

MERCURIUS CAPITAL INVESTMENT LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No.198200473E)

MATERIAL VARIANCES BETWEEN UNAUDITED AND AUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The board of directors (the “**Board**”) of Mercurius Capital Investment Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to its unaudited full year financial results announcement for the financial year ended 31 December 2020 (“**FY2020**”) released via SGXNET on 1 March 2021 (the “**Unaudited Financial Statements**”). Further reference is made to the audited financial statements of the Company for FY2020 (the “**Audited Financial Statements**”) and the report thereon by the Company’s independent auditor which will be set out in the Company’s annual report for FY2020 (“**AR**”) which will be issued to shareholders of the Company and released on the SGXNET in due course.

Pursuant to Rule 704(5) of Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Board wishes to announce that subsequent to the release of the Unaudited Financial Statements, the independent auditor has proposed certain adjustments and reclassifications which the management of the Company has adopted accordingly in respect of the consolidated statement of comprehensive income, statement of financial position, and consolidated statement of cash flow in the Audited Financial Statements. Details and explanation of the material variances between the Unaudited Financial Statements and the Audited Financial Statements are set out in the Appendix to this announcement.

Shareholders are advised to read the Audited Financial Statements in the AR which will be issued and released in due course.

BY ORDER OF THE BOARD

CHANG WEI LU

Executive Chairman and Chief Executive Officer

8 April 2021

*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.

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, at 9 Raffles Place, #17-05 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6950 2188.

Appendix

Consolidated statement of comprehensive income for FY2020

| | 12 Months Ended 31/12/2020 | | | | Note |
|--|--|--|----------------|-------------|----------|
| | As per Audited Financial Statements | As per Unaudited Financial Statements | Variance | | |
| Continuing Operations | S\$'000 | S\$'000 | S\$'000 | % | |
| Revenue | - | - | - | | |
| Cost of sales | - | - | - | | |
| Gross profit | - | - | - | | |
| Other (losses)/income, net | 68 | 75 | (7) | 0% | |
| Administrative expenses | (717) | (716) | (1) | 0% | |
| Finance costs | (563) | (564) | 1 | 0% | |
| Share of loss of joint venture | (777) | - | (777) | NM | 1 |
| Loss before income tax | (1,989) | (1,204) | (785) | 65% | 1 |
| Income tax expenses | - | - | - | | |
| Net loss for the financial year | (1,989) | (1,204) | (785) | 65% | 1 |
| Other comprehensive (loss)/income | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | |
| - Share of other comprehensive loss of joint venture | (264) | - | (264) | NM | 2 |
| - Currency translation differences arising from consolidation | 10 | 125 | (115) | -92% | 3 |
| Other comprehensive loss, net of tax | (254) | 125 | (379) | -303% | 1 |
| Total comprehensive loss | (2,243) | (1,079) | (1,164) | 108% | 1 |
| Total Loss attributable to: | | | | | |
| Equity holders of the Company | (1,988) | (1,204) | (784) | 65% | 1 |
| Non-controlling interests | (1) | - | (1) | 0% | |
| | (1,989) | (1,204) | (785) | 65% | |
| Total comprehensive loss attributable to: | | | | | |
| Equity holders of the Company | (2,242) | (1,079) | (1,163) | 108% | 1 |
| Non-controlling interests | (1) | - | (1) | 0% | |
| | (2,243) | (1,079) | (1,164) | 108% | 1 |

NM = Not Meaningful

Statement of Financial Position as at 31 December 2020

| | Group | | | | Company | | | | Note |
|---|-------------------------------------|---------------------------------------|----------|------|-------------------------------------|---------------------------------------|----------|----|------|
| | As per Audited Financial Statements | As per Unaudited Financial Statements | Variance | | As per Audited Financial Statements | As per Unaudited Financial Statements | Variance | | |
| | S\$'000 | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | S\$'000 | % | |
| ASSETS | | | | | | | | | |
| Current assets | | | | | | | | | |
| Cash and cash equivalents | 247 | 247 | - | 0% | 240 | 240 | - | 0% | |
| Trade and other receivables | 57 | 56 | 1 | 2% | 107 | 105 | 2 | 2% | |
| Income tax recoverable | 1 | 1 | - | | - | - | - | | |
| | 305 | 304 | 1 | 0% | 347 | 345 | 2 | 1% | |
| Non-current assets | | | | | | | | | |
| Investment in subsidiary corporations | - | - | - | | * | * | - | | |
| Investment in joint venture | 8,219 | 9,260 | (1,041) | -11% | 9,260 | 9,260 | - | 0% | 4 |
| Property, plant and equipment | 35 | 35 | - | | 35 | 35 | - | 0% | |
| Right-of-use assets | 234 | 234 | - | 0% | 234 | 234 | - | 0% | |
| | 8,488 | 9,530 | - | 0% | 9,529 | 9,530 | - | 0% | |
| TOTAL ASSETS | 8,793 | 9,834 | 1 | 0% | 9,876 | 9,875 | 2 | 0% | |
| LIABILITIES | | | | | | | | | |
| Current liabilities | | | | | | | | | |
| Trade and other payables | 525 | 528 | (3) | -1% | 481 | 481 | - | 0% | |
| Lease liabilities | 163 | 163 | - | 0% | 163 | 163 | - | 0% | |
| Convertible loan | 3,813 | 3,813 | - | 0% | 3,813 | 3,813 | - | 0% | |
| | 4,501 | 4,503 | (2) | 0% | 4,457 | 4,456 | 1 | 0% | |
| Non-Current liabilities | | | | | | | | | |
| Lease liabilities | 91 | 90 | 1 | 1% | 91 | 90 | 1 | 1% | |
| TOTAL LIABILITIES | 4,592 | 4,593 | (2) | 0% | 4,548 | 4,547 | 1 | 0% | |
| NET ASSETS | 4,201 | 5,240 | 3 | 0% | 5,328 | 5,329 | 1 | 0% | |
| EQUITY | | | | | | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | | | | | | |
| Share capital | 141,277 | 141,277 | - | 0% | 141,277 | 141,277 | - | 0% | |
| Other reserves | (1,522) | (1,391) | (131) | 9% | 805 | 805 | - | 0% | 2 |
| Accumulated losses | (135,559) | (134,650) | (909) | 1% | (136,754) | (136,754) | - | 0% | |
| | 4,196 | 5,235 | (1,040) | -20% | 5,328 | 5,329 | (1) | 0% | |
| Non-controlling interests | 5 | 5 | - | 0% | - | - | - | - | |
| TOTAL EQUITY | 4,201 | 5,240 | (1,040) | -20% | 5,328 | 5,329 | (1) | 0% | |

Consolidated statement of cash flow for FY2020

| | As per Unaudited Financial Statement | As per Unaudited Financial Statement | Variances | | Note |
|---|---|---|-----------|-------|------|
| | S\$'000 | S\$'000 | S\$'000 | % | |
| Cash flows from operating activities | | | | | |
| Net loss | (1,989) | (1,080) | (909) | 84% | |
| Adjustments for: | | | | | |
| Depreciation | 161 | 160 | 1 | 1% | |
| Interest expense | 563 | 564 | (1) | 0% | |
| Share-based payment expenses | 172 | 172 | - | 0% | |
| Rent concession | (26) | - | (26) | NM | 5 |
| Share of loss of joint venture | 777 | - | 777 | NM | 1 |
| Unrealised currency translation (gains)/losses | 10 | (124) | 134 | -108% | 3 |
| Operating cash flows before working capital changes | (332) | (309) | (23) | 7% | |
| Changes in working capital | | | | | |
| Trade and other receivables | 24 | 25 | (1) | -4% | |
| Trade and other payables | (237) | (234) | (3) | 1% | |
| Cash generated from/(used in) operations | (545) | (518) | (27) | 5% | |
| Interest paid | (14) | (14) | - | 0% | |
| Net cash generated from/(used in) operating activities | (559) | (532) | (27) | 5% | |
| Cash flows used in investing activities | | | | | |
| Payment for investment in a joint venture | (1,679) | (1,679) | - | 0% | |
| Net cash used in investing activities | (1,679) | (1,679) | | | |
| Cash flows from financing activities | | | | | |
| Proceeds from placement of ordinary shares | 500 | 500 | - | 0% | |
| Proceeds from convertible loans | 800 | 800 | - | 0% | |
| Repayment of lease liabilities | (105) | (132) | 27 | -20% | 5 |
| Net cash provided by financing activities | 1,195 | 1,168 | | | |
| Net increase/(decrease) in cash and cash equivalents | (1,043) | (1,043) | - | 0% | |
| Cash and cash equivalents | | | | | |
| Cash and cash equivalents at beginning of financial year | 1,290 | 1,290 | - | 0% | |
| Cash and cash equivalents at end of financial year | 247 | 247 | | | |

Notes:-

1. Grand Bay Hotel Co., Ltd (“**Grand Bay**”) in which the Company has a 50% shareholding interest in, recorded a loss of \$1.55 million in the financial year ended 31 December 2020. Consequently, by applying equity method of accounting, the Group’s share of the losses is \$777,000. Accordingly, the Group had recorded a net loss of S\$1.99 million for FY2020. The higher total comprehensive loss, total loss attributable to equity holders of the Company and total comprehensive loss attributable to equity holders of the Company were a result of the higher net loss incurred by the Group in FY2020.
2. Mainly due to the recognition of currency translation loss of \$264,000 in the invested amount in Grand Bay as a foreign joint venture.
3. Due to a reclassification of intercompany balances between the Company and the Company’s overseas subsidiaries.
4. Pursuant to the losses recorded by Grand Bay and from the currency translation referred to in Note 1 and 2 respectively, the Group made the necessary adjustments to reflect the losses.
5. Due to a reclassification of lease repayment to rent concession received.