

## MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in Singapore)

(Company Registration No. 198200473E)

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### PROPOSED ISSUANCE OF 10,000,000 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY

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#### 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 that the Company had, on 25 July 2019, entered into an agreement (the "**Agreement**") with Mr Dennis Ng Kok Kee (the "**Subscriber**" or "**Mr Ng**"), pursuant to which the Company agrees to allot and issue, and the Subscriber agrees to subscribe for, an aggregate of 10,000,000 new ordinary shares in the capital of the Company (the "**New Shares**") at an issue price of S\$0.04 per New Share ("**Issue Price**"), in consideration for the payment of commission by the Company to Mr Ng for his referral of the Joint Venture (as defined herein) to the Company (the "**Proposed Issuance**").
- 1.2 The New Shares will be issued under Section 272B 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, offer document 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 Proposed Issuance.

#### 2. INFORMATION RELATING TO THE SUBSCRIBER

*Shareholders of the Company ("**Shareholders**") should note that information relating to the Subscriber in this paragraph and elsewhere in this announcement was provided by the Subscriber. The Company and the Directors have not independently verified the accuracy and correctness of such information herein.*

- 2.1. Mr Ng is a self-employed businessman in Singapore. Mr Ng had ventured into the food and beverage industries, banking industries, and venture capitalist. As at the date of this announcement, Mr Ng does not hold any shares of the Company ("**Shares**").
- 2.2. Mr Ng was introduced to the Company by Mr Chang Wei Lu, the Company's Chairman and Chief Executive Officer. Mr Ng has confirmed that he is subscribing for the New Shares for his own beneficial account, and is not subscribing for any of the New Shares as an agent for or otherwise on behalf of any other person.
- 2.3. Mr Ng was the introducer of APEX (as defined herein) to the Company, in connection with the Joint Venture. Please see further details in paragraph 4.1 of this announcement.
- 2.4. Mr Ng has represented and warranted to the Company that there is no agreement, arrangement or understanding between any shareholder of the Company to acquire Shares to obtain or consolidate effective control of the Company, and Mr Ng is not a party acting in concert with any Shareholder, as defined in The Singapore Code on Take-overs and Mergers. No share borrowing arrangement has been entered into to facilitate the Proposed Issuance.
- 2.5. To the best knowledge of the Directors, save as disclosed above and in relation to the Proposed Issuance, Mr Ng has no other connections (including financial and business relationships) with the Company, the Directors and substantial shareholders. Mr Ng has represented and warranted to the Company that he does not fall within the class of restricted persons to whom issuance of shares must not be made by the Company pursuant to Rule 812(1)(a) to (d) of the SGX-ST Listing Manual Section B: Rules of Catalist ("**Catalist Rules**").

### 3. SALIENT TERMS OF THE AGREEMENT

3.1 Salient terms and conditions of the Agreement are summarised as follows:

Issue Price	<p>: S\$0.04 per New Share.</p> <p>The Issue Price of S\$0.04 represents a premium of 1.5% to the volume weighted average price of S\$0.0394, based on trades done on the SGX-ST on 24 July 2019 (being the last full market day prior to the signing of the Agreement). The Issue Price was agreed upon based on arm's length negotiations between the Company and the Subscriber.</p>
Completion Date	<p>: A date falling not later than three (3) business days after all the Conditions Precedent (as defined below) have been fulfilled or waived, or on such other date as the parties may agree in writing ("<b>Completion Date</b>").</p>
Subscriber's Nominee	<p>: The Subscriber may instruct the Company to allot and issue the New Shares in the Subscriber's own name or in the name of the Subscriber's nominee. Details of the nominee are as follows:-</p> <ol style="list-style-type: none"> <li>I. Treasures Pte Ltd (Company registration no. 200509088M), with the company address at 30 Cecil Street #21-06/08 Prudential Tower, Singapore 049712.</li> <li>II. Treasures Pte Ltd is 100% owned by the Subscriber.</li> </ol> <p>In the case where the New Shares were to be allotted and issued to the Subscriber's nominee, the Subscriber needs to provide to the Company with seven (7) business days' written notice after signing of the Agreement.</p>
Listing and Quotation Notice	<p>: The completion of allotment and issuance of the New Shares is subject to the Company obtaining the listing and quotation from the SGX-ST for the listing of and quotation for the New Shares on the Catalist of the SGX-ST, and not having been withdrawn, revoked or amended, and where such approval is subject to conditions, such conditions being reasonably acceptable to the Company and the Subscriber, 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 Completion 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>
Termination	<p>: Notwithstanding any other provisions in the Agreement, (a) the Company may terminate the Agreement by 7 business days' written termination notice to the Subscriber ("<b>Termination Notice</b>"), and (b) the Company and the Subscriber may, by mutual agreement, terminate the Agreement in writing signed by the Company and the Subscriber ("<b>Termination Agreement</b>"), whereupon, the Agreement shall terminate and the Company and the Subscriber 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 Agreement, are expressed to survive such termination).</p>

### 3.2 Conditions Precedent

The completion of the Proposed Issuance is subject to, *inter alia*, the following conditions (“**Conditions Precedent**”):

- (a) the respective representations and warranties of each party set out in the 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 Agreement on or prior to the Completion Date;
- (b) the following consents and approvals for the transactions under the 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 Agreement and the transactions under the Agreement and any related transactions in relation thereto;
  - (ii) a valid general share issue mandate pursuant to section 161 of the Companies 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 Subscriber;
  - (iii) the approval of the sponsor and SGX-ST for, *inter alia*, the listing and quotation of the New Shares on Catalist having been obtained by the Company and such approval not having been withdrawn, revoked or amended and where such approval is subject to conditions, such conditions being reasonable 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 the Completion Date;
  - (iii) all other licenses, consents, approvals, waivers, authorisations or other orders of and all notices, registrations, submissions or filings with all relevant government bodies, statutory authorities or regulatory, administrative or supervisory bodies (including, without limitation, the sponsor, the SGX-ST, Monetary Authority of Singapore, and Securities Industry Council), third party contractors, counterparties, financing or facility providers of the Company as may be required for or in connection with (a) the entering into of the Agreement by the Company, the transactions under the Agreement and any related transactions in relation thereto, and (b) the allotment and issuance of the New Shares and their listing and quotation on Catalist, all having been obtained, and not having been withdrawn, revoked or amended and if subject to any conditions, such conditions being reasonably acceptable to the parties and are fulfilled on or before the Completion Date; and
  - (iv) no relevant Regulator<sup>1</sup> taking, instituting, implementing or threatening to take, institute or implement any action, enforcement, proceeding, suit, investigation, inquiry or decision, and no statute, regulation, decision, ruling, award, direction or order having been made, proposed, enacted or implemented, and no steps having been taken, and there not continuing to be in effect or outstanding any statute, regulation, decision, ruling, direction or order which would or might (a) make any transaction contemplated in the Agreement or any other transactions in connection herewith and incidental hereto, void, illegal and/or unenforceable or otherwise restrict, restrain, prohibit or otherwise frustrate or be adverse to the same, and/or (b) render the Subscriber unable to be allotted and issued all or any of the New Shares in the manner set out in the Agreement, and
- (c) completion of the joint venture agreement signed on 12 June 2019 between APEX and the Company, in respect of the Joint Venture (as defined in paragraph 4.1 of this announcement).

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<sup>1</sup> “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).

Unless compliance is otherwise waived, in whole or in part, by the respective entitled party, if any of the Conditions Precedent is not satisfied on or before the Completion Date, the Agreement shall be deemed to be terminated and the parties shall be released and discharged from their respective obligations under the 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 Agreement, are to survive such termination.

### 3.3 Representations and Warranties

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

- (a) he is not person or entity prescribed under Rule 812(1) of the Catalist Rules;
- (b) he acknowledged that his subscription of the New Shares is made pursuant to the Company's reliance on the exemption provided under Section 272B of the SFA and in compliance with all the conditions of these exemptions in the SFA therein, and that he is not subscribing for the New Shares with a view of the New Shares being subsequently offered for sale to another person in Singapore, where such offer is contrary to the provisions of the SFA. The Subscriber further undertakes that he shall not dispose of, do anything to part with or grant any options over the New Shares, in whole or in part, for a period of twelve (12) months from the Completion Date;
- (c) he is an accredited investor as defined in the SFA and each has full power and capacity to enter into and perform the Agreement, which when executed, will constitute valid and legally binding obligations enforceable against him in accordance with the terms therein;
- (d) he is subscribing for the New Shares as principal for his own benefit and will not be holding the New Shares on trust or for the benefit of other parties; and
- (e) he is not subscribing for the New Shares with a view of those New Shares being subsequently offered for sale to other parties where such action may contravene the provisions of the SFA.

## 4. RATIONALE FOR THE PROPOSED ISSUANCE

- 4.1. The Company had, on 17 June 2019, announced its joint venture with Apex Development Public Company Limited ("**APEX**") and Grand Bay Hotel Co., Ltd ("**Grand Bay**") whereby the Company shall (i) acquire a 50% shareholding interest in Grand Bay from APEX; and (ii) jointly develop a hotel property with Grand Bay as the joint venture vehicle (the "**Joint Venture**"). Please refer to the aforesaid announcement for further details on the Joint Venture. Pursuant to the Company's negotiation with Mr Ng, the Company had agreed to a payment of S\$400,000 as commission payable to Mr Ng for introducing APEX to the Company in connection with the Joint Venture ("**Commission Payable**"). The allotment and issuance of the New Shares is for the discharge and settlement of the Commission Payable.
- 4.2. As set out in paragraph 3.3(b) of this announcement, the Subscriber had undertaken to the Company that he shall not dispose of, do anything to part with or grant any options over the New Shares, in whole or in part, for a period of twelve (12) months from the Completion Date ("**Moratorium**").
- 4.3. The Board is of the view that the Proposed Issuance, in lieu of payment in cash to the Subscriber, and taking into account the Moratorium, is beneficial to and is in the best interests of the Company, as it will allow the Company to conserve its cash resources.

## 5. MANDATE FOR THE ISSUE OF THE NEW SHARES

- 5.1. 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.

- 5.2. As at the date of the 2019 AGM, the issued and paid-up share capital of the Company was 1,114,008,940 Shares. Accordingly, the maximum number of Shares to be allotted pursuant to the General Mandate other than on a pro-rata basis is 557,004,470.
- 5.3. Since the 2019 AGM, the Company had (i) on 18 July 2019, issued and allotted an aggregate of 137,500,000 Shares to 11 individuals pursuant to a placement exercise (“**Placement Shares**”); and (ii) on 27 June 2019, announced that it will issuing an aggregate of 14,600,000 new shares pursuant to the General Mandate, as a result of shares to be issued in relation to the convertible loans granted by the Company in 2017 and 2019 (“**Convertible Loans Shares**”). Please refer to the announcement by the Company dated 27 June 2019 for further information.
- 5.4. Taking into account the aggregate of the Placement Shares and the Convertible Loans Shares which are issued/to be issued pursuant to the General Mandate (of 152,100,000 Shares), the maximum number of Shares that can be issued under the General Mandate is 404,904,470 Shares. Accordingly, the Proposed Issuance is within the limit of the General Mandate.
- 5.5. The New Shares, when allotted and issued, represents approximately (i) 0.80% of the existing share capital of the Company of 1,251,508,940 Shares; and (ii) 0.79% of the enlarged share capital of the Company (comprising 1,261,508,940 Shares including the New Shares). The Subscriber will hold no more than 5.0% interest in the Company, on completion of the Proposed Issuance. The Proposed Issuance will not result in any transfer of controlling interest in the Company within the meaning of Rule 803 of the Catalist Rules.
- 5.6. 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 of which falls on or before the date of completion of the allotment and issuance of the New Shares.

## 6. FINANCIAL EFFECTS

- 6.1. The *pro forma* financial effects of the Proposed Issuance 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 of the Proposed Issuance.
- 6.2. The *pro forma* financial effects of the Proposed Issuance 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 Proposed Issuance 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 Proposed Issuance was completed on 31 December 2018;
  - (ii) the financial effect on the loss per share (“**LPS**”) is computed based on the assumption that the Proposed Issuance was completed on 1 January 2018;
  - (iii) the Placement, which was completed on 18 July 2019, had not been taken into consideration from the financial effects on NTA per Share and LPS; and
  - (iv) expenses to be incurred in respect of the Proposed Issuance amounted to approximately S\$10,000.
- 6.3. Share Capital

	<b>Before the Proposed Issuance</b>	<b>After the Proposed Issuance</b>
Issued and paid-up share capital (S\$)	133,182,529	133,582,529
Total number of Shares	1,114,008,940	1,124,008,940

6.4. NTA per Share

<b>As at 31 December 2018</b>	<b>Before the Proposed Issuance</b>	<b>After the Proposed Issuance</b>
NTA (S\$'000)	94	84
Number of Shares	1,114,008,940	1,124,008,940
NTA per Share (Singapore cents)	0.008	0.007

6.5. LPS

<b>FY2018</b>	<b>Before the Proposed Issuance</b>	<b>After the Proposed Issuance</b>
Net loss attributable to Shareholders (S\$'000)	319	729
Weighted average number of Shares	1,114,008,940	1,124,008,940
LPS (Singapore cents)	0.028	0.065

**7. CONFIRMATION BY THE DIRECTORS**

There are no proceeds raised from the Proposed Issuance. The Directors are of the opinion that, barring unforeseen circumstances, after taking into consideration, the Group's present banking facilities, the Group has adequate working capital for its present requirements.

Notwithstanding the sufficiency of the Group's present working capital, the Board is of the view that that the Proposed Issuance will allow the Company to conserve its cash resources as mentioned in paragraph 4 of this announcement.

**8. 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 issuance of the New Shares.

**9. DOCUMENTS AVAILABLE FOR INSPECTION**

A copy of the 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.

**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 Proposed Issuance 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  
29 July 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.