aim for zero incidence of non-compliance with environmental laws and regulations upon commencement of the hotel's construction and operations.

### Supplier Management

*GRI 308-1, 414-1*

The Group endeavours to develop a sustainable supply chain by evaluating its suppliers and contractors based on their quality, skills and environmentally friendly practices. The Group will ensure that the suppliers meet its environmental and social requirements and act in strict compliance with local environmental and social laws and regulations.

## Social Topics

### Diversity and Equal Opportunities and Non-Discrimination

*GRI 405-2, 406-1*

The Group embraces diversity and offers employees an environment of equity and inclusiveness, and does not discriminate its employees in any aspect, including gender, race, religion or age. All employees are remunerated fairly and treated with respect. There was no reported incident of discrimination in FY2019.

### **Socioeconomic Compliance**

*GRI 419-1*

In the journey of diversification in its business, the Group will engage in more partnerships and will continue to assess all major partners on their environmental and social impacts using topics from the GRI Standards. The assessment includes disclosure on their compliance with relevant international and local laws, whether they have taken mitigating actions to address impacts (if any) and whether there have been fines, sanctions or penalties against them for the past two years. For the Group's FY2019 assessment, none of the Group's major partners were fined, sanctioned or had penalties imposed against them for the past two years.

The Group adheres to labour standards and complies strictly with local laws, and encourages open communication and complies with the Group's policies and procedures. In FY2019, there were no fines or non-monetary sanctions for non-compliance with laws and regulations in the social and economic areas, nor any complaints or issues raised to the Company's attention on these aspects. The Company aims to continue to fully comply with laws and regulations in the social and economic area in FY2020.

## SGX Five Primary Components Index

S/N	Primary Component	Section Reference
1	Material Topics	<ul style="list-style-type: none"> <li>▪ Key Stakeholders Engagement</li> <li>▪ Material Topics and Boundaries</li> <li>▪ Anti-Corruption</li> <li>▪ Property Development</li> <li>▪ Social Topics</li> </ul>
2	Policies, Practices and Performance	<ul style="list-style-type: none"> <li>▪ Anti-Corruption</li> <li>▪ Property Development</li> <li>▪ Social Topics</li> </ul>
3	Board Statement	Governance and Statement of the Board
4	Targets	Sustainability Targets
5	Framework	About This Report

## GRI Standards Content Index

GRI Standards	Disclosure Content	Report Section Reference
102-1	Name of the organisation	Organisation Profile
102-2	Activities, brands, products, and services	Organisation Profile
102-3	Location of headquarters	Organisation Profile
102-4	Location of operations	Organisation Profile
102-5	Ownership and legal form	Organisation Profile
102-6	Markets served	Organisation Profile
102-7	Scale of the organisation	Organisation Profile
102-8	Information on employees and other workers	Social Topics
102-9	Supply chain	Organisation Profile
102-10	Significant changes to the organisation and its supply chain	Chairman/CEO Statement
102-11	Precautionary principle or approach	Governance and Statement of the Board
102-13	Membership of associations	Organisation Profile
102-14	Statement from senior decision-maker	Chairman/CEO Statement
102-15	Key impacts, risks, and opportunities	Chairman/CEO Statement
102-16	Values, principles, standards, and norms of behaviour	Anti-Corruption
102-17	Mechanisms for advice and concerns about ethics	Anti-Corruption
102-18	Governance structure	Governance and Statement of the Board
102-40	List of stakeholder groups	Stakeholder Engagement
102-42	Identifying and selecting stakeholders	Stakeholder Engagement
102-43	Approach to stakeholder engagement	Stakeholder Engagement
102-44	Key topics and concerns raised	Stakeholder Engagement
102-46	Defining report content and topic boundaries	About This Report, Material Topics and Boundaries
102-47	List of material topics	Material Topics and Boundaries
102-50	Reporting period	About This Report
102-52	Reporting cycle	About This Report
102-53	Contact point for questions regarding the report	About This Report
102-54	Claims of reporting in accordance with the GRI Standards	About This Report
102-55	GRI content index	GRI Standards Content Index
102-56	External assurance	About This Report
205-1	Operations assessed for risks related to	Anti-Corruption

GRI Standards	Disclosure Content	Report Section Reference
	corruption	
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption
307-1	Non-compliance with environmental laws and regulations	Property Development
308-1	New suppliers that were screened using environmental criteria	Supplier Management
405-2	Ratio of basic salary and remuneration of women to men	Diversity and Equal Opportunities and Non-Discrimination
406-1	Incidents of discrimination and corrective actions taken	Diversity and Equal Opportunities and Non-Discrimination
414-1	New suppliers that were screened using social criteria	Supplier Management
419-1	Non-compliance with laws and regulations in the social and economic area	Socioeconomic Compliance