



MERCURIUS CAPITAL INVESTMENT LIMITED

(Company Registration No.: 198200473E)
(Incorporated in the Republic of Singapore)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

Mercurius Capital Investment Limited (the “**Company**”) wishes to inform the shareholders of the Company that pursuant to Rules 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, the Company is required to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company’s independent auditor for the financial year ended 31 December 2022.

*This announcement has been prepared by the Company and reviewed by the Company’s 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 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.

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023**

	Note	3 Months Ended			12 Months Ended		
		31/12/2023	31/12/2022	Change %	31/12/2023 ²	31/12/2022	Change %
		S\$'000	S\$'000		S\$'000	S\$'000	
Unaudited	Restated ¹		Unaudited	Restated ¹			
Continuing operations							
Revenue		-	-	-	-	-	
Cost of sales		-	-	-	-	-	
Gross profit		-	-	NM	-	-	
Other gains/(losses), net		39	69	(43)	(28)	4	
Other income		-	245	NM	-	245	
Expenses							
- Marketing and distribution		-	-	-	-	-	
- Administrative		55	(443)	NM	(652)	(1,242)	
- Finance		(298)	(466)	(36)	(597)	(799)	
Share of loss from joint venture		- ³	(1,328)	NM	- ³	(1,328)	
Loss before income tax	7	(204)	(1,923)	(89)	(1,277)	(3,120)	
Income tax expense	8	-	-	-	-	-	
Net loss from continuing operations		(204)	(1,923)	(89)	(1,277)	(3,120)	
Discontinued operations							
Loss from discontinued operations		-	-	-	(10,538)	(381)	
Other comprehensive income/(loss), net of tax:							
Items that may be reclassified subsequently to profit or loss:							
- Share of other comprehensive loss of joint venture		-	(28)	NM	-	(28)	
- Currency translation gains arising from consolidation		22	61	(64)	50	118	
Other comprehensive income, net of tax		22	33	(33)	50	90	
Total comprehensive loss		(182)	(2,271)	(92)	(11,765)	(3,411)	
Net loss attributable to:							
Equity holders of the Company		(204)	(1,923)	(89)	(1,277)	(3,120)	
Non-controlling interests		*	*	NM	*	*	
		(204)	(1,923)	(89)	(1,277)	(3,120)	
Loss attributable to equity holders of the Company relates to:							
Loss from continuing operations		(204)	(1,923)	(89)	(1,277)	(3,120)	
Loss from discontinued operations		-	(381)	NM	(10,538)	(381)	
		(204)	(2,304)	(91)	(11,815)	(3,501)	
Total comprehensive loss attributable to:							
Equity holders of the Company		(182)	(2,271)	(92)	(11,765)	(3,411)	
Non-controlling interests		*	*	NM	*	*	
		(182)	(2,271)	(92)	(11,765)	(3,411)	

NM = Not meaningful

* Amount less than S\$1,000.

¹ The unaudited financial statements for the three months period ended 31 December 2022 and audited financial statements for the full year ended 31 December 2022 have been restated. This is due to Songmart Group's (as defined herein) financial results that have been

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reclassified to “Discontinued Operations” as of 30 June 2023 and the Group’s prior financial year’s financial results have been reinstated to reflect this change in presenting in the Consolidation Statement of Comprehensive Income.

² The discrepancy is mainly attributed to the deconsolidation of Songmart Group due to loss of control.

³ The Group recorded nil for the Group’s share of loss from joint venture for three months and full year ended 31 December 2023 attributed to the Company’s inability to acquire the pertinent information from its joint venture, Grand Bay Hotel Co., Ltd. (“**Grand Bay**”), which is crucial for accurate reporting purposes. Despite diligent efforts, the Company has encountered challenges in obtaining the necessary data, resulting in the absence of any quantifiable value in this particular aspect of the financial disclosure.

Explanatory Notes to the Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

- a. As announced on 8 August 2023, 14 August 2023 and 21 August 2023, the High Court of Malaysia had ordered Songmart Malaysia Sdn. Bhd. (“**Songmart Malaysia**”), Tan Lee Heng Sdn. Bhd. (“**TLH**”) and Songmart Holdings Sdn. Bhd. (“**Songmart**” and together with Songmart Malaysia and TLH, the “**Songmart Group**”) to be wound up. The liquidator appointed to facilitate the winding up process of the Songmart Group has assumed control over the Songmart Group’s assets and liabilities. As such, the Group has presented the results of the Songmart Group as a separate line item under “Discontinued operations” for the three months and financial year ended 31 December 2023.
- b. Decrease in administrative expenses due to cessation of business operations of Songmart Group as of 30 June 2023.
- c. Finance costs mainly comprise the interest expense on convertible loans and accrued interests on directors’ loan. The decrease during the full year period ended 31 December 2023 as compared with 31 December 2022 was due to the deconsolidation of Songmart which include deconsolidation of interests incurred on term loans and right-of-use of assets in Songmart.

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OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2023
(CONT'D)**

Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	3 Months Ended		12 Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
Losses per share attributable to equity holders of the Company (cents per share)				
Weighted average number of ordinary shares for basic earnings per share	1,392,973,333	1,334,708,493	1,392,973,333	1,334,708,493
Weighted average number of ordinary shares for diluted earnings per share	1,440,375,636	1,377,526,175	1,441,251,383	1,436,656,963
Net loss attributable to the equity holders of the Company for the financial year (S\$'000)	(204)	(2,304)	(11,815)	(3,501)
Add back: Interest on convertible loans (S\$'000)	275	116	518	768
Net loss used to determine diluted losses per share (S\$'000)	71	(2,188)	(11,297)	(2,733)
Basic losses per share (cents)	(0.015)	(0.173) ⁽²⁾	(0.85)	(0.25)
Diluted losses per share (cents) ⁽¹⁾	(0.014)	(0.167) ⁽²⁾	(0.82)	(0.24)

Notes:

- (1) The diluted losses per share computations have taken into consideration the effects of the shares to be issued on the basis that the Group's existing convertible loans are all converted into ordinary shares in the share capital of the Company.
- (2) The basic and diluted losses per share was incorrectly disclosed as (0.19) cents in the Group's unaudited financial statements announcement for the three months and full year ended 31 December 2022.

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**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023**

	Note	Group		Company	
		31/12/2023 S\$'000	31/12/2022 S\$'000	31/12/2023 S\$'000	31/12/2022 S\$'000
		Unaudited	Audited	Unaudited	Audited
ASSETS					
Current assets					
Inventories		-	4,395	-	-
Cash and bank balances		16	371	14	20
Trade and other receivables		14	3,157	14	45
Income tax recoverable		-	220	-	-
		<u>30</u>	<u>8,143</u>	<u>28</u>	<u>65</u>
Non-current assets					
Investments in subsidiary corporations	12	-	-	-	12,000
Investment in a joint venture	13	5,120	5,120	5,945	5,945
Property, plant and equipment	14	3	13,935	3	9
Intangible assets	15	-	10,566	-	-
		<u>5,123</u>	<u>29,621</u>	<u>5,948</u>	<u>17,954</u>
TOTAL ASSETS		<u><u>5,153</u></u>	<u><u>37,764</u></u>	<u><u>5,976</u></u>	<u><u>18,019</u></u>
LIABILITIES					
Current liabilities					
Trade and other payables		1,856	11,436	1,811	1,215
Borrowings	16	4,828	13,053	4,828	4,368
		<u>6,684</u>	<u>24,489</u>	<u>6,639</u>	<u>5,583</u>
Non-current liabilities					
Borrowings	16	-	3,039	-	-
Deferred income taxes		-	2	-	-
		<u>-</u>	<u>3,041</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES		<u>6,684</u>	<u>27,530</u>	<u>6,639</u>	<u>5,583</u>
NET (LIABILITIES)/ASSETS		<u>(1,531)</u>	<u>10,234</u>	<u>(663)</u>	<u>12,436</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	17	154,852	154,852	154,852	154,852
Other reserves		(2,453)	(3,479)	325	325
Accumulated losses		(153,938)	(141,147)	(155,840)	(142,741)
		<u>(1,539)</u>	<u>10,226</u>	<u>(663)</u>	<u>12,436</u>
Non-controlling interests		8	8	-	-
TOTAL EQUITY		<u>(1,531)</u>	<u>10,234</u>	<u>(663)</u>	<u>12,436</u>

Explanatory Notes to the Consolidated Interim Statements of Financial Position

- Inventories were zeroized as of 30 June 2023 due to the recognition of loss of control of Songmart Group.
- Property, plant and equipment decreased due to the deconsolidated of Songmart Group.
- Intangible assets decreased due to the recognition of loss of control of Songmart Group.
- Trade and other receivables and trade and other payables decreased due to the deconsolidation of Songmart Group.
- Cash and bank balances decreased mainly due to the payment of operating expenses incurred during the period and the deconsolidation of Songmart Group.
- Borrowings decreased due to the deconsolidation of Songmart.
- Income tax recoverable and deferred tax decreased due to the deconsolidation of Songmart Group.

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	12 Months Ended	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
	Unaudited	Audited
Cash flows from operating activities		
Net loss	(11,815)	(3,501)
Adjustment for:		
Depreciation of property, plant and equipment	6	344
Gain on disposal of property, plant and equipment	(28)	-
Loss on control of subsidiary	6,889	-
Share of loss of joint venture	-	1,328
Gain arising from re-measurement of convertible loans	(59)	(343)
Gain arising from de-recognition of leases	-	(5)
Interest expense	597	896
Unrealised currency translation loss	989	(9)
	(3,421)	(1,290)
Changes in working capital:		
Trade and other receivables	1,443	(317)
Inventories	4,395	633
Trade and other payables	(2,402)	1,021
Cash from operations	15	47
Interest paid	-	(98)
Income tax paid	-	(96)
Net cash from / (used in) operating activities	15	(147)
Cash flows used in investing activities		
Addition of property, plant and equipment	(56)	(477)
Acquisition of a subsidiary corporations, net of cash acquired	-	(460)
Sales proceed from disposal of property, plant and equipment	83	-
Loss of control of a subsidiary, net of cash disposed of	1,194	-
Net cash from investing activities	1,221	(937)
Cash flows from financing activities		
Repayment of lease liabilities	(460)	(180)
Repayment of bank borrowings	-	(338)
Net cash used in financing activities	(460)	(518)
Net movement in cash and cash equivalents	776	(1,602)
Cash and cash equivalents		
Beginning of financial period	(760)	842
End of financial period	16	(760)
Cash and cash equivalents for statement of cash flow:		
Cash and bank balances	16	(760)
	16	(760)

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity owners of the Company →				Total	Non- controlling interests	Total equity
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses			
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2023							
Balance as at 1 January 2023	154,852	(3,804)	325	(141,147)	10,226	8	10,234
Loss for the financial year	-	-	-	(11,815)	(11,815)	*	(11,815)
Other comprehensive loss for the financial year	-	50	-	-	50	*	50
Total comprehensive loss for the financial year	-	50	-	(11,815)	(11,765)	*	(11,765)
Transfer upon loss on control of subsidiary	-	976	-	(976)	-	-	-
Balance as at 31 December 2023	154,852	(2,778)	325	(153,938)	(1,539)	8	(1,531)

* Amount less than S\$1,000.

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	← Attributable to equity owners of the Company →				Total	Non- controlling interests	Total equity
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses			
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022							
Balance as at 1 January 2022	142,852	(2,447)	325	(137,826)	2,904	8	2,912
Loss for the financial year	-	-	-	(3,501)	(3,501)	*	(3,501)
Other comprehensive loss for the financial year	-	90	-	-	90	*	90
Total comprehensive loss for the financial year	-	90	-	(3,501)	(3,411)	*	(3,411)
Issuance of new ordinary shares pursuant to acquisition of subsidiary corporations	12,000	-	-	-	12,000	-	12,000
Share-based payment through cash settlement	-	(480)	-	180	(300)	-	(300)
Merger reserves arising from acquisition	-	(967)	-	-	(967)	-	(967)
Balance as at 31 December 2022	154,852	(3,804)	325	(141,147)	10,226	8	10,234

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity owners of the Company →				
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Company					
2023					
Balance as at 1 January 2023	154,852	-	325	(142,741)	12,436
Loss for the financial year	-	-	-	(13,099)	(13,099)
Balance as at 31 December 2023	<u>154,852</u>	<u>-</u>	<u>325</u>	<u>(155,840)</u>	<u>(663)</u>

	← Attributable to equity owners of the Company →				
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000
Company					
2022					
Balance as at 1 January 2022	142,852	480	325	(137,921)	5,736
Loss for the financial period	-	-	-	(4,999)	(4,999)
Issuance of new ordinary shares pursuant to acquisition of subsidiary corporations	12,000	-	-	-	12,000
Share-based payment through cash settlement	-	(480)	-	180	(300)
Balance as at 31 December 2022	<u>154,852</u>	<u>-</u>	<u>325</u>	<u>(142,741)</u>	<u>12,436</u>

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Mercurius Capital Investment Limited (the “**Company**”) is listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the “**Singapore Exchange**” or “**SGX-ST**”) and incorporated and domiciled in Singapore. The address of its registered office is 138 Robinson Road #26-03 Oxley Tower Singapore 068906.

These condensed interim consolidated financial statements as at and for the fourth quarter and twelve months ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporations are supermarket operation (ceased since 30 June 2023) and the Company’s joint venture is principally involved in real estate development.

2. BASIS OF PREPARATION

The condensed interim financial statements for the financial year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the financial period ended 30 September 2023.

The accounting policies adopted are consistent with those of the previous financial period and the most recently audited annual financial statements which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in note 2.1.

The condensed interim financial statements are presented in Singapore dollar (“**S\$**”) which is the Company’s functional currency and all values are rounded to the nearest thousand (’000) except otherwise indicated.

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under circumstances and condition available.

*Expected Credit Loss (“**ECL**”) of trade and other receivables*

ECL on trade and other receivables are probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D))

2.2 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS

The Group had used a simplified approach (lifetime expected credit loss) for its trade receivables and general approach (12 months expected credit losses or lifetime expected credit loss) for its other receivables.

In determining the ECL, the Group uses the relevant historical information to determine the probability of default of the instruments and incorporated forward-looking information. Notwithstanding the above, the Group evaluates the ECL on trade and other receivables in financial difficulties separately.

Impairment of property, plant and equipment (“PPE”)

PPE are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The Group assesses whether PPE has any indication of impairment in accordance with its accounting policy. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of the fair value less costs to sell and value-in-use.

Impairment of investment in subsidiary corporations and joint venture

Investment in subsidiary corporations and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

On an annual basis, the management evaluates, among other factors, the market and economic environment in which the subsidiary corporations and joint venture operate and the financial performance of the subsidiary corporations and joint venture to determine whether there are indicators of impairment and if so, whether the estimated recoverable amount exceeds cost. Recoverable amount is the higher of fair value less costs to sell and value-in-use.

Net realisable value (“NRV”) of inventories

The Group measured its inventories at lower of cost or net realisable value. To estimate the net realisable value, the Group takes into account various factors, such as, latest selling price, costs to sell, inventory obsolescence, and slow-moving inventory. The management performs periodic review, and if the carrying amount of inventories exceeds their estimated net realisable value, the inventory will be written down to the net realisable value. The management’s judgement is used to estimate the net realisable value, taking into account factors such as nature of products, customers’ demands, analysis of market conditions, and price competition within the industry.

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3. GOING CONCERN

During the financial year ended 31 December 2023, the Group has incurred a net loss of S\$11,815,000 (2022: S\$3,501,000). In addition, the Group and the Company have negative working capital of S\$6,654,000 and S\$6,611,000 respectively as at 31 December 2023 (31 December 2022: S\$16,346,000 and S\$5,518,000). These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns and discharge their liabilities in the ordinary course of business.

As announced on 8 August 2023, 14 August 2023 and 21 August 2023, the High Court of Malaysia had ordered the Songmart Group to be wound up. A liquidator has been appointed to facilitate the winding up process of the Songmart Group and has assumed control over the Songmart Group's assets and liabilities as at the date of this announcement and the Group has deconsolidated the Songmart Group's assets and liabilities from its accounts as of 30 June 2023. Furthermore, in a subsequent announcement on 19 February 2024, following the receipt of summary judgment applications from Alliance Bank Malaysia Berhad, these applications were successfully granted on 18 February 2024 for an aggregate sum of RM22,862,805.02, plus any interest and disbursements.

Given these circumstances, the Board is of the view that there is a material uncertainty surrounding the Group's ability to continue its operations as a going concern and meet its financial obligations in the ordinary course of business.

4. SEASONAL OPERATIONS

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

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5. SEGMENT AND REVENUE INFORMATION

5.1 REVENUE

The revenue for three months period and year ended 31 December 2022 and 31 December 2023 stand at nil as the groceries business had ceased its operations as at 30 June 2023 and the financial results of Songmart Group have been reclassified to “Discontinued Operations” accordingly. As such the Group’s financials for the three months period and year ended 31 December 2022 have been restated.

For the three months period and year ended 31 December 2023, the Group principally operated in a single business segment which is property development and property investment, which had not commenced as at 31 December 2023.

5.2 SEGMENT INFORMATION

The Group’s chief operating decision-makers (“**CODM**”) as of 31 December 2023 comprised the Executive Chairman, Group Chief Executive Officer, the Group Financial Controller, and the heads of each business within the operating segment assess the performance of the operating segments based the revenue and/or profit earned by each segment. All income and expenses are allocated to the respective operating segments based on the entities within each operating segment.

The Group has 3 main reportable segments, as described below, which are Group’s strategic business units. The strategic business units offer different services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the CODM reviews the internal management report on periodic basis.

The following describes the operations in each of the Group’s reportable segments:

(a) Supermarket operations

The Group operates a chain of supermarket retail stores selling consumer products

(b) Sales of goods – local and overseas sales of consumer products

The Group sells consumer goods to local and overseas customers under normal trading.

(c) Investment holdings

Except as indicated above, no other segments have been aggregated to form the above reportable operating segments.

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(CONT'D)**

5. SEGMENT AND REVENUE INFORMATION (CONT'D)

5.2 SEGMENT INFORMATION (CONT'D)

	Malaysia		Singapore		Total \$'000
	Investment holdings \$'000	Supermarket Operations \$'000	Sales of goods \$'000	Investment holdings \$'000	
2023					
Revenue					
Total segment sales	-	-	-	-	-
Less: Inter-segment sales	-	-	-	-	-
Sales to external parties	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross (loss)/profit	-	-	-	-	-
Other income	-	-	-	-	-
Other gains/(losses)	-	-	-	(28)	(28)
Expenses:					
- Marketing	-	-	-	-	-
- Administrative	-	-	-	(652)	(652)
- Finance	-	-	-	(597)	(597)
Share of losses of joint venture	-	-	-	-	-
(Loss)/profit before income tax	-	-	-	(1,277)	(1,277)
Income tax expense	-	-	-	-	-
Net (loss)/profit from continuing operations	-	-	-	(1,277)	(1,277)
Interest expense	-	-	-	(597)	(597)
Depreciation and amortisation	-	-	-	(6)	(6)
Loss from discontinued operations	-	(10,538)	-	-	(10,538)
Adjusted loss before interest, tax, depreciation, amortisation and impairment losses	-	(10,538)	-	(1,880)	(12,418)

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(CONT'D)**

5. SEGMENT AND REVENUE INFORMATION (CONT'D)

5.2 SEGMENT INFORMATION (CONT'D)

	Malaysia		Singapore		Total \$'000 Restated
	Investment holdings \$'000 Restated	Supermarket Operations \$'000 Restated	Sales of goods \$'000 Restated	Investmen t holdings \$'000 Restated	
2022					
Revenue					
Total segment sales	-	-	-	-	-
Less: Inter-segment sales	-	-	-	-	-
Sales to external parties	-	-	-	-	-
Cost of sales	-	-	-	-	-
Gross (loss)/profit	-	-	-	-	-
Other income	-	-	-	245	245
Other gains/(losses)	-	-	-	4	4
Expenses:					
- Marketing	-	-	-	-	-
- Administrative	-	-	-	(1,242)	(1,242)
- Finance	-	-	-	(799)	(799)
Share of losses of joint venture	-	-	-	(1,328)	(1,328)
(Loss)/profit before income tax	-	-	-	(3,120)	(3,120)
Income tax expense	-	-	-	-	-
Net (loss)/profit from continuing operations	-	-	-	(3,120)	(3,120)
Interest expense	-	-	-	(799)	(799)
Depreciation and amortisation	-	-	-	(99)	(99)
Loss from discontinued operations	-	(381)	-	-	(381)
Adjusted (loss)/earnings before interest, tax, depreciation, amortisation and impairment losses	-	(381)	-	(4,018)	(4,399)

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the carrying amount of financial assets and financial liabilities of the Group and the Company as at 31 December 2023 and 31 December 2022:

	At amortised cost	
	31/12/2023 S\$'000	31/12/2022 S\$'000
Group		
Financial assets		
Cash and bank balances	16	371
Trade and other receivables	14	3,157
	30	3,528

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6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (CONT'D)

	At amortised cost	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
Group		
Financial liabilities		
Trade and other payables	1,856	11,438
Borrowings	4,828	16,092
	<u>6,684</u>	<u>27,530</u>
	At amortised cost	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
Company		
Financial assets		
Cash and bank balances	14	20
Trade and other receivables	14	45
	<u>28</u>	<u>65</u>
Financial liabilities		
Trade and other payables	1,811	1,215
Borrowings	4,828	4,368
	<u>6,639</u>	<u>5,583</u>

7. DISCONTINUED OPERATIONS

As announced on 8 August 2023, 14 August 2023 and 21 August 2023, the High Court of Malaysia had ordered the Songmart Group to be wound up. The liquidator appointed to facilitate the winding up process of the Songmart Group has assumed control over the Songmart Group's assets and liabilities. As such, the Group has presented the results of the Songmart Group as a separate line item under "Discontinued operations" for the Group's financial statements for the three months and financial year ended 31 December 2023.

(a) The results of the discontinued operations are as follows:

	Group	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
	Unaudited	Restated
Revenue	7,665	7,566
Expenses	(11,314)	(8,059)
Other income	-	(184)
Other gain/(loss)	-	296
Loss before tax from discontinued operations	<u>(3,649)</u>	<u>(381)</u>
Tax	-	-
Loss after tax from discontinued operations	<u>(3,649)</u>	<u>(381)</u>

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(CONT'D)**

7. DISCONTINUED OPERATIONS (CONT'D)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	Group	
	31/12/2023	31/12/2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Operating cash inflows	72	768
Investing cash outflows	1,246	(477)
Financing cash outflows	(460)	(613)
Total cash (outflows)/inflows	858	(322)

8. LOSS BEFORE INCOME TAX

8.1 SIGNIFICANT ITEMS

Loss before income tax has been arrived after charging/(crediting):

	3 Months Ended		12 Months Ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Restated	Unaudited	Restated
Depreciation – Property, plant and equipment	1	2	6	99
Directors' fee	-	30	-	95
Salaries, bonuses and allowances				
- Director	(135)	60	180	240
- Others	2	2	10	2
Professional fees	19	124	260	404
Currency translation losses/(gain)	20	(4)	87	(92)
Finance expenses – Lease liability	-	-	-	1
Finance expenses – Convertible loan	275	116	518	768
Finance expenses – accrued interest on the director's loan	23	8	79	30
Share of loss of joint venture	-	1,328	-	1,328

* Amount less than S\$1,000

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8. LOSS BEFORE INCOME TAX (CONT'D)

8.2 RELATED PARTY TRANSACTIONS

	3 Months Ended		12 Months Ended	
	31/12/2023 S\$'000	31/12/2022 S\$'000	31/12/2023 S\$'000	31/12/2022 S\$'000
	Unaudited	Unaudited	Unaudited	Audited
(a) Sales and purchases of goods and services				
Sale of goods to director-related companies	-	22	-	23
Purchase of inventories from director-related companies	-	(122)	-	(123)
Rental paid to director-related companies	-	(4)	-	(4)
Payment made on behalf to director-related companies	-	62	-	62
(b) Advances				
Advances from directors	-	-	600	-
(c) Director compensation				
Salaries and short-term benefits	(135)	60	180	240
Employer's contribution to defined contribution plans, including Central Provident Fund	2	6	10	6
Director's fee	-	30	-	95

There are no material related party transactions apart from those disclosed in Note 8.2 or elsewhere in the financial statements.

The Group had certain sale and purchase transactions with director-related companies, wherein these companies are controlled by directors of the Company and close family members of Mr. Tan Boon Kok and Ms. Tan Ah Mai. These sale and purchase transactions are due and payable under normal payment terms prior to the commencement of the liquidation process for Songmart Group. During the liquidation proceedings in FY2023, no further transactions can be conducted within the Songmart Group.

9. TAXATION

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. There is no tax expense recorded as the Group has no taxable profits.

10. DIVIDENDS

No dividend has been declared or recommended for the three months and full year ended 31 December 2023 ("FY2023") as the Group had recorded a net loss for FY2023.

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11. NET ASSET VALUE

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	SGD Cents	SGD Cents	SGD Cents	SGD Cents
	Unaudited	Audited	Unaudited	Audited
Net asset value per ordinary share	(0.11)	0.73 ¹	(0.05)	0.89

The calculation of net asset value per ordinary share was based on 1,392,973,333 shares as at both 31 December 2023 and 31 December 2022.

¹ The net asset value per ordinary share was incorrectly disclosed as 0.77 cents in the Group's annual report for the year ended 31 December 2022.

12. INVESTMENT IN SUBSIDIARY CORPORATIONS

	Company	
	31/12/2023	31/12/2022
	\$'000	\$'000
<i>Equity investments at cost</i>		
Beginning of financial year	19,560	7,560
Add: Acquisition of subsidiary corporation	-	12,000
End of financial period	<u>19,560</u>	<u>19,560</u>
<i>Allowance for impairment</i>		
Beginning of financial period	7,560	7,560
Add: Impairment loss	12,000	-
End of financial period	<u>19,560</u>	<u>7,560</u>
Net carrying amount	<u>-</u>	<u>12,000</u>

13. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Cost				
Beginning of financial period / year	5,120	6,476	5,945	9,260
Share of losses	-	(1,328)	-	-
Impairment	-	-	-	(3,315)
Currency translation differences	-	(28)	-	-
End of financial period / year	<u>5,120</u>	<u>5,120</u>	<u>5,945</u>	<u>5,945</u>

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13. INVESTMENT IN A JOINT VENTURE (CONT'D)

Set out below is the joint venture of the Group as at 31 December 2023 and 31 December 2022:

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of business /incorporation</u>	<u>Equity interest held by the Group</u>	
			<u>31/12/2023</u>	<u>31/12/2022</u>
			<u>%</u>	<u>%</u>
Grand Bay Hotel Co., Ltd	Real estate development	Thailand	50	50

The Group has diversified its business into property development and property investment since financial year ended 31 December 2017 and had on 12 June 2019, entered into joint venture agreement (“**JVA**”) with Apex Development Public Company Limited (“**Apex**”) and Grand Bay Hotel Co., Ltd (“**Grand Bay**”).

The Group has joint control over Grand Bay under the contractual agreement with Apex, and unanimous consent is required from both parties for all relevant activities. The contractual agreement provides the Group and Apex with rights to the net assets of Grand Bay. Therefore, the investment in Grand Bay is classified as a joint venture. There are no contingent liabilities relating to the Group’s interest in the joint venture.

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14. PROPERTY, PLANT AND EQUIPMENT

Group	Land &		Machinery &	Computer &	Furniture and	Office	Motor	Office and	Total
	Buildings	Renovation	Equipment	Software	fixtures	equipment	Vehicle	retail space	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Cost									
At 1 January 2022	-	66	-	-	-	25	-	444	535
Addition	-	381	80	5	11	-	-	-	477
Acquisition of subsidiary	7,675	393	1,200	167	83	21	83	4,164	13,786
Derecognition of leases	-	-	-	-	-	-	-	(412)	(412)
Currency translation difference	157	8	26	4	2	*	2	778	977
At 31 December 2022	7,832	848	1,306	176	96	46	85	4,974	15,363
Addition	-	12	12	9	18	-	6	-	57
Disposal	-	-	-	-	-	-	(74)	-	(74)
Loss control of subsidiary	(7,504)	(791)	(1,334)	(209)	(120)	(24)	(28)	(4,327)	(14,337)
Currency translation difference	(328)	(4)	16	24	7	3	11	(203)	(474)
At 31 December 2023	-	66	-	-	-	25	-	444	535
Accumulated depreciation									
At 1 January 2022	-	50	-	-	-	20	-	358	428
Addition	28	17	24	7	2	5	3	258	344
Derecognition of leases	-	-	-	-	-	-	-	(10)	(10)
Currency translation difference	-	-	-	-	-	-	-	666	666
At 31 December 2022	28	67	24	7	2	25	3	1,272	1,428
Addition	75	43	68	21	6	1	10	280	504
Disposal	-	-	-	-	-	-	(19)	-	(19)
Loss control of subsidiary	(125)	(79)	(166)	(60)	(19)	(5)	(11)	(1,072)	(1,537)
Currency translation difference	22	32	74	32	11	4	17	(36)	156
At 31 December 2023	-	63	-	-	-	25	-	444	532
Net book value									
At 31 December 2023	-	3	-	-	-	-	-	-	3
At 31 December 2022	7,804	781	1,282	169	94	21	82	3,702	13,935

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	Office equipment S\$'000	Building Improvements S\$'000	Total S\$'000
At 31 December 2023			
Cost	66	25	91
Accumulated depreciation	63	25	88
Net book value	3	-	3
For 12 months ended 31 December 2023			
<i>Cost</i>			
At 1 January 2023 and 31 December 2023	66	25	91
<i>Accumulated depreciation</i>			
At 1 January 2023	57	25	82
Depreciation charge	6	-	6
At 31 December 2023	63	25	86
<i>Net book value</i>			
At 31 December 2023	3	-	3

15. INTANGIBLE ASSETS

Goodwill

	Group	
	31/12/2023 \$'000	31/12/2022 \$'000
<i>Cost</i>		
Beginning of financial period	10,566	-
Loss of control of subsidiary	(10,566)	10,566
Currency translation difference	-	-
End of financial period	-	10,566
Net book value	-	10,566

Loss control over Songmart Group

As announced on 8 August 2023, 14 August 2023 and 21 August 2023, the High Court of Malaysia had ordered the Songmart Group to be wound up. A liquidator has been appointed to facilitate the winding up process of the Songmart Group and has assumed control over the Songmart Group's assets and liabilities as at the date of this announcement.

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16. BORROWINGS

- Amount repayable in one year or less, or on demand

	As at 31/12/2023 ⁽¹⁾		As at 31/12/2022	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	-	-	918
Convertible loans ⁽²⁾	-	4,828	-	4,368
Bank borrowings ⁽³⁾	-	-	6,636	6,636
Bank overdraft ⁽³⁾	-	-	1,131	1,131
	-	4,828	7,767	13,053

- Amount repayable after one year

	As at 31/12/2023 ⁽¹⁾		As at 31/12/2022	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	-	-	3,039
	-	-	-	3,039

Notes:

- (1) As at 31 December 2023, the lease liabilities, bank borrowings and bank overdraft has been de-consolidated due to loss of control of Songmart Group.
- (2) Convertible loans include accrued interests and recorded at fair value of the liability component. The fair value of the liability component is calculated using a market interest rate for an equivalent non-convertible loan at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves, net of deferred income taxes.
- (3) The Group through its wholly-owned subsidiary corporations, Songmart Group, has bank borrowings and bank overdraft with Alliance Bank Malaysia Berhad.

The bank borrowings and bank overdraft of the Group totalling \$7,767,000 are secured by the following:

- Land and buildings of the Group;
- Corporate guarantee from the Company;
- Joint and several guarantee from the directors of Songmart Holdings Sdn. Bhd.;
- Assignment over rental proceeds for the land and buildings of the Group.

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16. BORROWINGS (CONT'D)

Convertible loans

On 13 and 23 December 2019, the Company entered into two convertible loan agreements (the “**Agreements**”) with four investors for loan amounts of \$1,750,000 (“**13 Dec 2019 Convertible Loans**”) and \$1,000,000 (“**23 Dec 2019 Convertible Loan**”) respectively, which are subject to annual interest rate of 10%. All the convertible loans holders are non-related parties, except for 23 Dec 2019 Convertible Loan, which was extended by one of the Directors of the Company.

On 3 January 2020, the Company entered into a convertible loan agreement with an investor for a loan amount of \$800,000 (“**3 Jan 2020 Convertible Loan**”) which is subject to annual interest rate of 10%.

In the financial year ended 31 December 2021, the Company repaid \$250,000 in respect of the 13 Dec 2019 Convertible Loans. Accordingly, the outstanding principal loan amount from the 13 Dec 2019 Convertible Loans was reduced to \$1,500,000.

Throughout the preceding financial years, the Group has successfully extended the date of maturity through various supplementary agreements with the investors on 12 December 2020 and 9 June 2021. The last extended date of maturity was made on 15 June 2022 (“**previous terms**”) (disclosed below as “**Previous extended date of maturity**”). On 30 March 2023, the Company had entered into supplemental agreements to further extend the maturity of the convertible loans for another year each (“**revised terms**”) as follows:

	Previous extended date of maturity	Revised date of maturity
13 Dec 2019 Convertible Loans	13 June 2023	13 June 2024
23 Dec 2019 Convertible Loan	23 June 2023	23 June 2024
3 Jan 2020 Convertible Loan	3 July 2023	3 July 2024

As at 31 December 2023, the outstanding 13 Dec 2019 Convertible Loans, 23 Dec 2019 Convertible Loan and 3 Jan 2020 Convertible Loan (including interest) are convertible up to 21,986,962 shares, 14,659,134 shares and 11,631,954 shares (31 December 2022: 19,898,120 shares, 13,266,770 shares and 10,518,740 shares) respectively, in total amounting to 48,278,050 (31 December 2022: 43,683,630) new ordinary shares in the capital of the Company at the option of the investors, subject to the terms and conditions of the Agreements.

The fair value of the liability component is calculated using a market interest rate for an equivalent non-convertible loan at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders’ equity in other reserves, net of deferred income taxes.

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16. BORROWINGS (CONT'D)

The carrying amount of the liability component of the convertible loans at the reporting date are derived as follows:

	Group and Company	
	31/12/2023	31/12/2022
	\$'000	\$'000
Face value of convertible loans at issuance	3,550	3,550
Equity conversion component on initial recognition	(325)	(325)
Liability component on initial recognition	3,225	3,225
Repayment of convertible loan (included interest) up-to-date	(289)	(289)
Accumulated gains arising from modification of convertible loans	(803)	(745)
Accumulated amortisation of interest expenses	2,695	2,177
Liability component at end of financial period	<u>4,828</u>	<u>4,368</u>

Bank borrowings

As at 31 December 2022, the bank borrowings and bank overdraft of S\$6,485,000 and S\$1,107,000 respectively, are secured by a charge on 37 properties owned by Songmart Holdings and jointly and severally guaranteed by the Company and three directors of Songmart Holdings.

Term loans 1 and 2

The purpose of term loans 1 and 2 obtained by Songmart Holdings from the Alliance Bank Malaysia Berhad (the “**Bank**”) were to finance the purchase of 37 properties for the operation of supermarket business of an aggregate sum of RM14,100,000 (equivalent to S\$4,296,000).

As at 31 December 2022, the Group had breached the financial covenants under the loan agreement. In the latest update on term loans 1 and 2 announced on 19 February 2024, the Bank had been granted summary judgment for the aggregate sum of RM13,990,674.23 plus the interest to be subsequently calculated by the Bank plus disbursements of RM3,000 for each application pursuant to the hearing on 18 February 2024 at the Johor Bahru High Court.

Trade Credit Facilities

The Group had trade credit facilities with the Bank to refinance its operation and working capital with an aggregate sum of RM19,078,000 (equivalent to S\$5,813,000) which refers to a maximum of trade credit facilities of RM15,278,000 (equivalent to S\$4,655,300) and bank overdraft of RM3,800,000 (equivalent to S\$1,158,000). Based on the writ of summons and statement of claim filed by the Bank dated 12 June 2023, the Group has an outstanding sum of RM8,872,130.79 excluding any interests on the trade credit facilities as at 19 April 2023.

As at 31 December 2022, the Group had breached the financial covenants under the credit facilities agreement with the Bank. In the latest update on the trade credit facilities, announced on 19 February 2024, the Bank had been granted summary judgment for the aggregate sum of RM8,872,130.79 plus the interest to be subsequently calculated by the Bank plus disbursements of RM3,000 for each application pursuant to the hearing on 18 February 2024 at the Johor Bahru High Court. The Company will continue to keep its shareholders apprised of any material updates.

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17. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	'000	\$'000
31/12/2023		
Beginning of financial period*	1,392,973	154,852
Issuance of new ordinary shares	-	-
End of the financial period	1,392,973	154,852
31/12/2022		
Beginning of financial year	1,326,307	142,852
Issuance of new ordinary shares ¹	66,666	12,000
End of the financial year	1,392,973	154,852

* The financial period relates to the period from 1 October 2023 to 31 December 2023.

All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company.

¹ On 16 November 2022, the Company issued and allotted 66,666,666 new ordinary shares in the capital of the Company as consideration for the acquisition of Songmart at an issue price of \$0.18 per share. The newly issued shares rank *pari passu* in all aspects with the previously issued shares.

As disclosed in Note 16 of this announcement, the Company had entered into the 13 Dec 2019 Convertible Loans, 23 Dec 2019 Convertible Loan, and 3 Jan 2020 Convertible Loan. Subsequently, the Company had, on 30 March 2023, entered into new supplemental agreements to further extend the maturity date of each of the outstanding convertible loans to 13 June 2024, 23 June 2024 and 3 July 2024 respectively. As at 31 December 2023, all three convertible loans, inclusive of interest, are convertible up to 48,278,050 new ordinary shares of the Company (31 December 2022: 43,683,630) upon maturity. Save for this, the Company does not have any other convertible securities.

	As at 31/12/2023	As at 31/12/2022
Shares to be issued on conversion of all outstanding convertibles	48,278,050	43,683,630
Total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	1,392,973,333	1,392,973,333
Shares to be issued upon conversion as a percentage of total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	3.47%	3.27%

There were no treasury shares or subsidiary holdings as at 31 December 2023 and 31 December 2022. There was no sale, transfer, cancellation and/or use of treasury shares or subsidiary holdings during, and at the end of, the financial period ended 31 December 2023.

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18. SUBSEQUENT EVENTS

As announced on 19 February 2024, subsequent to the receipt of applications for summary judgment filed by Alliance Bank Malaysia Berhad (the “**Bank**”) against the Company as the guarantor for Songmart Holdings and Songmart Malaysia, the Bank was granted summary judgment on 18 February 2024 for the aggregate sum of RM22,862,805.02, plus interest and disbursements. The Company is actively consulting with its legal advisers in Malaysia to determine the most favorable course of action. Any significant developments in these matters will be communicated through subsequent announcements as deemed appropriate.

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**OTHER INFORMATION REQUIRED PURSUANT TO APPENDIX 7C OF THE CATALIST
RULES**

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed interim financial statements of financial position of Mercurius Capital Investment Limited and its subsidiary corporations as at 31 December 2023 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the period then ended and certain explanatory notes have not been audited or reviewed.

2. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (other than a material uncertainty related to going concern):-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The latest audited financial statement for the financial year ended 31 December 2022 was subject to disclaimer of opinion on the basis of the following:

- (i) Since the prior financial year ended 31 December 2021, the auditor of the Company was unable to obtain sufficient appropriate audit evidence to ascertain that the unaudited management accounts of the Company's investment in a joint venture, Grand Bay present a true and fair view with no material misstatement and as such was unable to ascertain the share of losses of Grand Bay recognised in the consolidated statement of comprehensive income for the financial year ended 31 December 2021 and the carrying amount of the investment in the joint venture recognised in the consolidated statement of financial position as at 31 December 2021 due to the absence of satisfactory audit evidence and explanation from the Company. As such, the auditor of the Company was unable to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidence to determine whether any adjustments, if any, are required to be made to the opening balances, and whether there will be possible effects on the comparability of the figures as at 31 December 2022 with corresponding figures.

The Company has a 50% shareholding interest in Grand Bay. The Company has been actively working with the management of Grand Bay on the audit matters for financial year ended 31 December 2022 and has resolved the audit issues for the financial year ended 31 December 2022 although the recoverable amount and resultant impairment, if any, on the carrying amount of the investment in joint venture as at 31 December 2021 remains unresolved. In relation to audit matters for the financial year ended 31 December 2023, the Company, despite making diligent efforts, has faced difficulties in obtaining the required information. This has led to the absence of any quantifiable value in a specific aspect of the Group's financial disclosure, which is crucial for accurate reporting purposes. The Company has engaged in multiple discussions with its JV partner, Apex, addressing the significance of this matter in the context of group audit objectives. The Company is actively and consistently following up with Apex to ensure the resolution of this matter.

- (ii) Limitation of scope on significant subsidiary corporations, Songmart Holdings Sdn. Bhd. and its subsidiary corporations including incomplete accounting records, insufficient information and explanations provided by the management of Songmart Group throughout the audit process. The component auditors have encountered various challenges and difficulties in completing the audit of the consolidated statement of financial position of Songmart Group as at the acquisition date i.e., 28 October 2022 as well as the consolidated financial statements of Songmart Group as at 31 December 2022 and for the financial period from 28 October 2022 to 31 December 2022. Despite raising this issue to the group management level and their efforts to assist, they were unable to provide viable solution to address the concerns of the component auditors.

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The Group has on 28 October 2022, completed the acquisition of Songmart Holdings Sdn. Bhd. and its subsidiary corporations (“**Songmart Group**”). Songmart Group consists of (a) a Malaysia based grocery business that operates supermarket operations in Johor Bahru (b) wholesale trading of foodstuff and groceries business mainly in Malaysia.

As announced on 8 August 2023, 14 August 2023 and 21 August 2023, the High Court of Malaysia had ordered the Songmart Group to be wound up. The liquidator appointed to facilitate the winding up process of the Songmart Group has assumed control over the Songmart Group’s assets and liabilities. Consequently, the Group has deconsolidated the Songmart Group on 30 June 2023 pursuant to the Company’s loss of control over the assets and liabilities of the Songmart Group.

The audit concern highlighted by the external auditors of the Company remains unresolved, with the Songmart Group having halted its business operations as at 30 June 2023 and encountering challenges in managing personnel to address and facilitate the audit matter. Initiatives are in progress to formulate a comprehensive strategy, by fostering close collaboration with auditors to systematically address and resolve the audit concerns.

- (iii) Loss on control over investment in subsidiary corporations, Songmart Group due to absence of available information as auditors were unable to obtain sufficient appropriate audit evidence with respect to the recoverable amount and resultant impairment, if any, on the carrying amount of the investment in subsidiary corporations, Songmart Group as at 31 December 2022 and were also unable to perform appropriate alternative audit procedures to determine the effect of adjustments, if any, on the statement of financial position of the Group as at 31 December 2022.

The Group has performed a full impairment assessment on Songmart Group taking into consideration the receipt of summary judgment as announced by the Company on 19 February 2024.

- (iv) The Group acts as one of the guarantors to a bank in respect of bank borrowings granted to its subsidiary corporations, Songmart Group, and as at 31 December 2022, these bank borrowings were collectively in breach of loan covenants, which could result in expected credit losses.

The Group is in the midst of working together with the liquidator that was appointed to the Songmart Group for the winding up process which will include, among others, liquidating all of Songmart Group’s properties in order to generate cash flows, which will be used for repayment of its outstanding bank loans and with this, it will withdraw the Company as guarantor to the bank.

- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The board of directors (the “**Board**”) confirms that the impact of the audit issues on the financial statements has been adequately disclosed.

3. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group’s business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

(A) Review of condensed interim consolidated statement of profit or loss and other comprehensive income

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Revenue and Gross Profit

The Group's principal operating subsidiaries have ceased their business operations as at 30 June 2023 resulting in no revenue and no gross profit or loss attributed to the Group for the year ended 31 December ("FY") 2023. Pursuant to the reclassification of the Songmart Group's financial results to "Discontinued Operations" as of 30 June 2023, the Group's financial results for the three months and full year ended 31 December 2022 have been reinstated to reflect the relevant changes.

Cost of sales

In view of the abovementioned, the Group recorded nil cost of sales for the three months and full year ended 31 December 2022 and 31 December 2023 respectively.

Other gains/(losses), net

Other gains (net) have reduced from S\$69,000 for the fourth quarter ended 31 December ("4Q") 2022 to other losses (net) of S\$39,000 for 4Q2023, and other gains (net) reduced from S\$4,000 for FY2022 to other losses (net) of S\$28,000 for FY2023 due to currency translation losses during the relevant period/year.

Other income

Other income reduced from S\$245,000 for 4Q2022 and FY2022 to nil for 4Q2023 and FY2023 due to deconsolidation of the Songmart Group accounts as a result of the loss of control of the Songmart Group pursuant to the winding up orders issued by the High Court of Malaysia.

Finance Costs

Finance costs are substantially the accrued interest from the 13 Dec 2019 Convertible Loans, the 23 Dec 2019 Convertible Loan and the 3 Jan 2020 Convertible Loan. Finance costs decreased from S\$799,000 in FY2022 to S\$597,000 in FY2023 mainly due to the exclusion of interest expenses incurred under the Songmart Group accounts due to the deconsolidation of the Songmart Group accounts as a result of the loss of control of the Songmart Group pursuant to the winding up orders issued by the High Court of Malaysia. Such amounts include, but are not limited to, the term loan interest, bank overdraft interest and trade finance interest.

Share of loss of joint venture

Share of loss of joint venture recorded at nil in both 4Q2023 and FY2023 as compared to a share of loss of S\$1,328,000 in both 4Q2022 and FY2022. This is attributed to the Company's inability to obtain the pertinent financial information from the joint venture during the specified periods resulting in an inability to reliably estimate the joint venture's share of losses.

Net Loss

As a result of the above, the Group recorded a net loss after tax of S\$11.82 million during FY2023 as compared to a net loss after tax of S\$3.50 million during FY2022.

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(B) Review of condensed interim financial statements of financial position

Current Assets

Current assets decreased from S\$8.14 million as at 31 December 2022 to S\$0.30 million as at 31 December 2023, mainly due to the derecognition of the assets and liabilities of the Songmart Group as a result of the loss of control over the assets of the Songmart Group by the Company following the appointment of a liquidator to facilitate the winding up order issued on the Songmart Group (the “De-recognition”).

For more details on the decrease in cash and bank balances from S\$0.37 million as at 31 December 2022 to S\$0.02 million as at 31 December 2023, please refer to the section on “Review of condensed interim consolidated statement of cash flows” below.

Inventories decreased from S\$4.40 million as at 31 December 2022 to nil as at 31 December 2023 due to the De-recognition.

Trade and other receivables decreased from S\$3.16 million as at 31 December 2022 to S\$0.01 million as at 31 December 2023 mainly due to the De-recognition.

Income tax recoverable decreased from S\$0.22 million as at 31 December 2022 to nil as at 31 December 2023 due to the De-recognition.

Non-current Assets

The decrease in non-current assets arose primarily from (a) the decrease in property, plant and equipment to S\$0.003 million as at 31 December 2023, from S\$13.94 million as at 31 December 2022, due to the De-recognition and (b) the decrease of intangible assets from S\$10.57 million as at 31 December 2022 to nil as at 31 December 2023 due to the De-recognition.

Liabilities

Trade and other payables decreased from S\$11.44 million as at 31 December 2022 to S\$1.86 million as at 31 December 2023, due to the De-recognition.

Current and non-current borrowings decreased from S\$13.05 million and S\$3.04 million as at 31 December 2022 respectively to S\$4.83 million and nil as at 31 December 2023 respectively due to the De-recognition.

Deferred income taxes decreased from S\$0.002 million as at 31 December 2022 to nil as at 31 December 2023 due to the De-recognition.

Working Capital

The Group recorded a negative working capital of S\$6.65 million as at 31 December 2023, as compared to a negative working capital of S\$16.35 million as at 31 December 2022, primarily arising from the De-recognition.

As set out in Note 3 of this announcement, the Board is aware of the negative working capital and is of the view that there is a material uncertainty surrounding the Group’s ability to continue its operations as a going concern and to meet its financial obligations in the ordinary course of business. Following the latest developments surrounding the Songmart Group, the Company is in active consultation with its legal advisors in Malaysia to discern the most advantageous course of action. Any substantial developments in these matters will be communicated through subsequent announcements, as deemed appropriate.

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Equity

The Group's equity decreased from S\$10.23 million as at 31 December 2022 to (S\$1.53) million as at 31 December 2023 due mainly to losses incurred amounting to S\$11.76 million during the year ended 31 December 2023.

(C) Review of condensed interim consolidated statement of cash flows

Net cash generated from operating activities amounted to S\$15,000 for the year ended 31 December 2023, mainly due to operating cash outflows before working capital changes of S\$3,421,000 and net cash generated from working capital of S\$3,436,000. Net cash generated from working capital was mainly a result of increase in trade and other receivables and inventories and partially offset by trade and other payables during the year ended 31 December 2023.

Net cash generated from investing activities of S\$1,221,000 was due to the sale proceeds received from the disposal of a motor vehicle under the Group's property, plant and equipment ("PPE") amounting to S\$83,000 and loss of control of a subsidiary arising from De-recognition, slightly offset by the acquisition of PPE of S\$56,000, which encompasses expenses related to building improvements and furnishings.

Net cash used in financing activities of S\$460,000 in FY2023 was mainly due to the repayment of the lease liabilities.

The Group had a net cash outflow of S\$776,000 during the year ended 31 December 2023. The cash and cash equivalents as at 31 December 2023 amounted to S\$16,000.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next reporting period and the next 12 months.

For the year ended 31 December 2023, the Group encountered significant transformations in its operational landscape, necessitating a comprehensive analysis of the prevailing economic conditions and competitive dynamics within the industry. Notably, the third quarter of 2023 marked a pivotal period for the Group as it underwent a strategic shift, discontinuing its groceries business as of 30 June 2023. This strategic decision redirected the Group's exclusive focus towards its property development and investment endeavors in Thailand.

In light of this development, the Group acknowledges that its prospects and financial performance for the upcoming reporting period and the ensuing 12 months are intricately linked to the evolving dynamics of the property market in Thailand. The ability to adeptly navigate and respond to these changing circumstances, coupled with vigilant monitoring of the property market trends, emerges as a critical factor in sustaining the Group's competitiveness and ensuring financial stability.

Hotel development

The gradual recovery of tourism and a resilient economy is buoying confidence in the Pacific real estate market outlook for Thailand's property sector¹. In 2024, amidst a recovering global economy, Thailand's economy has been displaying a steady improvement and is expected to grow steadily in 2024 according

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to the World Bank. With an anticipated GDP growth rate of 4.4% in 2024, up from 2.5% in 2023, the Company envisages an increased demand for real estate. The property market demonstrates resilience, buoyed by government stimuli and ongoing infrastructure projects especially in transportation which will impact property values and investment decisions¹, which can be advantageous for the Group's ventures. The Group is contemplating strategic navigation through these changes to seize emerging opportunities and alleviate potential challenges, securing an ongoing upward trajectory in the upcoming year.

The Group is actively engaged in negotiations to finalize pertinent commercial terms and conditions for a proposed transaction related to the Grand Bay Project. Collaborating with potential investors and major shareholders of Apex, the Group is diligently working towards a meaningful breakthrough in the development of Grand Bay. Shareholders will be promptly updated as soon as significant progress is achieved.

Singapore

The Group remains steadfast in leveraging the robust strength of the Singaporean currency, maintaining a strategic investment holding position in Singapore. The Group capitalizes on the currency advantage to fortify its position in the Southeast Asian market. This approach ensures a strong foothold in the regional financial landscape, aligning with the Group's strategy to maximize opportunities and navigate challenges in the dynamic Southeast Asian market.

¹ Source: <https://silkestate.io/Thailand-property-market-2024/>

6. Dividend

(a) Current Financial Period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5:00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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7. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for FY2023, as the Company had recorded a net loss for FY2023.

8. A breakdown of sales.

	FY2023 S\$'000	FY2022 S\$'000 Restated	% increase/ (decrease)
(a) Sales reported for first half year	-	-	-
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(4,461)	(828)	439
(c) Sales reported for second half year	-	-	-
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(7,354)	(2,673)	175

9. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividend was declared nor paid for FY2023 and FY2022.

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the prescribed format. If there are no such persons, the issuer must make an appropriate negative statement.

Save as disclosed herein, the Company confirms that there is no person occupying a managerial position in the Company or any of the Company's principal subsidiary(ies) who is a relative of a director or chief executive officer or substantial shareholder of the Company, pursuant to Catalyst Rule 704(10).

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Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Teng Kok Guan ("Mr. Teng")	32	Mr. Teng is the (a) cousin of Mr. Tan Boon Kok, the Executive Director of the Company, and (b) nephew of Ms. Tan Ah Mai, the Alternate Director of the Company	<p>Mr. Teng is the director of Songmart Holdings Sdn. Bhd. ("Songmart"), a wholly owned subsidiary of the Company, since 30 April 2021.</p> <p>Mr. Teng is responsible for managing and overseeing the overall operations of the subsidiaries of Songmart. This includes, but is not limited to, the development and implementation of the overall business strategy, overseeing the daily operations of the businesses and communicating with the chief executive officer of Songmart, on its short-term and long-term goals.</p>	-

11. If the Group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No general mandate for IPTs has been obtained from shareholders of the Company.

12. Confirmation pursuant to Rule 720(1) of the Catalist Rules.

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules.

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- 13. Please disclose the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use in the offer document or the announcement of the issuer.**

With reference to the Company's announcement dated 29 February 2024 in relation to the reallocation and update on the use of proceeds from a placement (the "**Announcement**"), the unutilised net proceeds from the proposed placement of 27,272,727 new ordinary shares in the share capital of the Company announced by the Company on 7 June 2021 (the "**Placement**"), which were originally allocated for business acquisition expenses were reallocated and utilised for general working capital (the "**Final Reallocation**") since 7 November 2022, in light of the Group's cash flow needs for its existing operations and the availability of its cash balances. The Company had since utilised the remaining proceeds as required, for the aforesaid purpose. Please refer to the Announcement for further details.

Save for the re-allocation announced on 20 July 2022 and the Final Re-Allocation, the use of proceeds from the Placement is in accordance with the intended use as previously disclosed.

As at the date of this announcement, the proceeds raised from the Placement have been fully utilised.

- 14. Update on the status of the Grand Bay Project**

Following the financial results announcement on 14 November 2023 concerning the current status of the Grand Bay Project, the Group is actively engaged in negotiating essential commercial terms and conditions for a potential transaction. This negotiation involves discussions with potential investors and the major shareholders of Apex for the Grand Bay Project.

The Group remains committed to keeping shareholders informed, and an update will be promptly provided as soon as there is a noteworthy development regarding the Grand Bay Project.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman and Interim Group Chief Executive Officer

29 February 2024