



MERCURIUS CAPITAL INVESTMENT LIMITED

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 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 Catalyst, 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 Catalyst.*

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

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**MERCURIUS CAPITAL INVESTMENT LIMITED
AND ITS SUBSIDIARY CORPORATIONS**

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**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023**

	Note	3 Months Ended			9 Months Ended		
		30/9/2023	30/9/2022	Change %	30/9/2023 ¹	30/9/2022	Change %
		S\$'000	S\$'000		S\$'000	S\$'000	
		Unaudited	Unaudited		Unaudited	Unaudited	
Continuing operations							
Revenue		-	-	-	-	-	-
Cost of sales		-	-	-	-	-	-
Gross (loss)/profit		-	-	-	-	-	-
Other losses, net		-	(35)	NM	(67)	(65)	3
Expenses							
- Marketing and distribution		-	-	-	-	-	-
- Administrative		(211)	(212)	NM	(707)	(799)	(12)
- Finance		(50)	(122)	(59)	(299)	(333)	(10)
Loss before income tax	8	(261)	(369)	(29)	(1,073)	(1,197)	(10)
Income tax expense	9	-	-	-	-	-	-
Net loss from continuing operations		(261)	(369)	(29)	(1,073)	(1,197)	(10)
Discontinued operations							
Loss from discontinued operations	7	-	-	-	(10,538)	-	NM
Other comprehensive loss, net of tax:							
Items that may be reclassified subsequently to profit or loss:							
- Currency translation (losses)/gains arising from consolidation		(103)	39	NM	28	57	(51)
Other comprehensive loss, net of tax		(103)	39	NM	28	57	(51)
Total comprehensive loss		(364)	(330)	10	(11,583)	(1,140)	916
Net loss attributable to:							
Equity holders of the Company		(261)	(369)	(29)	(1,073)	(1,197)	(10)
Non-controlling interests		*	*	NM	*	*	NM
		(261)	(369)	(29)	(1,073)	(1,197)	(10)
Profit attributable to equity holders of the Company relates to:							
Loss from continuing operations		(261)	(369)	(29)	(1,073)	(1,197)	(10)
Loss from discontinued operations		-	-	-	(10,538)	-	NM
		(261)	(369)	(29)	(11,611)	(1,197)	870
Total comprehensive loss attributable to:							
Equity holders of the Company		(364)	(330)	10	(11,583)	(1,140)	916
Non-controlling interests		*	*	NM	*	*	NM
		(364)	(330)	10	(11,583)	(1,140)	916

NM = Not meaningful

* Amount less than S\$1,000.

¹ The Company has deconsolidated the nine months financial results of Songmart Group resulting in a restatement of the comparative figures for the six months financial period ended 30 June 2023.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2023
(CONT'D)**

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 nine months financial period ended 30 September 2023.
- b. Finance costs mainly comprise the interest expense on convertible loans and term loan. The decrease during the three-month period ended 30 September 2023 was due to interest expenses incurred in relation to the loan from director of the Company.

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 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		9 Months Ended	
	30/9/2023	30/9/2022	30/9/2023	30/9/2022
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	1,326,306,667	1,392,973,333	1,326,306,667
Weighted average number of ordinary shares for diluted earnings per share	1,449,717,004	1,379,246,642	1,448,546,854	1,378,318,182
Net loss attributable to the equity holders of the Company for the financial year (S\$'000)	(7,150)	(369)	(11,611)	(1,197)
Less: Interest on convertible loans (S\$'000)	(10)	(115)	(244)	(309)
Adjusted net loss for the financial year (S\$'000)	(7,140)	(254)	(11,367)	(888)
Basic loss per share (cents)	(0.513)	(0.028) ⁽²⁾	(0.834)	(0.090) ⁽³⁾
Diluted loss per share (cents) ⁽¹⁾	(0.497)	(0.027) ⁽²⁾	(0.802)	(0.087) ⁽³⁾

Notes:

- (1) The diluted loss 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 loss per share was incorrectly disclosed as 0.019 cents in the Group's unaudited financial statements announcement for the three-month period ended 30 September 2022.
- (3) The basic and diluted loss per share was incorrectly disclosed as 0.067 cents in the Group's unaudited financial statements announcement for the nine-month period ended 30 September 2022.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2023**

	Note	Group		Company	
		30/9/2023 S\$'000	31/12/2022 S\$'000	30/9/2023 S\$'000	31/12/2022 S\$'000
		Unaudited	Audited	Unaudited	Audited
ASSETS					
Current assets					
Inventories		-	4,395	-	-
Cash and bank balances		69	371	67	20
Trade and other receivables		30	3,157	52	45
Income tax recoverable		-	220	-	-
		<u>99</u>	<u>8,143</u>	<u>119</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	5	13,935	5	9
Intangible assets	15	-	10,566	-	-
		<u>5,125</u>	<u>29,621</u>	<u>5,950</u>	<u>17,954</u>
TOTAL ASSETS		<u><u>5,224</u></u>	<u><u>37,764</u></u>	<u><u>6,069</u></u>	<u><u>18,019</u></u>
LIABILITIES					
Current liabilities					
Trade and other payables		1,962	11,436	1,915	1,215
Borrowings	16	4,611	13,053	4,612	4,368
		<u>6,573</u>	<u>24,489</u>	<u>6,527</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><u>6,573</u></u>	<u><u>27,530</u></u>	<u><u>6,527</u></u>	<u><u>5,583</u></u>
NET (LIABILITIES)/ASSETS		<u><u>(1,349)</u></u>	<u><u>10,234</u></u>	<u><u>(458)</u></u>	<u><u>12,436</u></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		(2,475)	(3,479)	325	325
Accumulated losses		(153,734)	(141,147)	(155,635)	(142,741)
		<u>(1,357)</u>	<u>10,226</u>	<u>(458)</u>	<u>12,436</u>
Non-controlling interests		8	8	-	-
TOTAL EQUITY		<u><u>(1,349)</u></u>	<u><u>10,234</u></u>	<u><u>(458)</u></u>	<u><u>12,436</u></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.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	9 Months Ended	
	30/9/2023	30/9/2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Cash flows from operating activities		
Net loss	(11,611)	(1,197)
Adjustment for:		
Depreciation of property, plant and equipment	4	10
Depreciation of right-of-use assets	-	86
Gain on disposal of property, plant and equipment	(28)	-
Loss on control of subsidiary	6,889	-
Interest expenses	299	333
Unrealised currency translation loss	965	57
	<u>(3,481)</u>	<u>(711)</u>
Changes in working capital:		
Trade and other receivables	1,427	12
Income tax recoverable	-	1
Inventories	4,395	-
Trade and other payables	(2,272)	293
Cash from /(used in) operations	<u>69</u>	<u>(405)</u>
Interest paid	-	(2)
Net cash from / (used in) operating activities	<u>69</u>	<u>(407)</u>
Cash flows used in investing activities		
Sales proceed from disposal of property, plant and equipment	83	-
Loss of control of a subsidiary, net of cash disposed of	1,194	-
Additions of property, plant and equipment	(57)	-
Net cash from investing activities	<u>1,220</u>	<u>-</u>
Cash flows from financing activities		
Repayment of lease liabilities	(460)	(129)
Borrowings	-	-
Net cash used in financing activities	<u>(460)</u>	<u>(129)</u>
Net movement in cash and cash equivalents	829	(536)
Cash and cash equivalents		
Beginning of financial period	<u>(760)</u>	<u>842</u>
End of financial period	<u>69</u>	<u>306</u>
Cash and cash equivalents for statement of cash flow:		
Cash and bank balances	<u>69</u>	<u>306</u>
	<u>69</u>	<u>306</u>

**MERCURIUS CAPITAL INVESTMENT LIMITED
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	← Attributable to equity owners of the Company →			Non- controlling interests	Total equity	
	Share capital	Other reserves	Accumulated losses			Total
Group	\$'000	\$'000	\$'000	\$'000	\$'000	
2023						
Balance as at 1 January 2023	154,852	(3,479)	(141,147)	10,226	8	10,234
Loss for the financial period	-	-	(11,611)	(11,611)	*	(11,611)
Other comprehensive loss for the financial period	-	28	-	28	*	28
Total comprehensive loss for the financial period	-	28	(11,611)	(11,583)	*	(11,583)
Transfer upon loss on control of subsidiary	-	976	(976)	-	-	-
Balance as at 30 September 2023	154,852	(2,475)	(153,734)	(1,357)	8	(1,349)

* 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 period	-	-	-	(1,197)	(1,197)	*	(1,197)
Other comprehensive loss for the financial period	-	57	-	-	57	*	57
Total comprehensive loss for the financial period	-	57	-	(1,197)	(1,140)	*	(1,140)
Balance as at 30 September 2022	142,852	(2,390)	325	(139,023)	1,764	8	1,772

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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 period	-	-	-	(12,894)	(12,894)
Balance as at 30 September 2023	154,852	-	325	(155,635)	(458)

	← 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	-	-	-	(1,123)	(1,123)
Balance as at 30 September 2022	142,852	480	325	(139,044)	4,613

MERCURIUS CAPITAL INVESTMENT LIMITED AND ITS SUBSIDIARY CORPORATIONS

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 third quarter and nine months ended 30 September 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 period ended 30 September 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 annual financial statements for the financial year ended 31 December 2022.

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
(CONT'D)**

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**2.2 CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS
(CONT'D)**

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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

3. GOING CONCERN

During the financial period ended 30 September 2023, the Group has incurred a net loss of S\$11,611,000 (2022: S\$1,197,000). In addition, the Group and the Company are in net current liabilities of S\$6,474,000 and S\$6,408,000 respectively as at 30 September 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.

Songmart Group had received notices of demand dated 15 February 2023, 22 March 2023, 11 April 2023, 25 April 2023 respectively and a notice of demand cum recall and termination dated 16 May 2023, from a bank due to late repayment on the bank loans, and which were also collectively in breach of certain loan covenants. Accordingly, the bank had demanded for repayment of the entire trade facilities, bank overdraft and term loan outstanding amount, in an aggregate sum of approximately RM 25.5 million (equivalent to approximately S\$7.38 million) and had recalled and terminated the aforementioned facilities. The Company as the corporate guarantor for the foregoing trade facilities, bank overdraft and term loans, is directly implicated in the repercussions of this financial situation. As of the reporting date, the outstanding amounts on these loans remain unresolved.

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. As such, the Group has deconsolidated the Songmart Group's assets and liabilities from its accounts as of 30 June 2023.

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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

5. SEGMENT AND REVENUE INFORMATION

5.1 REVENUE

The revenue for three months period ended 30 September 2023 and 30 September 2022 stand at nil as the groceries business had ceased its operations as at 30 June 2023.

Further, for the three months financial period ended 30 September 2022, the Group principally operated in a single business segment which is property development and property investment, which had not commenced as at 30 September 2022 and as at 30 September 2023.

5.2 SEGMENT INFORMATION

The Group's chief operating decision-maker ("CODM") comprises the Executive Chairman, Group Chief Executive Officer, the Group Financial Controller, and the heads of each business within the operating segment. assesses 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.

Total assets and total liabilities for each reportable segments were not presented as the CODM is of the opinion that it is not meaningful and impracticable as they do not use them for operating decision-making on allocation of resources and performance assessment.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

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 30 September 2023 and 31 December 2022:

	At amortised cost	
	30/9/2023	31/12/2022
	S\$'000	S\$'000
Group		
Financial assets		
Cash and bank balances	69	371
Trade and other receivables	30	3,157
	<u>99</u>	<u>3,528</u>
Financial liabilities		
Trade and other payables	1,962	11,438
Borrowings	4,611	16,092
	<u>6,573</u>	<u>27,530</u>

	At amortised cost	
	30/9/2023	31/12/2022
	S\$'000	S\$'000
Company		
Financial assets		
Cash and bank balances	67	20
Trade and other receivables	52	45
	<u>119</u>	<u>65</u>
Financial liabilities		
Trade and other payables	1,915	1,215
Borrowings	4,612	4,368
	<u>6,527</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 nine months financial period ended 30 September 2023.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

7. DISCONTINUED OPERATIONS (CONT'D)

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

	Group	
	9 months ended	
	30/9/2023	30/9/2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Revenue	7,665	-
Expenses	(11,314)	-
Loss before tax from discontinued operations	(3,649)	-
Tax	-	-
Loss after tax from discontinued operations	(3,649)	-
Loss on control of subsidiary	(6,889)	-
	<u>(10,538)</u>	<u>-</u>

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

	Group	
	9 months ended	
	30/9/2023	30/9/2022
	S\$'000	S\$'000
	Unaudited	Unaudited
Operating cash inflows	72	-
Investing cash inflows	1,246	-
Financing cash outflows	(460)	-
Total cash inflows	<u>858</u>	<u>-</u>

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

8. LOSS BEFORE INCOME TAX (CONT'D)

8.1 SIGNIFICANT ITEMS

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

	3 Months Ended		9 Months Ended	
	30/9/2023 S\$'000	30/9/2022 S\$'000	30/9/2023 S\$'000	30/9/2022 S\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Depreciation – Property, plant and equipment	1	3	4	10
Depreciation – Right-of-use assets	-	12	-	86
Salaries, bonuses and allowances - Director				
- Director	105	60	315	180
- Others	2	-	8	-
Professional fees	62	102	241	406
Currency translation losses/(gain)	(1)	35	67	65
Finance expenses – Lease liability	-	*	-	2
Finance expenses – Convertible loan	10	115	244	309
Finance expenses – accrued interest on the director's loan	41	7	56	22

* Amount less than S\$1,000

8.2 RELATED PARTY TRANSACTIONS

Sale and purchase of goods and services

There are no material related party transactions apart from those disclosed in Note 8.1 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.

(a) Sales and purchases of goods and services

	Group	
	As at 30/9/2023 S'000	As at 30/6/2023 S'000
Sales of goods and/or services to - related parties	12	12
Purchase of inventories from - related parties	-	-

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

8. LOSS BEFORE INCOME TAX (CONT'D)

8.2 RELATED PARTY TRANSACTIONS (CONT'D)

	Group	
	As at 30/9/2023 \$'000	As at 30/6/2023 \$'000
Rental paid to - related parties	<u>2</u>	<u>2</u>
Payment made on behalf from - related parties	<u>157</u>	<u>157</u>

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 third quarter ended 30 September 2023 (“3Q2023”) as the Group had recorded a net loss for 3Q2023.

11. NET ASSET VALUE

	Group		Company	
	30/9/2023 SGD Cents Unaudited	31/12/2022 SGD Cents Audited	30/9/2023 SGD Cents Unaudited	31/12/2022 SGD Cents Audited
Net asset value per ordinary share	<u>(0.10)</u>	<u>0.73</u>	<u>(0.03)</u>	<u>0.89</u>

The calculation of net asset value per ordinary share was based on 1,392,973,333 shares as at both 30 September 2023 and 31 December 2022.

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12. INVESTMENT IN SUBSIDIARY CORPORATIONS

	Company	
	30/9/2023	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
Less: Loss on control of subsidiary	(12,000)	-
End of financial period	<u>7,560</u>	<u>19,560</u>
 <i>Allowance for impairment</i>		
Beginning and end of financial period	<u>7,560</u>	<u>7,560</u>
 Net carrying amount	 <u>-</u>	 <u>12,000</u>

13. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	30/9/2023	31/12/2022	30/9/2023	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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

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

Set out below is the joint venture of the Group as at 30 September 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>30/9/2023</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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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (CONT'D)

14. PROPERTY, PLANT AND EQUIPMENT

Group	Land &	Renovation	Machinery &	Computer &	Furniture and	Office	Motor	Office and	Total
	Buildings		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 on control of subsidiary	(7,504)	(791)	(1,334)	(209)	(120)	(24)	(28)	(4,327)	(14,337)
Currency translation difference	(328)	(4)	16	24	6	3	11	(203)	(475)
At 30 September 2023	-	65	-	-	-	25	-	444	534
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	40	68	21	6	1	10	280	501
Disposal	-	-	-	-	-	-	(19)	-	(19)
Loss on 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 30 September 2023	-	60	-	-	-	25	-	444	529
Net book value									
At 30 September 2023	-	5	-	-	-	-	-	-	5
At 31 December 2022	7,804	781	1,282	169	94	21	82	3,702	13,935

**MERCURIUS CAPITAL INVESTMENT LIMITED
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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company

	Office equipment	Building Improvements	Total
	S\$'000	S\$'000	S\$'000
At 30 September 2023			
Cost	66	25	91
Accumulated depreciation	61	25	86
Net book value	5	-	5
For 9 months ended 30 September 2023			
<i>Cost</i>			
At 1 January 2023 and 30 September 2023	66	25	91
<i>Accumulated depreciation</i>			
At 1 January 2023	57	25	82
Depreciation charge	4	-	4
At 30 September 2023	61	25	86
<i>Net book value</i>			
At 30 September 2023	5	-	5

15. INTANGIBLE ASSETS

Goodwill

	Group	
	30/9/2023	31/12/2022
	\$'000	\$'000
Cost		
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 of 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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(CONT'D)**

16. BORROWINGS

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

	As at 30/09/2023 ⁽¹⁾		As at 31/12/2022	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	-	-	918
Convertible loans ⁽²⁾	-	4,611	-	4,368
Bank borrowings ⁽³⁾	-	-	6,636	6,636
Bank overdraft ⁽³⁾	-	-	1,131	1,131
	-	4,611	7,767	13,053

- Amount repayable after one year

	As at 30/09/2023 ⁽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 30 September 2023, the lease liabilities, bank borrowings and bank overdraft has been de-consolidated due to loss of control of Songmart.
- (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 corporation, Songmart Group has bank borrowings and bank overdraft with Alliance Bank Malaysia Berhad.

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

- 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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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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 holds by one of the Director 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 extended 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 30 September 2023, the outstanding 13 Dec 2019 Convertible Loans, 23 Dec 2019 Convertible Loan and 3 Jan 2020 Convertible Loan (included interest) are convertible up to 21,263,735 shares, 14,143,386 shares and 11,384,161 shares (31 December 2022: 19,898,120 shares, 13,266,770 shares and 10,518,740 shares) respectively total amounting to 46,791,281 (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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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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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	
	30/9/2023	31/12/2022
	\$'000	\$'000
Face value of convertible loans at issuance	3,300	3,300
Equity conversion component on initial recognition	(303)	(303)
Liability component on initial recognition	2,997	2,997
Repayment of convertible loan	-	-
Accumulated amortisation of interest expenses	1,614	1,371
Liability component at end of financial period	<u>4,611</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. As announced on 26 October 2023 in respect of the latest update on term loans 1 and 2, the case management between Songmart Holdings and the Bank is scheduled to be held on 30 November 2023.

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. Further to the Company's announcement dated 26 October 2023 in respect of the latest update on trade credit facilities, permission has been granted to the Bank to proceed with the legal proceedings against Songmart Malaysia. The hearing in relation to Songmart Malaysia is scheduled to be held on 24 January 2024. The case management in relation to Songmart Holdings is scheduled to be held on 30 November 2023. The Company will continue to keep its shareholders apprised of any material updates.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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17. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	'000	\$'000
30/9/2023		
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 July 2023 to 30 September 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 30 September 2023, all three convertible loans, inclusive of interest, are convertible up to 46.79 million new ordinary shares of the Company (30 September 2022: 46.12 million) upon maturity. Save for this, the Company does not have any other convertible securities.

	As at 30/09/2023	As at 30/09/2022
Shares to be issued on conversion of all outstanding convertibles	46,791,281	46,119,150
Total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	1,392,973,333	1,326,306,667
Shares to be issued upon conversion as a percentage of total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	3.36%	3.48%

There were no treasury shares or subsidiary holdings as at 30 September 2023 and 30 September 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 30 September 2023.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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18. SUBSEQUENT EVENTS

As announced on 26 October 2023 in relation to the suit between the Company and the Bank, the leave to proceed with the Bank's application for summary judgment against the Company has been granted to the Bank on 23 October 2023. Further to the foregoing announcement, permission has been granted to the Bank to proceed with the legal proceedings against Songmart Malaysia. The hearing in relation to Songmart Malaysia is scheduled to be held on 24 January 2024. The case management in relation to Songmart Holdings is scheduled to be held on 30 November 2023. The Company will continue to keep its shareholders apprised of any material updates.

**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 30 September 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 opinions 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.

- (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.

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.

MERCURIUS CAPITAL INVESTMENT LIMITED AND ITS SUBSIDIARY CORPORATIONS

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 latest winding up orders.

- (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

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 loss attributed to the Group for the third quarter ended 30 September ("**3Q**") 2023.

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Cost of sales

Reflecting the circumstances where Songmart Group has halted its business operations, the Group reported nil costs of sales 3Q2023 as well as in 3Q2022, which was prior to the acquisition of Songmart Group.

Other gains/(losses), net

The Group had not incurred any other gains or loss for 3Q2023 as compared to other losses (net) of S\$35,000 that was incurred in 3Q2022. Such loss was incurred due to the currency translation losses during 3Q2022.

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\$122,000 in 3Q2022 to S\$50,000 in 3Q2023 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.

Net Loss

As a result of the above, the Group recorded a net loss after tax of S\$261,000 during 3Q2023 as compared to a net loss after tax of S\$369,000 during 3Q2022.

(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\$0.10 million as at 30 September 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\$0.07 million as at 30 September 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 30 September 2023 due to the De-recognition.

Trade and other receivables decreased from S\$3.16 million as at 31 December 2022 to S\$0.03 million as at 30 September 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 30 September 2023 due to the De-recognition.

Non-current Assets

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The decrease in non-current assets arose primarily from (a) the decrease in property, plant and equipment to S\$0.005 million as at 30 September 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 30 September 2023 due to the De-recognition.

Liabilities

Trade and other payables decreased from S\$11.44 million as at 31 December 2022 to S\$1.96 million as at 30 September 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\$4.61 million and nil as at 30 September 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 30 September 2023 due to the De-recognition.

Working Capital

The Group recorded a negative working capital of S\$6.48 million as at 30 September 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 working together with the liquidator appointed to the Songmart Group for the winding up process and will be, among others, liquidating all of the Songmart Group's properties to generate cash flows which will be used for repaying the outstanding bank loans and its relevant creditors, where possible.

Equity

The Group's equity decreased from S\$10.23 million as at 31 December 2022 to (S\$1.35) million as at 30 September 2023 due mainly to losses incurred amounting to S\$11.58 million during the 9 months ended 30 September 2023.

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

Net cash generated from operating activities amounted to S\$69,000 for the 9 months ended 30 September 2023, mainly due to operating cash outflows before working capital changes of S\$3,481,000 and net cash generated from working capital of S\$3,550,000. 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 period.

Net cash generated from investing activities of S\$1,220,000 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 the De-recognition, slightly offset by the acquisition of PPE of S\$57,000, which encompasses expenses related to building improvements and furnishings.

Net cash used in financing activities of S\$460,000 in 3Q2023 was mainly due to the repayment of the lease liabilities.

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The Group had a net cash inflow of S\$829,000 during the 9 months ended 30 September 2023. The cash and cash equivalents as at 30 September 2023 amounted to S\$69,000.

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.

The third quarter of 2023 marked a period of considerable challenges for the Group, primarily driven by the evolving economic landscape. It's important to note that the Group's groceries business ceased operations as of 30 June 2023. With this development, the Group's exclusive focus now turns to its property development and investment activities in Thailand. The Group's prospects and financial performance in the upcoming reporting period and the subsequent 12 months are increasingly tied to the dynamics of the property market in Thailand. As such, the ability to adapt to these changing circumstances and the monitoring of the property market in Thailand becomes paramount in sustaining the Group's competitiveness and financial stability.

Hotel development

There has been a surge in demand for hospitality properties both in Singapore and across the world. Favorable government policies aimed at attracting foreign investment, such as the Thailand Plus package, include incentives for investment in special economic zones and targeted industries. Additionally, the commercial market in Thailand is expected to benefit from the growth of e-commerce and changing consumer behavior, while the industrial market is projected to grow as a result of the expansion of the manufacturing and logistics sectors.¹ These policies create an environment that attracts investment and economic activity in Thailand. As more commercial activities thrive, the Company expects that there will be an increase in demand for hotels and accommodations.

Further to the announcement entitled "Responses to SGX Queries" released on 10 August 2023, in respect of the current status of the Grand Bay Project, the Group is in the midst of negotiating pertinent commercial terms and conditions for a proposed transaction with potential investors together with the major shareholders of Apex for the Grand Bay Project. The Group shall update shareholders of the Company as soon as there is a meaningful breakthrough in the development on Grand Bay.

Singapore

The Group continues to leverage the robust strength of the Singaporean currency, a key asset in its portfolio. It remains committed to maintaining its strategic investment holding position in Singapore while effectively overseeing and managing operations in the regional markets of both Malaysia and Singapore. This currency advantage further solidifies the Group's position as it navigates and maximizes opportunities in the Southeast Asian market, ensuring a strong foothold in the region's financial landscape.

¹ <https://silkestate.io/thailand-property-market-outlook-2023/>

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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.

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 3Q2023, as the Company had recorded a net loss for 3Q2023.

8. 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.

9. 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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10. 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.

No further proceeds have been used since its announcement dated 11 November 2022. The Company's use of proceeds are set out as follows:

Placement dated 7 July 2021

Intended uses	Amount allocated (S\$'000)	Amount allocated after reallocation (S\$'000) ⁽¹⁾	Amount utilised (S\$'000)	Balance (S\$'000)
Business acquisition expenses ⁽²⁾	200	200	112	88
Payment of borrowings ⁽³⁾	800	289	289	-
General working capital	485	996	985 ⁽⁴⁾	11
Total	1,485	1,485	1,386	99

Notes:-

- (1) Please refer to the Company's announcement dated 20 July 2022 in respect of the re-allocation of the use of proceeds.

Business acquisition expenses refer to the expenses to be incurred in relation to the proposed acquisition of the entire issued share capital of Songmart Holdings Sdn Bhd, which relate mainly to professional fees for the conduct of due diligence and associated work.

- (2) The Group has certain borrowings including a director's loan and certain convertible loans obtained in 2019 and 2020. The Group had initially allocated S\$800,000 to make partial repayment of its borrowings if required. The Company had on 20 July 2022, reallocated the unutilised portion as it did not envisage the need to repay any borrowings with the proceeds.
- (3) There has been no further utilisation of the proceeds for general working capital since the Company's earlier update on 11 November 2022.

Save for the re-allocation announced on 20 July 2022, the use of proceeds of the Placement completed on 7 July 2021 is in accordance with the intended use as previously disclosed in the Company's announcements.

The Company will make periodic announcements as and when the balance of the net proceeds of the Placement are materially disbursed.

11. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

On behalf of the Board, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board which may render the condensed interim financial statements for the third quarter and nine months ended 30 September 2023 to be false or misleading in any material aspect.

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12. Update on the status of the Grand Bay Project

As announced on 10 August 2023, in respect of the current status of the Grand Bay Project, the Group is in the midst of negotiating pertinent commercial terms and conditions for a proposed transaction with potential investors together with the new major shareholders of Apex for the Grand Bay Project. There have been significant changes within the board of directors of Apex in the month of October 2023. Active conversations and ongoing discussions are occurring between the Company and Apex's new board of directors regarding the negotiation of the commercial terms and conditions for a proposed transaction. The Group shall update shareholders of the Company as soon as there is a significant development on Grand Bay.

BY ORDER OF THE BOARD

Chew Hai Chiene Hester Arthur
Group Chief Officer and Executive Director

Chang Wei Lu
Executive Chairman

14 November 2023