MERCURIUS CAPITAL INVESTMENT LIMITED

ANNUAL REPORT 2022

MERCURIUS CAPITAL INVESTMENT LIMITED

BROADENING OUR HORIZON

ANNUAL REPORT **2022**

MERCURIUS CAPITAL INVESTMENT LIMITED
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CORPORATE PROFILE

Mercurius Capital Investment Limited ("**Mercurius**" or the "**Company**", and together with its subsidiaries, the "**Group**") is an investment holding company listed on the Catalist board of the Singapore Exchange Securities Trading Limited, principally engaged in property development, property investment and groceries business, which involves (i) activities such as real estate-related investments and property development activities (including acquisition, development and/or sale of real estate) and holding of investments in real estate and residential, hospitality (including hotels and/or serviced residences), commercial (retail and office), industrial and any other suitable types of properties (including mixed development properties) ("**Property Related Assets**"); (ii) acquisition and holding of investments in Property Related Assets, as well as trading in and holding the same for long term investment purposes; (iii) the manufacture, wholesale, distribution, warehousing and logistics, retain and trading of groceries products; and (iv) in connection with the aforementioned, the operation of supermarkets and convenience stores as well as manufacturing, warehousing and logistics facilities.

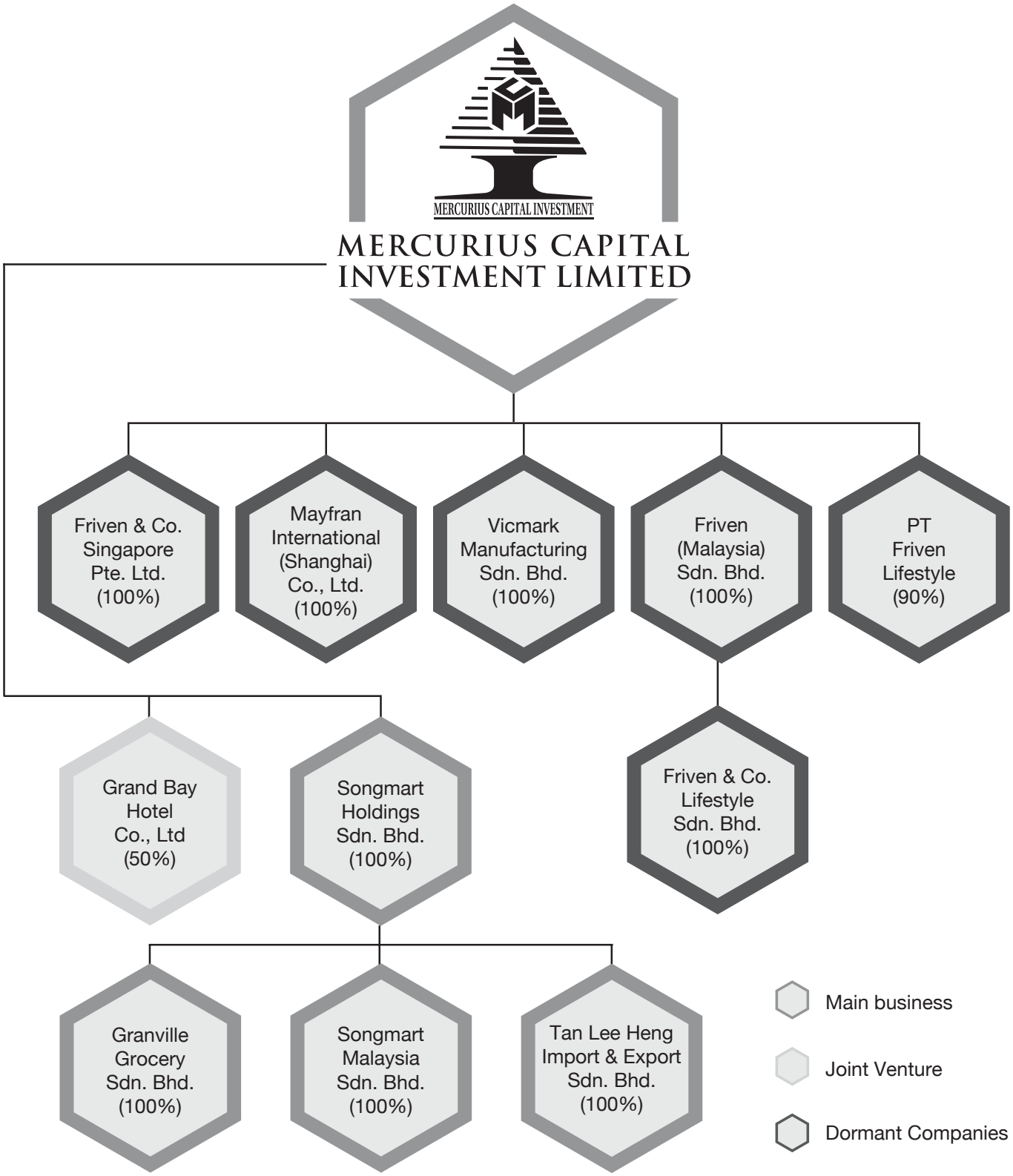
This annual report has been prepared by the Company and reviewed by the Company's sponsor, Novus Corporate Finance Pte. Ltd. (the "**Sponsor**") in compliance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.

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

The contact person for the Sponsor is Mr. Pong Chen Yih, Chief Operating Officer, 7 Temasek Boulevard, #18-03B Suntec Tower 1, Singapore 038987, telephone (65) 6950 2188.

CORPORATE STRUCTURE

AS AT 31 DECEMBER 2022



MESSAGE FROM
EXECUTIVE CHAIRMAN



DEAR SHAREHOLDERS,

Following the year of 2021, the year 2022 remained challenging to the Company despite the gradual recovery of the economy from the COVID-19 pandemic. The Group recorded a net loss of S$3.5 million due to the absence of revenue generated from the Company's business of property development and investment as well as the newly acquired grocery business.

The COVID-19 pandemic has continued to affect our joint venture with Apex Development Public Company Limited ("**Apex**") in Grand Bay Hotel Co., Ltd ("**Grand Bay**") to jointly develop the Sheraton Phuket Grand Bay Resort (the "**Sheraton Resort**") in Phuket, Thailand and the efforts to conclude the procurement of construction loans and other viable financing options. With the ease of COVID-19 restrictions in Thailand, the Group and its JV partner, Apex, are continually assessing their options, including among others, seeking funding with favourable terms to resume the development of the Grand Bay Project. We shall update the shareholders on the status of the Grand Bay Project and meaningful details of fixed milestones and timeline to completion.

SIGNIFICANT CORPORATE DEVELOPMENT

During the financial year, the total issued share capital of the Company increased from 1,326,306,667 shares to 1,392,973,333 shares resulting from the issuance and allotment of a total 66,666,666 new ordinary shares in the Company on 16 November 2022 pertaining to the first tranche of consideration shares in the total issued share capital of the Company as consideration for the proposed acquisition of Songmart Holdings Sdn. Bhd. ("**Songmart Holdings**"), which was issued to the shareholders of Songmart Holdings.

On 28 October 2022, the Company fully acquired all the ordinary shares of Songmart Holdings, representing 100% of the entire issued and paid-up capital of Songmart Holdings. Songmart Holdings is principally engaged in the business of trading of foodstuff, groceries, sundry goods and daily necessities under the brand "Tan Lee Heng" as well as the operation of mini-marts and convenience stores under the brand "Songmart", and a premium supermarket under the brand "Granville" in Johor, Malaysia.

FUTURE PLAN

Despite the prolonged volatility in the tourism and hospitality sector, the Board of Directors of the Company (the "**Board**") remains positive of the prospects in the business of property development and the Company is discussing work plans with various parties, to move forward on the Sheraton Resort.

For the supermarket sector, due to the rising inflationary pressures and the competition in the industry, the financial results as of 31 December 2022 of Songmart Holdings and its subsidiaries was in a loss-making position, which is not favourable to the Company. Songmart Holdings and its subsidiaries did not achieve the profit target for the financial year ended 31 December 2022 ("**FY2022**") as stipulated in the Share Sale Agreement entered into between the Company and Tan Lee Heng (M) Sdn Bhd, Fourseas Capital Sdn Bhd and Fourseas Holdings Sdn Bhd (collectively, the "**SPV Shareholders**") on 12 July 2021.

MESSAGE FROM EXECUTIVE CHAIRMAN



As announced in March 2023, Songmart Holdings and its subsidiary, Songmart Malaysia Sdn Bhd, had received two notices of demand in respect of overdue sums owing to a bank in Malaysia. In light of the notices of demand as well as Songmart Holding's business performances in FY2022, the Company is planning the divestment all of the properties owned by Songmart Holdings to generate cashflow with potential plans to exit the supermarket business, should favourable terms for such proposed transaction be reached.

As highlighted in the auditors' report, a disclaimer of opinion has been issued by the auditors on the Group's accounts for FY2022. The auditors highlighted, among others, that due to 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. We would like to emphasize that extensive approaches and efforts will be undertaken to address the audit issues in the next audit, taking into consideration, among others, the bases identified in the auditor's report.

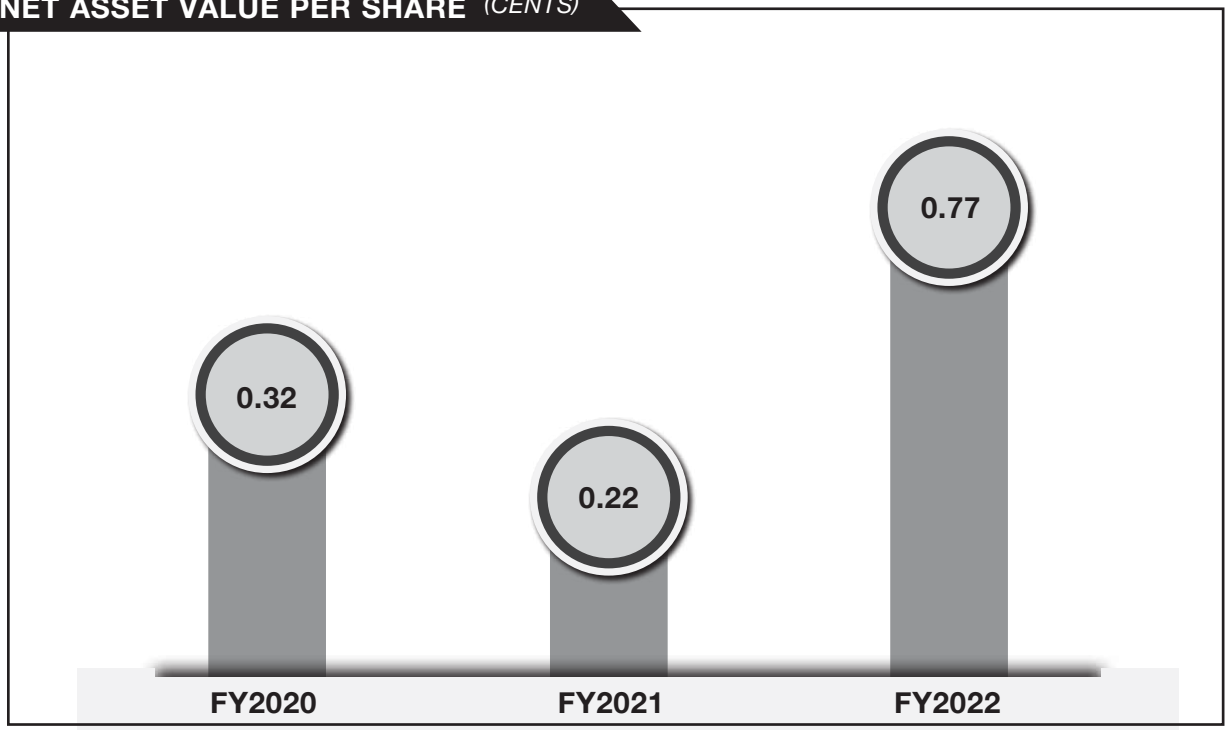
ACKNOWLEDGEMENTS

On behalf of the Board and management, we would like to thank our business partners, customers and shareholders for their unwavering support and staunch faith in the Group over the years. We look forward to growing the Group's new business strategically to provide greater value to our shareholders.

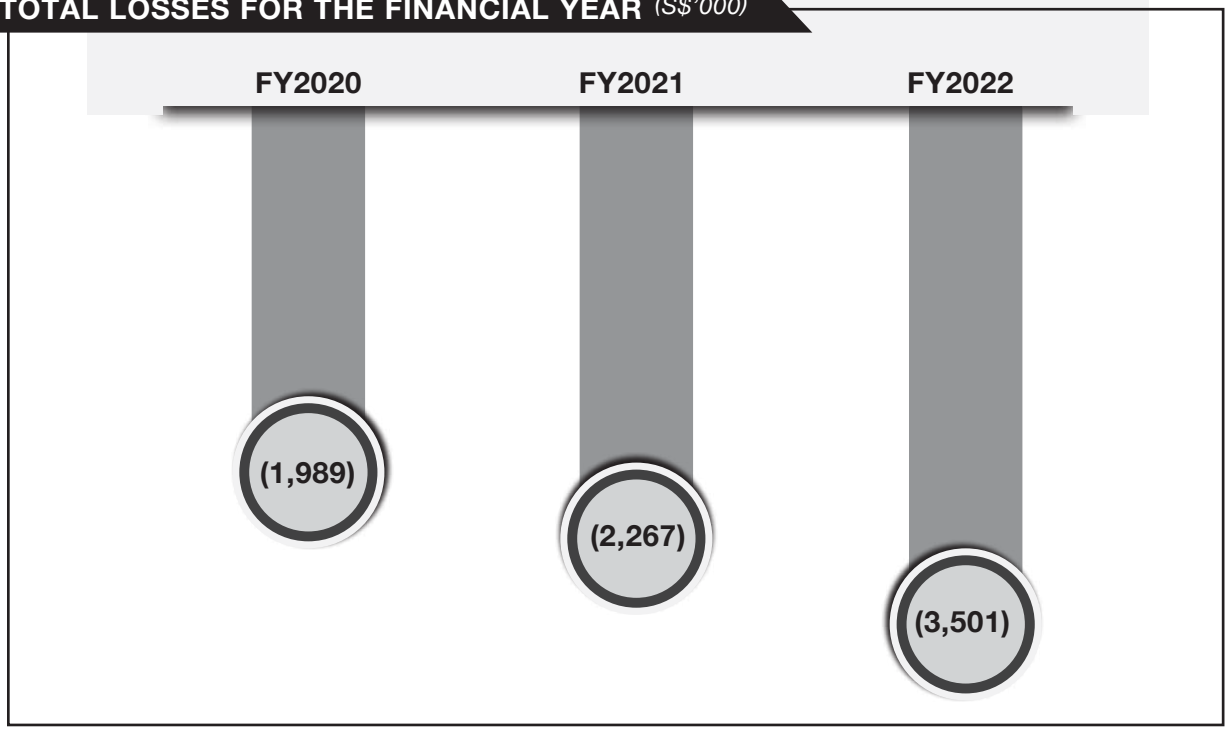
MR CHANG WEI LU
Executive Chairman
13 April 2023

FINANCIAL HIGHLIGHTS

NET ASSET VALUE PER SHARE *(CENTS)*



TOTAL LOSSES FOR THE FINANCIAL YEAR *(S$'000)*



FINANCIAL AND OPERATIONAL REVIEW

REVENUE AND GROSS PROFIT

Revenue was recorded at S$7,567,000 million in the financial year ended 31 December 2022 ("**FY2022**"), an increase from nil revenue in the financial year ended 31 December 2021 ("**FY2021**"), primarily due to revenue contribution from the acquisition of Songmart Holdings which was completed on 28 October 2022. For the same reason, the Group's gross profit was recorded at S$821,000 in FY2022, an increase from nil gross profit for FY2021.

OTHER INCOME

Other income increased from S$8,000 in FY2021 to S$61,000 in FY2022. The increase in other income was mainly due to income contribution from Songmart Holdings in relation to sales incentives, promotion claims and rental income.

OTHER GAINS, NET

In FY2022, other gains was mainly attributable to gain on re-measurement of convertible loans and partially offset by currency translation losses.

ADMINISTRATIVE EXPENSES

Administrative expenses increased from S$691,000 in FY2021 to S$2,392,000 in FY2022. This was mainly due to administrative expenses incurred by Songmart Holdings in relation to its daily operating expenses during FY2022.

FINANCE COSTS

Finance costs are substantially the accrued interest from the convertible loans procured on 13 December 2019, 23 December 2019 and 3 January 2020. Finance costs increased from S$801,000 during FY2021 to S$896,000 during FY2022 due to higher effective interest rates as a result of the extension of the convertible loans and higher interests on lease liabilities.

SHARE OF LOSS OF JOINT VENTURE

Grand Bay Hotel Co., Ltd ("**Grand Bay**") in which the Company has a 50% shareholding interest, recorded a loss of S$2.66 million in FY2022. Consequently, the Group's share of losses is S$1.33 million. The share of losses increased from S$1.12 million in FY2021 to S$1.33 million in FY2022 due to higher losses incurred by Grand Bay, which was mainly due to higher finance costs incurred during FY2022.

NET LOSS

As a result of the above, the Group recorded a net loss after tax of S$3.50 million in FY2022 as compared to a net loss after tax of S$2.27 million in FY2021.

FINANCIAL POSITION

The Group's current assets increased from S$0.94 million as at 31 December 2021 to S$8.14 million as at 31 December 2022, mainly due to the increase in inventories and trade and other receivables. The increase in inventories and trade and other receivables were contributed from the acquisition of Songmart Holdings, which increased from nil as at 31 December 2021 to S$4.40 million as at 31 December 2022 and S$0.93 million as at 31 December 2021 to S$3.16 million as at 31 December 2022 respectively.

Non-current assets have increased significantly from S$6.58 million as at 31 December 2021 to S$29.62 million as at 31 December 2022 mainly due to the business combination of Songmart Holdings upon the completion of the acquisition on 28 October 2022. The increase in non-current assets is mainly attributed by the rise in property, plant and equipment to S$13.94 million from S$0.11 million, and the increase of intangible assets to S$10.57 million from nil as at 31 December 2022 as compared to 31 December 2021.

FINANCIAL AND OPERATIONAL REVIEW

The Group recorded negative working capital of S$16.35 million as at 31 December 2022, as compared to negative working capital of S$3.67 million as at 31 December 2021.

The Board is aware of the negative working capital and has taken the following precautionary measures:

- An undertaking letter obtained from a director for not demanding for payment of outstanding payables of $300,000 and any accrued interest for the financial year ending 31 December 2023;

- Supplementary letters signed with all convertible loan holders in respect of convertible loan agreements amounting to S$3.30 million, pursuant to which, the convertible loan holders agreed to extend the maturity date of their outstanding convertible loans to 13 June 2024, 23 June 2024 and 3 July 2024 respectively;

- The Group is planning to divest all properties held by Songmart Holdings to generate cashflow;

- Subject to approval by the Company's shareholders at the upcoming Annual General Meeting, it is proposed that the salaries and fees of the Board of Directors for the financial year ended 31 December 2022 will be settled by way of the issuance of new ordinary shares in the Company's share capital ("**Shares**"). In addition, the Company also intends to pay its Executive Chairman and Chief Executive Officer in Shares for the financial year ending 2023; and

- The Group and the Company are sourcing and evaluating various avenues to secure additional funds, including potential placements of shares and/or convertible loans, with the aim of settling/discharging their current liabilities in the next twelve months from 31 December 2022.

The Group's equity increased from S$2.91 million as at 31 December 2021 to S$10.23 million as at 31 December 2022 mainly due to increase in share capital in respect of the issuance and allotment of Shares in relation to the acquisition of Songmart Holdings and partially offset by losses incurred amounting to S$3.50 million during the year.

CASH FLOW POSITION

Net cash used in operating activities amounted to S$0.15 million for FY2022, mainly due to operating cash outflows before working capital changes of S$1.29 million, net cash generated from working capital of S$1.34 million and interest paid of S$0.10 million. Net cash generated from working capital was mainly a result of receipts of receivables and partially offset by the changes in inventories.

Net cash used in financing activities of S$0.52 million for FY2022 was mainly due to the repayment of part of the loans and borrowings and lease liabilities.

Net cash used in investing activities of S$0.94 million for FY2022 was mainly due to additions of property, plant and equipment which arose from the acquisition of Songmart Holdings.

The Group had a net cash outflow of S$1.60 million during FY2022. The cash and cash equivalents as at 31 December 2022 amounted to S$0.76 million.

BOARD OF DIRECTORS



CHANG WEI LU
Executive Chairman

Mr. Chang was appointed to the Board on 12 May 2014 and was appointed as the Executive Chairman and Chief Executive Officer of the Company on 21 February 2017, a position which he held until 24 October 2022. Mr. Chang was then redesignated as Executive Chairman on 25 October 2022. Mr. Chang has extensive business and work experience in hotel management, property investment, food and beverage, and lifestyle management and served as director and Chairman of group of companies in Malaysia in related businesses.

Mr. Chang actively supports and sponsors community programmes through his participation in various clan associations in Malaysia. He is an executive advisor of Penang Teoh Si Cheng Hoe Tong, chairman of Penang Chinese Clan Council, deputy president of The Federation of Zhang Clan Association Malaysia and Vice President of The World Zhang Clan Association.



CHEW HAI CHIENE HESTER ARTHUR
Chief Executive Officer and Executive Director

Mr. Chew was appointed to the Board on 25 July 2019 as an Independent Non-Executive Directors and was the Lead Independent Non-Executive Director prior to his re-designation as Chief Executive Officer and Executive Director on 25 October 2022.

Mr. Chew has over 35 years of experience in the Quick Service Restaurant & Fast-Moving Consumer Goods sectors, operating in South East Asia. He was previously the CEO of McThai Co., Ltd, a position that he had held since 2006. Prior to that he was the CEO of Delifrance Asia from 2002 to 2003, and the vice president/managing director of Tricon Indochina from 1988 to 2002, operating KFC, Pizza Hut & Taco Bell in Singapore, Thailand and Indochina.

Mr. Chew is an active member of the Young Presidents' Organization since 2009 and was the recipient of the 2018 Hickok Distinguished Service Award in recognition of his contribution and leadership in the organization.

Mr. Chew studied in St Joseph's Institution in Singapore and attended the Executive MBA program in Michigan University.

BOARD OF **DIRECTORS**



TEO SOON SENG
Non-Independent, Non-Executive Director

Mr. Teo was appointed to the Board on 28 February 2022 as a Non-Independent Non-Executive Director and a member of the Nominating Committee. Following the changes to the composition of the Board and Board committees as announced by the Company on 27 February 2023, Mr. Teo is presently a member of the Audit Committee, Nominating Committee and the Remuneration Committee.

Mr. Teo founded the Mossad Services Group in 1988, started by delivering basic cabling installation services for telephones and computing equipment to the retail and small businesses in Singapore. He gradually progressed to provide intermediate structured cabling installation and telecommunication equipment to local small & medium business enterprises; larger scale turnkey installation projects for government agencies, education institutions, hospitals and marine port's IT and telephony infrastructure facilities in Singapore. Mr. Teo is instrumental in expanding the Mossad Services Group to today's operation of providing full suites of Enterprise IT Network and Infrastructure Solutions as well as IT Manpower Services for both domestic and global companies, serving customers in Malaysia, Thailand and Vietnam.

Mr. Teo is a financial and strategic investor, active in private and public companies.



WONG LEONG CHUI
Lead Independent Non-Executive Director

Mr. Wong was appointed to the Board on 21 February 2017, and is presently the Lead Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Nominating Committee and the Remuneration Committee, following changes to the composition of the Board and Board committees as announced by the Company on 27 February 2023. Mr. Wong has over 50 years of experience in the building construction industry in Singapore, where he had managed more than 50 construction projects involving high-rise, low-rise, commercial and residential buildings. He is currently the managing director of Chong Tong Construction Pte. Ltd

BOARD OF DIRECTORS



DR. CHONG CHEONG SIN
Independent, Non-Executive Director

Dr. Chong was appointed to the Board on 1 March 2023 as an Independent Non-Executive Director and Chairman of the Nominating and the Remuneration Committees and a member of the Audit Committee.

Dr. Chong is an institutional fund management expert, managing a team of specialists in the areas of wealth management, investment research, investment advisory and portfolio management. He acts as an adviser and a director to various companies to play an active role in assisting them in their business decisions and overall business management plan.

Dr. Chong has a strong background on financial matters, and partners closely with many institutional clients. Dr. Chong has also invested in various business sectors such as food industry, retail trade, information technology and property management in Asia Pacific region. He is also a managing director of Mirac Finance Ltd., which is a licensed financial services company in Labuan.

Dr. Chong graduated with a Master of Business Administration from the International Teaching University of Georgia. He completed his Doctor of Business Administration program with the Collegium Humanum, Warsaw Management University. At present, he is pursuing the Doctor of Philosophy (PhD) program at the Swiss School of Management in Switzerland.

BOARD OF **DIRECTORS**



TAN BOON KOK
Executive Director

Mr. Tan Boon Kok has more than 12 years of experience as a tax adviser specialising in tax audit and tax investigation. He also has more than 26 years of experience in the audit, accounting and finance profession.

Mr. Tan Boon Kok is a Founding Director of Songmart Holdings Sdn Bhd, Songmart Malaysia Sdn Bhd, Tan Lee Heng Import & Export Sdn Bhd and Granville Grocery Sdn Bhd and was also a consultant at Songmart Cash & Carry Sdn Bhd, a company involved in the groceries business. He is principally involved in strategic planning as well as the financial, internal audit, accounting and tax functions of the aforesaid entities. Mr. Tan Boon Kok currently serves on the Board of Directors and is the Honorary Treasurer of the Johor Cerebral Palsy Association. He is also the National Vice President of the Federation Chen (Tan) Malaysia.

Mr. Tan Boon Kok has been a Fellow Member of the Association of International Accountants, an Associate of the Chartered Tax Institute of Malaysia, and a Professional Member of the Institute of Internal Auditors of Malaysia since 2006, 2012 and 2015 respectively. He is also a Chartered Tax Practitioner with the Chartered Tax Institute of Malaysia, and an income tax agent licensed by the Ministry of Finance of Malaysia.



TAN AH MAI
Alternate Director to Tan Boon Kok

Ms. Tan Ah Mai is a Founder and Managing Director of the Songmart Group and Granville Grocery Sdn Bhd.

Ms. Tan Ah Mai has been in charge of the management and operations of numerous supermarket outlets of the Songmart Group and Granville Grocery Sdn Bhd since 2002 and 2018 respectively. Prior to joining the Songmart Group, Ms. Tan Ah Mai was employed as an Account Manager at a property management firm in Malaysia, for a period of more than 10 years and was subsequently a director of Tan Lee Heng (M) Sdn Bhd and had been overseeing the import and export business of Tan Lee Heng (M) Sdn Bhd from 2000 to 2021.

Aside from her directorships in the Songmart Group, she is also a director on the board of directors of six other companies in Malaysia, most of which engage in property investment and management businesses.

KEY MANAGEMENT

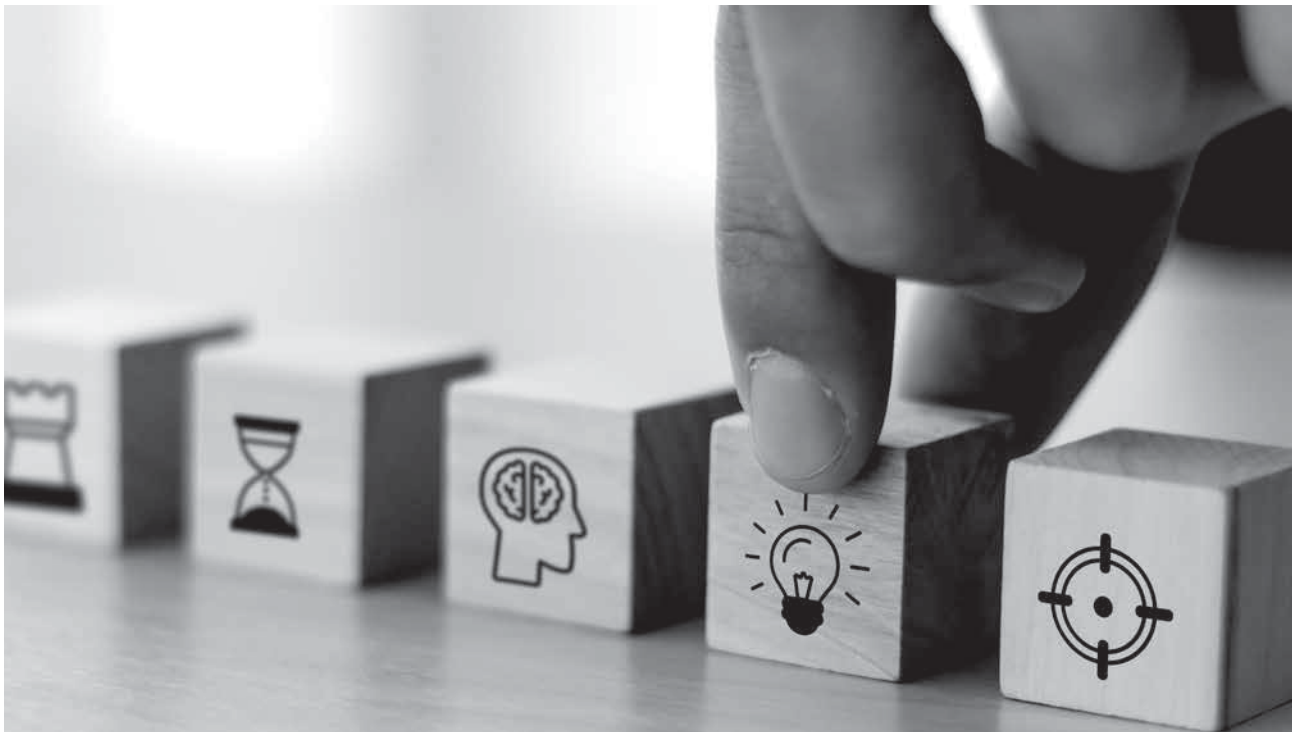
WONG SEE MAY, MAVIS

Financial Controller

Ms. Mavis Wong joined the Group on 7 November 2022 as the Financial Controller, overseeing the finance and accounting functions including financial reporting, internal controls, taxation and compliance of the Group. Prior to her appointment, she was the Finance Manager of Tan Lee Heng Import & Export Sdn. Bhd., which is a subsidiary company of Songmart Holdings.

Ms. Mavis Wong started her career with YCS Management & Consultant Services as an Account Associate before joining KPMG Chartered Accountant, Malaysia in 2014 as an Audit Associate and she left as a Audit Senior in 2016. She joined SCS Global PAC in Singapore as Audit Senior in 2016 and subsequently moved into provision of freelance accounting services in 2020.

She graduated with a Bachelor of Science (Honors) in Applied Accounting.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Chang Wei Lu
Executive Chairman

Mr. Chew Hai Chiene Hester Arthur
Chief Executive Officer and Executive Director

Mr. Tan Boon Kok
Executive Director

Ms. Tan Ah Mai
Alternate Director to Mr. Tan Boon Kok

Mr. Wong Leong Chui
Lead Independent Non-Executive Director

Mr. Teo Soon Seng
Non-Independent Non-Executive Director

Dr. Chong Cheong Sin
Independent Non-Executive Director
(Appointed with effect from 1 March 2023)

AUDIT COMMITTEE
Mr. Wong Leong Chui (*Chairman*)
Mr. Teo Soon Seng
Dr. Chong Cheong Sin
(Appointed with effect from 1 March 2023)

NOMINATING COMMITTEE
Dr. Chong Cheong Sin (*Chairman*)
(Appointed with effect from 1 March 2023)
Mr. Wong Leong Chui
Mr. Teo Soon Seng

REMUNERATION COMMITTEE
Dr. Chong Cheong Sin (*Chairman*)
(Appointed with effect from 1 March 2023)
Mr. Wong Leong Chui
Mr. Teo Soon Seng

COMPANY SECRETARY
Mr. Chua Kern

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7 Temasek Boulevard
#18-03B Suntec Tower 1
Singapore 038987

INDEPENDENT AUDITOR
CLA Global TS Public Accounting Corporation
80 Robinson Road
#25-00
Singapore 068898
Director-In-Charge:
Ms. Lim Hui Ki
(Appointed since the financial year ended 31 December 2022)

PRINCIPAL BANKERS
The Development Bank of Singapore Ltd
CIMB Bank Berhad

CORPORATE SOCIAL RESPONSIBILITY

As the Group ventures into business units of property development and property investment as well as the groceries business to further expand its revenue base and to offer new business opportunities to enhance shareholders' value, we also take into equal consideration of all stakeholders in our business operations.

The Group's current businesses include a joint venture agreement with Apex Development Public Company Limited and Grand Bay Hotel Co., Ltd to jointly develop a hotel property under the name of Sheraton Phuket Grand Bay Resort (the "**Sheraton Resort**") in Phuket, Thailand and the grocery business under Songmart Holdings in Malaysia.

We have conducted assessments of the businesses in terms of economic, environmental and social compliance, as well as their engagement with local communities, and have worked closely with our joint venture partners and the management team of Songmart Holdings to ensure that sustainable measures and practices are implemented in the development of Sheraton Resort and across the mini-marts and convenience stores in Malaysia respectively. We endeavour for the planning and execution of the hotel construction for Sheraton Resort and operations of Songmart to take into consideration any negative environmental and social impacts, as well as to take into account aspects of diversity and anti-corruption so as to work towards sustainable targets.

The Company will be issuing its Sustainability Report 2022 separately.

CORPORATE GOVERNANCE REPORT

Introduction

The board of directors (the "**Board**" or the "**Directors**") and the management (the "**Management**") of Mercurius Capital Investment Limited (the "**Company**", and together with its subsidiaries, the "**Group**") are committed to maintaining a high standard of corporate governance. Underlying this commitment is the belief that good governance will help to enhance corporate performance and accountability.

This report sets out the Group's current corporate governance and practices with specific references made to principles and guidelines of the Code of Corporate Governance 2018 (the "**Code**").

The Board confirms that, for the financial year ended 31 December 2022 ("**FY2022**"), the Company has generally complied in all material aspects with the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations have been provided as to how the Company's practices were consistent with the intent of the Principle in question.

BOARD MATTERS

THE BOARD'S CONDUCT OF AFFAIRS

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

Role of the Board

The Board's primary role is to protect and enhance long-term shareholders' value. To fulfil this role, the Board is responsible for the overall corporate governance of the Group including setting its strategic direction, establishing goals for the Management and monitoring the achievement of these goals. As part of its responsibility in discharging its duty, the Board also:

- oversees the risk management and internal control processes, financial reporting and compliance, including the release of quarterly and full year financial results, and all other types of announcements and media releases;
- approves major funding investments and divestment proposals;
- approves the nominations to the Board and appointments to the various Board committees;
- approves the framework of remuneration for the Board and key executives as recommended by the Remuneration Committee;
- provides entrepreneurial leadership, and sets strategic objectives, which should include appropriate focus on value creation, innovation and sustainability; and
- ensures that the necessary resources are in place for the Company to meet its strategic goals.

The Directors exercise objective judgement in discharging their duties and responsibilities at all times as fiduciaries in the best interests of the Company and hold Management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures transparency and proper accountability within the Company and to key stakeholder groups. Directors facing conflicts of interest recuse themselves from discussions and decisions involving issues of conflict.

CORPORATE GOVERNANCE REPORT

Board Processes

To assist the Board in discharging its responsibilities and to enhance the Company's corporate governance framework, the Board has delegated some of its authority to three Board committees, namely the Audit Committee (the "**AC**"), the Remuneration Committee (the "**RC**") and the Nominating Committee (the "**NC**") (collectively, the "**Board Committees**"). The Board Committees function within clearly defined terms of reference setting out, amongst others, their respective compositions, authorities and duties, which are reviewed by the Board on a regular basis to ensure their continued relevance and effectiveness. The effectiveness of each Board Committee is also constantly monitored. While the Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters still lies with the entire Board. The terms of reference of each Board Committee is set out under Principles 4, 6 and 10 of this report.

The Board conducts regular meetings on a quarterly basis, and additional meetings for particular matters will be convened as and when they are deemed necessary. The attendance of the Directors holding office in FY2022 at the meetings of the Board and Board Committees and general meetings during FY2022 are set out in the table below:–

	Annual General Meeting	**Extraordinary General Meeting**	**Board**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**
Number of meetings held during the year*	**1**	**1**	**4**	**4**	**1**	**1**
Attendance:						
Chang Wei Lu	1	1	2	2[(1)]	–	0
Chew Hai Chiene Hester Arthur	1	1	4	4	1	1[(1)]
Wong Leong Chui	1	1	4	4	1	1
Teo Soon Seng[(2)]	1	1	3	3[(1)]	–	–
Wong Yee Chue[(3)]	1	1	2	3	–	–
Tan Boon Kok[(4)]	–	–	–	–	–	–
Tan Ah Mai[(5)]	–	–	–	–	–	–

Notes:

* *Under this row, the number of meetings indicated refers to the total number of meetings held in FY2022.*

(1) Attendance at meetings were "By Invitation".

(2) Mr. Teo Soon Seng was appointed as a Non-Independent Non-Executive Director on 28 February 2022.

(3) Mr. Wong Yee Chue was appointed as an Independent Non-Executive Director on 28 February 2022 and resigned with effect from 28 February 2023.

(4) Mr. Tan Boon Kok was appointed as an Executive Director on 30 November 2022.

(5) Ms. Tan Ah Mai was appointed as an Alternate Director to Mr. Tan Boon Kok on 30 November 2022.

CORPORATE GOVERNANCE REPORT

The Company's constitution (the "**Constitution**") allows a Board meeting to be conducted by way of tele-conference and video-conference.

Directors with multiple board representations are to disclose such board representations to the Board and ensure that sufficient time and attention are given to the affairs of the Group.

The Board decides on matters that require its approval and clearly communicates this to Management in writing. Matters that require the approval of the Board include, but are not limited to, the following:–

- corporate strategy and business plans;
- major funding proposals and investments;
- appointment/cessation, and remuneration packages, of the Directors and Executive Officers;
- interim and full year financial result announcements on SGXNET;
- annual reports and financial statements for each financial year;
- material acquisitions and disposals of assets and businesses;
- share issuances, interim dividends and other returns to shareholders; and
- matters involving a conflict of interest for a substantial shareholder or a Director.

The Board also provides effective oversight of the Management's performance and control, compliance with legislative and regulatory requirements including continuing disclosure requirements under the SGX-ST Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**").

The Directors understand the Company's business as well as their directorship duties (including their roles as Executive, Non-Executive and Independent Directors). The Management regularly brief the Directors on the Group's activities to keep them updated on the Group's recent developments. Further, Directors are provided with regular updates on changes in the relevant rules and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. Directors are encouraged to attend courses to update their knowledge and better equip themselves to discharge their duties and such courses may be funded by the Company, subject to the approval of the Chairman. The Company Secretary keeps records of the Directors' training on an annual basis. All of the Directors of the Company as of the date of this report have attended the Listed Entity Director Program on Environmental, Social and Governance Essentials conducted by the Singapore Institute of Directors.

All Directors are also provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. The Sponsor, external auditor and the Company Secretary will also update and brief the Directors on changes and new developments in regulatory requirements. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority ("**ACRA**") which are relevant to the Group and/or Directors, are circulated to the Board.

CORPORATE GOVERNANCE REPORT

Newly appointed Directors will receive appropriate briefings and an orientation program will be conducted to ensure that they are familiar with the Company's business and governance practices. A formal letter of appointment will also be sent to any newly appointed Director setting out his/her duties and obligations upon his/her appointment.

The Directors have separate and independent access to the Management and the Company Secretary, as well as to the internal and external auditor.

The Company Secretary attends all of the Board and Board Committees meetings and ensures that board procedures are followed and that applicable rules and regulations of the Companies Act 1967 of Singapore and the Catalist Rules are complied with. The Company Secretary also provides periodic updates to the Directors on relevant regulatory changes affecting the Company. The appointment and removal of the Company Secretary is decided by the Board as a whole.

The Management also provides the Board with complete, adequate and timely information on issues requiring the Board's deliberations prior to meetings and on an on-going basis, so as to enable the Board to make informed decisions and discharge their duties and responsibilities. The Board is also informed of all material events and transactions as and when they occur. Requests for additional information by the Board are dealt with promptly by the Management.

Prior to each Board meeting, the Board is provided with the relevant background or explanatory information relating to the business of meeting and information on major operational, financial and corporate issues in a timely manner. Board papers are prepared for each Board and Board Committee meeting and are usually circulated in advance of such meetings to facilitate effective discussion and decision-making. In respect of budgets, any material variances between the projections and actual results are discussed between the Management and the Board.

Should the Directors, whether as a group or individually, need independent professional advice to enable them to discharge their duties, the Company will appoint a professional adviser, subject to the approval of the Chairman, and the cost will be borne by the Company.

While matters relating to the Group's strategies and policies require the Board's direction and approval, the Management is responsible for the day-to-day operations and administration of the Group.

CORPORATE GOVERNANCE REPORT

BOARD COMPOSITION AND GUIDANCE

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

As at the end of FY2022, the Board comprised seven members (including one alternate director), two of whom were Independent Non-Executive Directors. Information on the Board is as follows:

Name of Director	Designation of Board Member	Board Committee Membership		
		Audit Committee	Nominating Committee	Remuneration Committee
Mr. Chang Wei Lu[1]	Executive Chairman	–	–	–
Mr. Chew Hai Chiene Hester Arthur[2]	Group Chief Executive Officer ("**CEO**") and Executive Director	–	–	–
Mr. Wong Leong Chui[3]	Lead Independent Non-Executive Director	Chairman	Member	Member
Mr. Teo Soon Seng	Non-Independent Non-Executive Director	Member	Member	Member
Mr. Tan Boon Kok[4]	Executive Director	–	–	–
Ms. Tan Ah Mai[5]	Alternate Director to Mr. Tan Boon Kok	–	–	–
Mr. Wong Yee Chue[6]	Independent Non-Executive Director	Member	–	Member
Dr. Chong Cheong Sin[7]	Independent Non-Executive Director	Member	Chairman	Chairman

Notes:

(1) Mr. Chang Wei Lu was previously the Executive Chairman and CEO. Mr. Chang stepped down as CEO with effect from 25 October 2022 and remained as the Executive Chairman.

(2) Mr. Chew Hai Chiene Hester Arthur was designated from Lead Independent Non-Executive Director to Group CEO and Executive Director with effect from 25 October 2022.

(3) Mr. Wong Leong Chui was redesignated from Independent Non-Executive Director to Lead Independent Non-Executive Director with effect from 1 March 2023.

(4) Mr. Tan Boon Kok was appointed as Executive Director with effect from 30 November 2022.

(5) Ms. Tan Ah Mai was appointed as Alternate Director to Mr. Tan Boon Kok with effect from 30 November 2022.

(6) Mr. Wong Yee Chue stepped off the Board with effect from 28 February 2023.

(7) Dr. Chong Cheong Sin was appointed as Independent Non-Executive Director with effect from 1 March 2023.

CORPORATE GOVERNANCE REPORT

Provision 2.2 of the Code recommends that Independent Directors make up a majority of the Board where the Chairman is not independent. In the case of the Company, the Chairman is not independent as he is an Executive Director. The Company had, up to 25 October 2022, when the Company's Lead Independent Non-Executive Director, Mr. Hester Chew, was re-designated as the Company's Group CEO and Executive Director, comprised a majority of Independent Directors. Following the re-designation and appointment of additional directors in October 2022 and November 2022 respectively, the Independent Directors formed one-third of the Board. In order to address the issue of independence given that the Chairman is not independent, the Board has appointed a lead independent director with effect from 1 March 2023 to provide leadership when the Chairman is conflicted. Taking into account the above, the Board is of the view that the Company complies with Principle 2 of the Code as there are sufficient safeguards and checks to ensure that the process of decision-making by the Board is independent and based on collective decisions without any individual or small group of individuals exercising any considerable concentration of power or influence.

Provision 2.3 of the Code recommends that Non-Executive Directors make up a majority of the Board. As at the end of FY2022, the Non-Executive Directors made up half of the Board. It should be noted that in FY2022, up till 25 October 2022, when the Company's Lead Independent Non-Executive Director, Mr. Hester Chew, was re-designated as the Company's Group CEO and Executive Director, the Company had complied with Provision 2.3 of the Code as a majority of the Board comprised Independent Non-Executive Directors. Nonetheless, although the Non-Executive Directors were not a majority as of 31 December 2022, the Company believes that the Board composition was consistent with the intent of Principle 2 of the Code as the Board committees were at all times chaired by Independent Non-Executive Directors, and are able to provide the appropriate level of independence and diversity of thought and background and to make decisions in the best interests of the Company. The Board has always discussed important issues robustly and have always been able to reach a consensus on the votes without having to rely on any majority votes to decide nor having an individual or small group of individuals dominate the Board's decision-making process.

The size and composition of the Board and Board Committees are reviewed from time to time by the NC to ensure that the Board and Board Committees have the appropriate balance and mix of skills, knowledge, expertise and experience and other aspects of diversity such as age, so as to avoid groupthink and foster constructive debate, and ensure that the Board collectively possesses the necessary core competencies for effective discussions and decision making. The NC is of the view that the current Board size is appropriate and effective, taking into account the nature and scope of the Group's operations. Further, the NC is satisfied that the Board comprises Directors with a variety of core competencies and expertise necessary to discharge their duties and responsibilities and to provide strategic networking to enhance the business of the Group.

Each year, the Board reviews its size and composition, taking into account, inter alia, the Board Diversity Policy. Key considerations in the Board Diversity Policy include the scope and nature of the Group's business and operations and the benefits of all aspects of diversity, including but not limited to a diverse mix of skills, expertise, industry and business experiences, background, gender, age, ethnicity, nationalities and other aspects of diversity as may be relevant. These differences will be considered in determining the optimal composition of the Board and when possible, should be balanced appropriately. When reviewing and assessing the composition of the Board and making recommendations to the Board for the appointment of Directors, the NC will consider candidates based on merit and against the objective criteria set by the Board, after having given due regard to the board diversity policy and the needs of the Board.

CORPORATE GOVERNANCE REPORT

Notwithstanding that the Company has a female alternate Director, the Board is receptive to further its gender diversity on the Board and appoint a female Director if a suitable candidate is nominated for the Board's consideration. The Directors believe that board diversity is more than just gender diversity and embraces other factors such as a need for individuals from all backgrounds, skill-sets, life experiences and abilities.

By the financial year ending 31 December 2025, the Company shall endeavour to meet these diversity targets set as follows:

1. a majority of the Board members are independent directors;
2. to ensure that the Directors as a group, possess a variety of skill sets, including in core competencies, domain knowledge and a mix of industry experience in term of management experience;
3. at least one member has extensive experience in the industry in relation to the Company's principal activities; and
4. at least a female Director on the Board.

The NC will be responsible for ensuring that the board diversity policy is implemented in an effective and practical manner, and that all key aspects of its Board Diversity Policy are considered in identifying suitable candidates when a vacancy arises on the Board. The Board's assessment of its composition from a diversity perspective will be reflected annually under the Corporate Governance section of the Company's Annual Report.

Mr. Tan Boon Kok and Ms. Tan Ah Mai were appointed to the Board in on 30 November 2022 and Dr. Chong Cheong Sin was appointed to the Board on 1 March 2023. Mr. Tan Boon Kok has extensive experience in tax, audit and accounting industries and has advised some companies in Malaysia in respect of tax and accounting matters. Ms. Tan Ah Mai has extensive experience in the groceries industry and was involved in the groceries business operations prior to the business combination.

The Board has reviewed and believes that its composition achieves diversity of skills, knowledge and experience as further described as follows:

	No. of Directors	**Proportion of Board**
Core Competencies		
Accounting/Finance/Legal/Corporate governance	5	83%
Industry/Customer based-knowledge or experience	4	66%
Strategic planning experience	5	83%

CORPORATE GOVERNANCE REPORT

The independence of each Director is reviewed annually by the NC. The criterion of independence is based on the definition set out in the Catalist Rules and the Code. The NC reviews annually the independence of each Director. The Board, based on the review conducted by the NC and guided by the definition of independence under the Code, has determined and confirmed the independence of the Independent Directors. None of the Independent Directors have served in the Board beyond nine (9) years from the date of first appointment.

The Independent Directors as at end of FY2022 (namely Mr. Wong Leong Chui and Mr. Wong Yee Chue) have confirmed that they or their immediate family members do not have any relationship with the Company or any of its related corporations, its substantial Shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Directors' independent business judgment with a view to the best interests of the Company, and do not fall under any of the circumstances pursuant to Rule 406(3)(d) of the Catalist Rules for FY2022.

The Board has a Lead Independent Director who is available to shareholders of the Company where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate, and will provide leadership in situations where the Executive Chairman may be conflicted.

The Non-Executive Directors communicate regularly to discuss matters such as the Group's financial performance and corporate governance measures and provide constructive advice and guidance on directions in relation to the Group's business strategies. They also review the performance of the Management in achieving agreed goals and objectives and monitor the reporting of performance. The Non-Executive Directors and/or Independent Directors, led by the Lead Independent Director, are aware of the guidance for regular meetings to discuss the Group's affairs without the presence of the Management, and for the chairman of such meetings to provide feedback to the Board and/or Chairman as appropriate. Due to COVID-19 pandemic, the Non-Executive Directors did not meet without the presence of Management during the year under review as there was low business activity, but will continue to monitor the need to do so in the upcoming financial year as the Company had acquired Songmart Holdings.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Company has a separate Chairman and Group CEO. This ensures that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The Chairman and Group CEO are not related to each other.

Mr. Chang Wei Lu is the Executive Chairman of the Board and he has considerable industry experience in business investments and has a wide business network. He is primarily responsible for leading the Board, and together with the other Executive Directors, providing overall leadership and strategic vision for the Group.

CORPORATE GOVERNANCE REPORT

Mr. Chew Hai Chiene Hester Arthur is the Group CEO and he is responsible for the overall management, operations, strategic planning, and business development of the Group, and ensuring a cohesive working relationship among the Directors and timeliness of information flow between the Board and the Management.

The Board has a Lead Independent Director to provide leadership in situations where the Executive Chairman is conflicted. Notwithstanding that the Company did not have a Lead Independent Director as at the end of FY2022 following the re-designation of Mr. Chew Hai Chiene Hester Arthur from Lead Independent Director to Group CEO and Executive Director with effect from 25 October 2022, the Company has since re-designated Mr. Wong Leong Chui as Lead Independent Director with effect from 1 March 2023.

Where appropriate, the Lead Independent Director provides feedback to the Board and/or Chairman as appropriate. Similarly, the Lead Independent Director acts as the focal point for contact between the Executive Director and the Management with the Independent Directors, and is also available to shareholders where they have concerns and for which contact through the normal channels of communication with the Chairman or Management are inappropriate or inadequate.

BOARD MEMBERSHIP

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

As at the end of FY2022, the NC comprised of three Directors, of which two were Non-Executive Directors, and the Company notes that it was not in compliance with provision 4.2 of the Code. As such, the NC, together with the Board had reviewed its composition and had reconstituted the composition of the NC to comply with provision 4.2, as announced by the Company on 27 February 2023. The NC formerly comprised and presently comprises of the following members:

As at the end of FY2022	As at the date of this report
Mr. Wong Leong Chui (Chairman)	Dr. Chong Cheong Sin (Chairman) (appointed with effect from 1 March 2023)
Mr. Chew Hai Chiene Hester Arthur	Mr. Wong Leong Chui
Mr. Teo Soon Seng	Mr. Teo Soon Seng

The NC is scheduled to meet at least once a year and at such other times as may be necessary. In respect of FY2022, one NC meeting was held. The purpose of the meeting was primarily to review the performance of the Board and to confirm matters regarding the re-election of Directors at the annual general meeting held in FY2022 for the financial year ended 31 December 2021.

CORPORATE GOVERNANCE REPORT

The NC is responsible for, amongst others, the following:–

- evaluating the performance and effectiveness of the Board as a whole, its Board Committees and the contributions of each Director;
- making recommendations to the Board on the process and criteria for evaluation of the performance of the Board, its Board Committees and Directors;
- identifying the skills, expertise and capabilities for the effective functioning of the Board;
- reviewing the training and professional development programs for the Board and Directors;
- maintaining a formal process for the nomination of new Directors;
- reviewing the board succession plans for Directors, in particular, the appointment and/or replacement of the Chairman of the Board, the CEO and key management personnel;
- making recommendations to the Board on the appointment and re-appointment of Directors (including alternate Directors, if any);
- re-nominating the Directors for re-election at the annual general meetings; and
- evaluating and determining the independence of each Director annually.

The Company has put in place a process for selecting, appointing new Directors and re-appointing Directors to the Board. Where there is a need to appoint a new Director, the NC will evaluate the balance and mix of skills, knowledge and experience on the Board and Board Committees in order to identify the essential and desirable competencies of the candidate. The NC has also encouraged the Board to go beyond their immediate circle of contacts, including using third party search firms and institutions, to identify a broader range of suitable candidates. The NC will then meet with the candidates to assess his or her suitability based on certain objective criteria such as integrity, independent mindedness and the ability to commit time, before making its recommendation to the Board.

As set out under Principle 2, the core competencies of the Board span areas such as accounting, finance, corporate governance, industry and customer-based knowledge and strategic planning experience. The breadth of experience of the members of the Board complements the Management and the Board's skill set will support the oversight of the Company's operations.

The NC also determines the independence of each Director on an annual basis, in accordance with the definition set out in the Code and the Catalist Rules. The NC also ensures that new Directors are aware of their duties and obligations. The NC will further decide if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company. There are no directors who have served on the Board beyond nine (9) years.

The Act defines a "director" to include an alternate director and an alternate director is therefore a full director under the law. An alternate director owes the same fiduciary duties as a full director and is subject to the same liabilities to the Company. The Company's Constitution provides for the terms of appointment of alternate directors. There is currently one alternate director appointed to the Board, namely Ms. Tan Ah Mai (alternate to Mr. Tan Boon Kok). The alternate director will attend Board meetings, notwithstanding the attendance or presence of their respective principal director.

In determining the Director's ability to commit time to the Company in order to discharge his duties as a Director, the Board has determined that the maximum number of listed board representations which any Director may hold is not more than five directorships. None of the Directors have any current directorships in another listed company.

CORPORATE GOVERNANCE REPORT

The Constitution of the Company provides that one-third of the Board shall retire by rotation at every annual general meeting of the Company ("**AGM**") and at least once every three years. All newly appointed Directors appointed during the year are required to retire and subject himself or herself for re-election at the next AGM following his/her appointment.

For the forthcoming AGM, the NC has recommended:–

- Mr. Chang Wei Lu, who will retire pursuant to Article 95(2) of the Company's Constitution; and
- Mr. Teo Soon Seng, who will retire pursuant to Article 95(2) of the Company's Constitution; and
- Mr. Tan Boon Kok (appointed on 30 November 2022), who is retiring pursuant to Article 96 of the Company's Constitution; and
- Dr. Chong Cheong Sin (appointed on 1 March 2023), who is retiring pursuant to Article 96 of the Company's Constitution,

(the "**Retiring Directors**") be nominated for re-election.

In making the recommendation, the NC had considered the Directors' overall contributions and performance. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of input and contributions. The NC has reviewed and is satisfied that the Retiring Directors are properly qualified for re-election by virtue of their skills, experience and contributions. The Board had accepted the NC's recommendation and the Retiring Directors had consented to act and offered themselves for re-election. The Retiring Directors had each abstained from the discussion and taking a decision in respect of their own nomination.

The Company will be announcing the results of the AGM on SGXNet in accordance with Catalist Rule 704(15), upon the conclusion of the AGM.

Please refer to the notice of AGM for the resolutions put forth in relation to their respective re-elections, as well as the section entitled "Additional Information on Directors Nominated for Re-election – Appendix 7F to the Catalist Rules" of this report.

Other than the key information regarding the Directors holding office in FY2022 as set out below, information pertaining to the Directors' interests in shares, options and other convertible securities are set out in the section entitled "Directors' Statement" of this Annual Report, and information in relation to the background and principal commitments of the Directors as at 31 December 2022 are set out under the section entitled "Board of Directors" of this Annual Report.

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Directorships both present and held over the preceding three years in other listed companies	Principal Commitments
Chang Wei Lu	Executive Chairman	12 May 2014	25 June 2020	Present Directorships None Past Directorships None	• M.W. Group

CORPORATE GOVERNANCE REPORT

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Directorships both present and held over the preceding three years in other listed companies	Principal Commitments
Chew Hai Chiene Hester Arthur	Chief Executive Officer and Executive Director	25 July 2019	26 April 2021	Present Directorships None Past Directorships None	• Hester Chew & Associates Consultancy Pte. Ltd.
Wong Leong Chui	Lead Independent Non-Executive Director	21 February 2017	26 April 2022	Present Directorships None Past Directorships None	• Chong Tong Construction Pte. Ltd.
Teo Soon Seng	Non-Independent Non-Executive Director	28 February 2022	26 April 2022	Present Directorships None Past Directorships None	• Hirosawa Clean Technic Holdings Pte. Ltd. • MS Global Pte. Ltd. • Mossad Holdings Pte. Ltd. • Mossad Services Pte. Ltd.
Wong Yee Chue (resigned with effect from 28 February 2023)	Independent Non-Executive Director	28 February 2022	26 April 2022	Present Directorships None Past Directorships None	• Y. C. Wong
Tan Boon Kok	Executive Director	30 November 2022	Not applicable	Present Directorships None Past Directorships None	• Fourseas Holdings Sdn. Bhd. • Raffles Holdings Sdn. Bhd. • MSA Consulting Sdn. Bhd. • Tan Lee Heng Land Sdn. Bhd. • Raffles Assets Sdn. Bhd. • Songmart Holdings Sdn. Bhd. • Songmart Malaysia Sdn. Bhd. • Granville Grocery Sdn. Bhd. • Tan Lee Heng Import & Export Sdn. Bhd. • Y&Y Consulting Group Sdn. Bhd.

CORPORATE GOVERNANCE REPORT

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Directorships both present and held over the preceding three years in other listed companies	Principal Commitments
Tan Ah Mai	Alternate Director to Mr. Tan Boon Kok	30 November 2022	Not applicable	Present Directorships None Past Directorships None	• Pasaraya Songmart (Sri Stulang) Sdn. Bhd. • Pasaraya Songmart (Bandar Tenggara) Sdn. Bhd. • Pasaraya Songmart (Pulai Perdana 2) Sdn. Bhd. • Pasaraya Songmart (Kluang) Sdn. Bhd. • Pasaraya Songmart (Chellam) Sdn. Bhd. • Pasaraya Songmart (Kota Tinggi) Sdn. Bhd. • Pasaraya Songmart (Kulaijaya) Sdn Bhdg • Songmart Cash & Carry Sdn. Bhd. • Tan Lee Heng (M) Sdn. Bhd. • S & P Complex Management Sdn. Bhd. • My Fresh Trading Sdn. Bhd. • Raffles City Holdings Sdn. Bhd. • Fourseas Capital Sdn. Bhd. • TKG Development Sdn. Bhd. • Songmart Holdings Sdn. Bhd. • Songmart Malaysia Sdn. Bhd. • Granville Grocery Sdn. Bhd. • Tan Lee Heng Import & Export Sdn. Bhd. • Raffles Holdings Sdn. Bhd.

CORPORATE GOVERNANCE REPORT

BOARD PERFORMANCE

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The NC has established processes for evaluating the effectiveness of the Board as a whole, each of the Board Committees and the contribution of the Chairman and each individual Director. All Directors completed a Board Evaluation Questionnaire which sought to assess the effectiveness of the Board and the results were considered by the NC. The performance criteria for the Board evaluation includes an evaluation of the size and composition of the Board, the Board's access to information, communication with the Management and standards of conduct of the Directors. The NC also assesses the performance and contribution of each Director to the effectiveness of the Board as a whole, taking into consideration the Director's attendance record, overall participation, expertise, strategic vision, financial savvy, business judgement and sense of accountability.

The NC will continue to review and evaluate its appraisal process and consider how best to fine tune the appropriate performance criteria, and where circumstances deem it necessary for any of the criteria to be changed, taking into consideration peer comparisons and other objective third party benchmarks, and thereafter propose amendments if any, to the Board for approval. The performance criteria should not be changed from year to year and the onus will be on the Board to justify the change.

The review of the effectiveness of the Board as a whole, its Board Committees and the contribution of the Chairman and each individual Director is undertaken collectively by the Board and the NC annually on a continual basis, without the engagement of an external facilitator.

For FY2022, the Board is satisfied that the Chairman and each individual Director has allocated sufficient time and attention to the affairs of the Company, and is of the view that the effectiveness of the Board as a whole and of each of the Board Committees. as well as the contribution of each Director to the effectiveness of the Board and Board Committees has been satisfactory.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

Remuneration Committee

As at the end of FY2022, the RC comprised of three directors, two of whom are Independent Non-Executive Directors, including the RC Chairman. The Company notes that it was not in compliance with provision 6.2 of the Code. Following (a) the cessation of Mr. Wong Yee Chue as Independent Non-Executive Director of the Company with effect from 1 March 2023 and (b) the review of the NC, together with the Board, the Company had reconstituted the composition of the RC to comply with provision 6.2, as announced by the Company on 27 February 2023. The RC formerly comprised and presently comprises of the following members:

As at the end of FY2022	As at the date of this report
Mr. Wong Leong Chui (Chairman)	Dr. Chong Cheong Sin (Chairman) (appointed with effect from 1 March 2023)
Mr. Chang Wei Lu	Mr. Wong Leong Chui
Mr. Wong Yee Chue	Mr. Teo Soon Seng

As at the date of this report, all members of the RC are non-executive Directors, the majority of whom, including the RC Chairman, are independent.

The RC meets at least once a year and at such other times as may be necessary. In respect of FY2022, one RC meeting was held. The purpose of the meeting was to review the Directors' fees payable for FY2022 and to consider matters regarding the remuneration policies of the Company as reported in Principle 7 below.

The RC is responsible for, amongst others, the following:–

- reviewing and recommending to the Board for endorsement, the structure of the compensation plans and recruitment strategies of the Group so as to align compensation with Shareholders' interests;
- reviewing and making recommendations to the Board for endorsement of a framework of remuneration for the Board and key management personnel; and
- reviewing and recommending to the Board for endorsement, the specific remuneration packages for each Director as well as for the key management personnel.

CORPORATE GOVERNANCE REPORT

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of each Director and key management personnel. The RC considers all aspects of remuneration including salaries, director's fees, allowances, bonuses, options, share-based incentives, benefits-in-kind and termination terms, to ensure they are fair and avoid rewarding poor performance. The RC's recommendations are submitted for endorsement by the Board. The RC may seek professional advice when necessary on the remuneration of the Directors and key management personnel. No external professional advisers or remuneration consultants were engaged by the RC in FY2022.

Each RC member does not participate in discussions, and abstains from decision-making, in relation to any remuneration, compensation, options or any form of benefits to be granted to him, except in providing information and documents if specifically requested by the RC to assist in its deliberations.

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Directors and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC had reviewed the service agreements in FY2017 and supplemental agreement in FY2022 of its Executive Chairman, Mr. Chang Wei Lu and determined that there were no unfair or unreasonable termination clauses which are overly generous. For FY2022, pursuant to the service agreement of the Executive Chairman, a monthly salary of S$20,000 to Mr. Chang with effect from 1 January 2022 had been reviewed and approved by RC. Apart from the aforementioned, no further review was done on the termination clauses in their service agreements.

LEVEL AND MIX OF REMUNERATION

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The Company adopts a remuneration policy for its Executive Directors and key management employees comprising a fixed component in the form of a base salary, and a variable component in the form of a bonus that is linked to the performance of the Company, the individual, the industry and the economy. A significant and appropriate proportion of the Executive Directors' and key management personnel's remuneration is structured so as to link rewards to corporate and individual performance. Performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company.

CORPORATE GOVERNANCE REPORT

Non-Executive Directors receive Directors' fees appropriate to the level of their contributions, taking into account factors such as effort and time spent, and responsibilities of the Directors. Directors' fees are endorsed by the RC and recommended by the Board for the approval of shareholders of the Company ("**Shareholders**") at the AGM. At the AGM of the Company held in 2022, the Shareholders had, among others, approved the payment of Director's fees of S$50,000 to Mr. Chew Hai Chiene Hester Arthur for the period from 1 August 2021 to 31 July 2022. On a pro-rated basis, Mr. Chew was to receive S$29,166.67 as director's fees for the period from 1 January 2022 to 31 July 2022. The Company intends to further obtain shareholders' approval for payment of director's fees for the period from 1 August 2022 to 24 October 2022 of an aggregate of S$11,731 at the forthcoming AGM. On 25 October 2022, the RC reviewed and approved a sign-on bonus of 10 million shares of the Company, and a monthly salary of S$15,000 to Mr. Chew Hai Chiene Hester Arthur, in his capacity as Group CEO, commencing from 25 October 2022. The Company will further be seeking shareholders' approval for the aforementioned payment in respect of Mr. Chew's director fees for the period from 1 April 2021 to 24 October 2022, sign-on bonus and remuneration for the period from 25 October 2022 to 31 December 2022 and FY2023, to be issued in shares of the Company at the AGM, being an aggregate of 17,816,305 shares. Please refer to the notice of AGM and the addendum to this annual report for further details.

In respect of FY2022, the RC had reviewed and approved a monthly salary of S$20,000 to Mr. Chang Wei Lu, Executive Chairman with effect from 1 January 2022. Please refer to the disclosure under Principle 8 for further details. The Company will also be seeking shareholders' approval at the AGM for the issuance of shares in the capital of the Company as payment in lieu of Mr. Chang's remuneration for the period from 1 October 2022 to 31 December 2022 and for FY2023, in the aggregate of 7,500,000 shares.

The RC is of the view that the current remuneration structure for the Executive Chairman and CEO, Non-Executive Directors and key management personnel are appropriate to attract, retain and motivate the Directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The RC is of the view that it is currently not necessary to use contractual provisions to allow the Company to reclaim incentive components of remuneration from the Executive Directors and key management personnel in exceptional circumstances of misstatement of financial statements, or of misconduct resulting in financial loss to the Company.

CORPORATE GOVERNANCE REPORT

DISCLOSURE ON REMUNERATION

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The compensation package for employees including the Executive Chairman and CEO and key management personnel comprises a fixed component (base salary), a variable component (cash-based annual bonus) and benefits-in-kind, where applicable, taking into account factors such as the individual's performance, the performance of the Group and industry practices.

Directors and CEO	Fees ($'000)	Salary ($'000)	Bonus ($'000)	Benefits-in-kind ($'000)	Total ($'000)
Mr. Chang Wei Lu	–	240	–	–	240
Mr. Chew Hai Chiene Hester Arthur[(a)]	41	34	–	–	75

(a) The Company will be seeking shareholders' approval to approve the payment of Director's fees of S$11,731 to Mr. Chew for the period from 1 August 2022 to 24 October 2022

Save for Mr. Chang Wei Lu ("**Mr Chang**") and Mr. Chew Hai Chiene Hester Arthur ("**Mr. Chew**"), none of the Directors received any form of remuneration (including Directors' fees, salary, bonus and benefits-in-kind) in FY2022 Mr Chang's remuneration for FY2022 in respect of his appointment as Executive Chairman was S$240,000.00, being his total salary for FY2022. The remuneration for the months of January 2022 to September 2022 was paid in cash. Mr. Chang was not paid Directors' fees in respect of FY2022. Mr. Chew's remuneration for FY2022 in respect of his appointment as Lead Independent Director until 24 October 2022 was S$40,897.44 and pursuant to his re-designation to Group CEO commencing 25 October 2022, his salary for the period from 25 October 2022 to 31 December 2022 was S$33,571.43. In addition, Mr. Chew was granted a one-time sign-on bonus of 10,000,000 new ordinary shares upon his re-designation. Mr. Chew will not be paid Director's fees following his re-designation.

In light of insufficient working capital and to conserve its cash resources, the Company proposes to issue an aggregate of 25,316,305 new ordinary shares in the capital of the Company which comprises 7,500,0000 shares to be issued to Mr. Chang, the Executive Chairman and 17,816,305 shares to Mr. Chew, the Group CEO and will be seeking shareholders' approval at the forthcoming AGM in relation to the allotment and issuance of such Directors' Shares. Please also refer to Principle 7 for further details of such issuance.

CORPORATE GOVERNANCE REPORT

In FY2022, the Company identified the following key management personnel (who is not a Director or the CEO) and the remuneration of the key management personnel is set out below: –

Key Executive	Salary ($'000)	Bonus ($'000)	Benefits-in-kind ($'000)	Total ($'000)
Wong See May(1)	8	–	–	8

Note:

(1) Wong See May was appointed as financial controller of the Company ("**Financial Controller**") with effect from 7 November 2022.

There are no termination, retirement and post-employment benefits that were granted to Directors and key management personnel (who are not Directors or the CEO) during FY2022.

The Company does not have any employee share schemes in place.

In FY2022, there were no employees who are substantial shareholders of the Company, or are immediate family members of a Director, CEO or substantial shareholder of the Company.

ACCOUNTABILITY AND AUDIT

RISK MANAGEMENT AND INTERNAL CONTROLS

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Management is accountable to the Board for the design, implementation and monitoring of the Group's risk management and internal control systems, and for providing assurance to the Board that it has done so. The Board acknowledges that it is responsible for determining the Company's level of risk tolerance and risk policies, and the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation and reviewing the adequacy and effectiveness of the Group's risk management and internal control systems. The Board recognises that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error losses, fraud or other irregularities. Nevertheless, the Board strives to identify key risk areas in every aspect of the Group and improve internal controls to mitigate such risks in order to achieve the overall business objective of the Group and enhance long term shareholders' value.

The Management regularly reviews and improves its business and operational activities to identify areas of significant business risks and to respond appropriately to control and mitigate these risks. The Management reviews all significant control policies and procedures and highlights all significant matters to the AC and the Board.

CORPORATE GOVERNANCE REPORT

Separately, in performing the audit of the financial statements of the Group, the external auditor perform tests over the operating effectiveness of certain controls that they intend to rely on, that are relevant to the preparation of its financial statements. Material non-compliance and internal control weaknesses and recommendations for improvements are noted in their audit report to the AC. The AC has reviewed the effectiveness of the action taken by Management on the recommendations made by the external auditor in this respect. With respect to FY2022, the AC noted that some material non-compliance or internal control weaknesses were identified by the external auditor in their Audit Report.

The Executive Chairman, CEO and the Financial Controller have provided the Board with the management representation letter ("**Management Representation Letter**") in respect of FY2022, that:

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and

(b) notwithstanding that the Board and AC recognises that the Group's internal controls and risk management systems require strengthening, the Group's risk management and internal control systems provide reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that could be reasonably foreseen as it works to achieve its business objectives.

The Financial Controller highlighted that her assurance is limited to the areas under her direct control, being the areas of accounting and finance. Further, the Board and the AC note that all internal control systems contain inherent limitations and no system of internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, fraud or other irregularities.

As highlighted in the auditor's report for FY2022, incomplete accounting records, insufficient information and explanations were provided by the management of Songmart Group throughout the audit process and 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, 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. The auditors were unable to perform the necessary audit procedures to satisfy themselves as to the appropriateness, completeness and accuracy of the consolidated financial statements of the Group as at and for the financial year ended 31 December 2022 and no other alternative audit procedures were able to carried out. Accordingly, a disclaimer opinion was issued for FY2022.

The significant internal control weaknesses arising from the Songmart Group include, but is not limited to:

(a) Improper record of inventories movements and valuation of the closing inventories and costs of sales as at 31 December 2022; and

(b) Lack of proper internal controls in place in the operational functions to maintain effective and efficient operational flows which resulted in cut-off errors, unrecorded transactions and human errors; and

(c) Inability to reconcile the intercompany balances as at 31 December 2022 and intercompany transactions during the period from 28 October 2022 to 31 December 2022.

CORPORATE GOVERNANCE REPORT

The Board will monitor the remedial actions taken by the management of Songmart Group and will continue its risk assessment process, which is an ongoing process, with a view to improve the Group's internal control system to ensure the adequacy and effectiveness of the Group's risk management and internal control systems. Some of the remedial actions undertaken by the management of Songmart Group include, but are not limited to:

(a) Cyclical stock count is in progress at Songmart Group's retail outlets to maintain proper records of inventories on hand balance and to improve the accuracy of the valuation of inventories value; and

(b) In order to mitigate human errors, some of the procedures in the operational process of Songmart Group have been automated (i.e. integrated the point of sales (POS) system of the respective outlets to a third party accounting software); and

(c) To improve the accuracy of data recording, internal controls procedures have been implemented and/or improved, including requiring daily transactional entries to be captured by staff and checked by a superior accordingly, and trainings are provided to staff to enhance their knowledge of standard operating procedures at the workplace.

The management of Songmart Group aims to enhance and establish a higher level of standard, structure, processes and policies and will continue to improve.

Based on various management controls put in place by the Management, the Management Representation Letter as well as the reports from the external auditor on the follow up actions to be taken by the Management, the Board, with the concurrence from the AC, are of the view that the internal controls maintained by the Management provide a reasonable but not absolute assurance against material misstatements or loss, the maintenance of proper accounting records, the reliability of financial information, and compliance with relevant legislation, regulation and best practice and containment of business risk. The Board and AC recognise that the Group's internal controls and risk management systems require strengthening. The Company will work on its internal controls to ensure they are adequate and effective for the Group's operations.

AUDIT COMMITTEE

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

Audit Committee

As at the end of FY2022, the AC comprised of three directors, the majority of whom, including the AC Chairman, were independent. The Company notes that it does not comply with provision 10.2 of the Code which requires the AC to consist entirely of non-executives. Following (a) the cessation of Mr. Wong Yee Chue as Independent Non-Executive Director of the Company with effect from 1 March 2023 and (b) the review of the NC, together with the Board, the Company reconstituted the composition of the AC to comply with provision 10.2, as announced by the Company on 27 February 2023. As such, the AC formerly comprised and presently comprises the following members:

As at the end of FY2022	As at the date of this report
Mr. Wong Leong Chui (Chairman)	Mr. Wong Leong Chui (Chairman)
Mr. Chew Hai Chiene Hester Arthur	Mr. Teo Soon Seng
Mr. Wong Yee Chue	Dr. Chong Cheong Sin (appointed with effect from 1 March 2023)

CORPORATE GOVERNANCE REPORT

All members of the AC have recent and relevant accounting or related financial management expertise or experience. The Board has reviewed and is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The members of the AC are scheduled to meet at least four times a year. In respect of FY2022, four (4) AC meetings were held.

The AC is responsible for, amongst others, the following: –

- reviewing the significant financial reporting issues and judgments so as to ensure the integrity of the financial statements of the Company and any announcements relating to the company's financial performance;
- reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal controls and internal audit function;
- reviewing the external auditors' audit plan and audit report, and the external auditors' evaluation of the system of internal accounting controls;
- reviewing changes in accounting standard and issues highlighted by the external auditors which have direct impact on the financial statements;
- reviewing the internal audit plans, the scope and results of internal audit procedures;
- meeting with the external auditor, and with the internal auditors, in each case without the presence of Management, at least annually in connection with the discharge of its duties and responsibilities;
- reviewing at least annually, the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems;
- reviewing the assurance from the Executive Chairman, the CEO and the Financial Controller on the financial records and financial statements;
- reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns;
- conducting investigations into any matter within the AC's scope of responsibility and reviewing any significant findings of such investigations;
- assessing the independence and objectivity of the external auditor;
- making recommendations to the Board on (i) the proposals to Shareholders on the appointment and removal of external auditor; and (ii) the remuneration and terms of engagement of the external auditor; and
- reviewing interested person transactions (as defined in Chapter 9 of the Catalist Rules) to ensure that each transaction has been conducted on an arm's length basis.

The AC has reasonable resources to enable it to discharge its functions properly.

The AC has been given full access to, and is provided with the cooperation of the Management. In addition, the AC has independent access to the external auditor. To create an environment for open discussion on audit matters, the AC meets with the external auditor without the presence of the Management at least once every financial year to review matters that might be raised privately. In respect of FY2022, the AC has met the external auditor, without the presence of the Management and the AC was of the view that there were some material concerns with regard to the Group's corporate governance or internal controls. Further details are set out under Principle 9 of this report.

CORPORATE GOVERNANCE REPORT

Risk management forms part of the responsibilities of the AC.

The Board, assisted by the AC, has oversight of the risk management system in the Company. The practice of risk management is undertaken by the Management under the purview of the AC and the Board. The Company has put in place appropriate risk management processes to evaluate the operating, investment and financial risks of the Company. The Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks within the Company's policies and strategies. The Management reviews all significant control policies and procedures and highlights all significant matters to the Board and the AC.

The Board reviews the adequacy and effectiveness of the Company's risk management systems and internal controls framework, including financial, operational, compliance and information technology controls on an annual basis.

The AC reviewed the audit plan and AC report presented by the external auditor. The external auditor provide regular updates and periodic briefing to the AC on changes or amendments to accounting standards to enable the members of the AC to keep abreast of such changes and its corresponding impact on the financial statements, if any.

In the review of the financial statements, the AC has discussed with the management, financial controller, and the external auditor the significant accounting policies, judgment and estimates applied, in preparing the annual financial statements. Following the review and discussion, the AC recommended to the Board to approve the FY2022 financial statements.

External Audit

The AC will review the independence of the external auditor annually. There were no non-audit fees paid to the external auditor in FY2022. The AC has reviewed and confirmed the independence and objectivity of the external auditor. The aggregate amount of fees paid or payable by the Group to the external auditor and other auditors of subsidiary corporations for FY2022 amounted to S$105,000 and S$54,000 respectively for audit services.

The AC is satisfied that the external auditor of the Company, CLA Global TS Public Accounting Corporation, which is registered with the Accounting and Corporate Regulatory Authority, are independent and they have also provided a confirmation of their independence to the AC. The AC has assessed the external auditor of the Company based on factors such as performance (taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority), adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. Accordingly, the AC is satisfied that Rules 712 and Rule 715 of the Catalist Rules have been complied with and has recommended to the Board the nomination of CLA Global TS Public Accounting Corporation for re-appointment as the external auditor for the Company's audit obligations for FY2023, at the forthcoming AGM.

CORPORATE GOVERNANCE REPORT

The AC does not comprise former partners or directors of the Company's existing audit firm or auditing corporation (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

In the review of the financial statements, the AC has discussed with the Management the accounting principles that were applied and their judgment of items that might affect the integrity of the financial statements. The following significant matters impacting the financial statements were discussed with the Management and the external auditor, and were reviewed by the AC:

Matters considered	How the AC reviewed these matters and what decisions were made
Going concern issues	The AC considered and assessed the Group's ability to repay its debts as and when they fall due. In assessing the Group's ability to repay its debts, the AC had considered whether the Group's available funds of S$371,000 as at 31 December 2022 are able to cover the operating costs and liabilities for the next 12 months. The AC had determined the appropriateness of the going concern assumption, taking into consideration (i) undertaking letter from a director; (ii) that the Group has secured a one-year extension of maturity date for all the convertible loans of which the revised maturity dates are 13 June 2024, 23 June 2024 and 3 July 2024 respectively; (iii) the Group is planning to divest all of its properties in order to generate cash flows to repay all outstanding amounts under the bank loans entered into by Songmart Malaysia Sdn. Bhd. and Songmart Holdings Sdn. Bhd.; (iv) that subject to the approval by the Company's shareholders at the upcoming AGM, the salaries and fees of the Board of Directors for the financial years ended 31 December 2022 and 2023 will be settled by way of the issuance of new ordinary shares in the Company's share capital; and (v) the Group and the Company are sourcing and evaluating various avenues to secure additional funds, including potential placements of shares and/or convertible loans, with the aim of settling/discharging their current liabilities in the next twelve months from the end of FY2022. The AC had determined that the Group's ability to continue as a going concern would depend on additional sources of funding raised from non-related investors during the financial year.
Opening balance of investment in a joint venture, Grand Bay Hotel Co., Ltd ("**Grand Bay**")	The AC had reviewed and discussed the key audit focus areas with external auditor and is satisfied with the opinion by the external auditor on the opening balance of investment in Grand Bay as they are unable to obtain sufficient appropriate audit evidence.

CORPORATE GOVERNANCE REPORT

Matters considered	How the AC reviewed these matters and what decisions were made
Limitation of scope on significant subsidiary corporations, Songmart Holdings Sdn. Bhd. and its subsidiary corporations	The AC had obtained an understanding of the basis of this key audit focus areas from external auditor and is satisfied with the audit methodology performed by the component auditor over Songmart Holdings and its subsidiary corporations on the ground that relevant information were not furnished by the management team of Songmart Holdings Sdn Bhd (together with its subsidiaries, "**Songmart Group**") during the audit to external auditor.
Impairment assessment of investment in subsidiary corporations, Songmart Group	The AC had reviewed the basis of this key audit focus areas raised by external auditor and is satisfied with the opinion by the external auditor for the impairment assessment of Songmart Group due to insufficient information to perform the relevant assessment.
Recognition of financial guarantee as guarantor	The AC has considered the audit opinion concluded by the external auditor and noted the collectively breach of the bank loan covenants which could result in expected credit losses. The AC has reviewed that the key audit focus areas arising from the same basis of insufficient information provided by the management team of Songmart Group.

The external auditor had expressed that the above-mentioned as the bases of their disclaimer opinion in its audit report for FY2022. Please refer to page 65 of this Annual Report.

Whistle-Blowing Policy

The Company has put in place a whistle-blowing policy. The policy encourages employees and any other person to raise concerns, in confidence, about possible irregularities to the whistle-blowing committee, which comprises the AC. It seeks to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals for whistle-blowing in good faith within the limits of the law. The identity of the whistleblower will be kept confidential.

The Company's employees and any external parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters by submitting a whistleblowing report to the AC via a dedicated secured email address to chongtong@singnet.com.sg. Where a complaint has been made, a report will be submitted to the AC for investigation and follow-up. The whistle-blowing procedures and contact details of the AC have been made available to all employees. There were no whistle-blowing reports received in FY2022.

The AC oversees the administration of the policy and for independent investigations to be carried out, if required, and for the appropriate follow-up action to be taken. Reports, if any, are periodically discussed during the AC meeting(s), or as necessary, stating the number and the nature of complaints received, the results of the investigations, follow-up actions and unresolved complaints. There were no whistleblowing reports received by the AC in FY2022.

Internal Audit

The AC approves the hiring, removal, evaluation and compensation of the internal auditor ("**IA**"). In view that the Company had completed its acquisition of Songmart Holdings as at 28 October 2022, the Company has yet to commission an external firm to perform an internal audit on the Group. To ensure adequacy of the internal audit function, the AC meets on a regular basis to review this function. In FY2022, the AC had reviewed the audit plans and the findings of the external auditor, which included reviews on the accounting and internal control weaknesses of the operating subsidiaries. The AC will ensure that the Management addresses the management letter points raised, if any, by the external auditor. The AC reviewed the key audit focus areas with the external auditor and note that some areas of internal control weaknesses were detected during the audit and due to the nature of inherent limitations in internal controls, the AC has provided a reasonable assurance regarding the achievement of the Group's intended internal control objectives based on the findings of the external auditor and management discussions held.

As such, for FY2022, the AC is of the view that there was no independent IA function. Nonetheless, the Company is working to engage an independent external firm to perform an internal audit on the Group for FY2023 and intends to appoint an internal auditor as soon as possible to formulate an internal audit plan for the Group going forward. The AC will ensure that if any significant internal control weaknesses were to arise, necessary remedial actions will be swiftly undertaken by the AC to safeguard the interests of the Company and its shareholders.

SHAREHOLDER RIGHTS AND ENGAGEMENT

SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company ensures that all material information is disclosed on a comprehensive and timely basis via SGXNET and the Company's corporate website, in particular, information pertaining to the Group's business development and financial performance which could have a material impact on the share price of the Company, so as to enable Shareholders to make informed decisions in respect of their investments in the Company.

CORPORATE GOVERNANCE REPORT

The general meeting(s) of the Company provides a principal forum for dialogue and interaction with Shareholders. Participation of Shareholders are encouraged at the Company's general meetings. Shareholders are informed of general meetings through the Company's announcements and press releases via SGXNET, as well as through reports/circulars sent to all Shareholders. These notices are also published on the Company's corporate website.

In 2022, due to the COVID-19 pandemic, the Company's general meetings were held by way of electronic means, through "live webcast" and "audio-only" means. The Company also published in its notices of the general meetings, details of the alternative arrangements for the general meetings. Voting at the general meetings were by proxy only, with Shareholders who wished to vote, appointing the Chairman of the AGM as their proxy. Shareholders or their proxies participated in the AGM and Extraordinary General Meeting ("**EGM**") via electronic means, and their questions in relation to any resolution set out in the said Notices of AGM and EGM via electronic means were sent to the Company in advance of each general meeting. There was no question received from the Shareholders, in respect of the FY2021 AGM and EGM in relation to the proposed diversification of the Group's business.

The forthcoming AGM to be held in respect of FY2022 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream), submission of questions to the Chairman of the Meeting in advance of or at the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting (or any other person other than the Chairman of the Meeting) as proxy at the AGM, will be put in place for the AGM. Minutes of the AGM to be held on 29 April 2023 will be published on SGXNet and the Company's corporate website within one (1) month after the AGM date.

Each item of business is tabled in separate resolutions and will be accompanied by the relevant explanatory notes where required, to enable the Shareholders to understand the nature and effect of the proposed resolutions. Resolutions are separately tabled at general meetings of the Company on each substantially separate issue unless the issues are interdependent and linked so as to form one significant proposal. Where resolutions are "bundled", the Company will explain the reasons and the material implications in the notice of meeting. The Company will put all resolutions to vote by poll and announce the results on SGXNET on the same day, showing the number of votes cast for and against each resolution and the respective percentages.

The Constitution allows members of the Company to appoint up to two proxies to attend and vote on his/her behalf at the AGMs of the Company through proxy forms sent in advance. There is no provision in the Constitution that limits the number of proxies for nominee companies.

On 3 January 2016, the legislation was amended, among others, to allow certain members, defined as a "relevant intermediary" to attend and participate in general meetings without being constrained by the two-proxy requirement. A "relevant intermediary" includes corporations holding licenses in providing nominee and custodial services and Central Provident Fund ("**CPF**") Board which purchases shares on behalf of the CPF investors. A proxy need not be a member of the Company.

CORPORATE GOVERNANCE REPORT

The Company has not amended the Constitution to provide for absentia voting method. As the authentication of Shareholders' identity information and other related security issues remain a concern, the Company has decided, for the time being, not to implement voting in absentia by mail, e-mail or fax, noting Shareholders' ability to vote through proxy forms.

All Directors, key management personnel, the Company's external auditor and if necessary, the Company's lawyers, attend the general meetings of the Company. The respective Chairman of the AC, NC and RC are usually present at such general meetings to address questions relating to the work of their respective Board Committees at general meetings while the external auditor are present to address Shareholders' queries about the conduct of audit and the preparation and content of the auditor's report. All of the Directors holding office in FY2022 were present virtually at the AGM held on 26 April 2022 and EGM in relation to the proposed diversification of the Group's business.

At the general meetings of the Company, Shareholders are given the opportunity to express their views and raise any queries regarding the Company. The proceedings of all general meetings including questions and answers exchanged between the Company and Shareholders are recorded in the minutes books of the Company. The Company will publish the minutes of general meetings of Shareholders, prepared by the Company Secretary, on SGXNET as well as its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting, and responses from the Board and Management. In 2022, an AGM and an EGM in relation to the proposed diversification of the Group's business were held on 26 April 2022. The Company had published the minutes of the FY2021 AGM and EGM in relation to the proposed diversification of the Group's business on its corporate website and the SGXNET within one month from the conclusion of the FY2021 AGM and EGM in relation to the proposed diversification of the Group's business.

The Company does not have a fixed dividend policy. The payment of dividends will be contingent on the Company's earnings, business and economic prospects, working capital requirements and other factors deemed appropriate by the Directors. The Company will not be declaring dividends as it was not profitable in FY2022.

ENGAGEMENT WITH SHAREHOLDERS

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company takes a serious view of maintaining full and adequate disclosure in a timely manner, of material events and matters concerning its business. All necessary disclosures are made in public announcements, press releases and annual reports to Shareholders.

The Company does not practice selective disclosure. Price-sensitive information is first publicly released via SGXNET before the Company meets with any group of investors or analysts.

CORPORATE GOVERNANCE REPORT

In presenting the quarterly and full year financial statements to Shareholders, the Board aims to provide Shareholders with a detailed and balanced analysis and explanation of the Group's financial position and performance.

The Management will provide all members of the Board with management accounts of the Group's performance, with explanatory details on its operations on a quarterly basis at the minimum. The Management also maintains regular contact and communication with the Board by various means including the preparation and circulation to all Board members of quarterly and full year financial statements of the Group. This allows the Board to monitor the Group's performance and position as well as the Management's achievements of the goals and objectives determined and set by the Board. Financial results are reviewed by the AC before it is recommended for adoption by the Board. The financial results announcements are carefully reviewed by the Board and the AC before being released on the SGXNET. If required, the Group's external auditors' views will be sought.

In line with the Catalist Rules, the Board provides a negative assurance statement to the Shareholders in its financial results announcement, confirming to the best of its knowledge that nothing had come to the attention of the Board which might render the financial results false or misleading in any material aspect. All the Directors and key management personnel of the Group have also signed a letter of undertaking pursuant to Rule 720(1) of the Catalist Rules.

The Group values dialogue with its Shareholders. The Group has in place an investor relations policy which allows for an ongoing exchange of views so as to actively engage and promote regular, effective and fair communication with its Shareholders and which sets out the mechanism through which Shareholders may contact the Company with questions and through which the Company may respond to such questions.

The Company maintains an updated corporate website (www.mercuriuscapital.com) to keep Shareholders abreast with the Company's developments and to serve as a platform to gather the Shareholders' feedback. Shareholders can reach out to the Company via the "Contact Us" section of the corporate website (http://www.mercuriuscapital.com/contact-us.html), which is monitored by the Management and Lead Independent Director of the Company.

Shareholders are strongly encouraged to participate at general meetings, which provide a major platform for Shareholders to engage in dialogue with the Company directly. To promote better understanding of Shareholders' views, the Board encourages Shareholders to express their views and ask the Board or the Management questions regarding the Group during the Company's general meetings. At these meetings, Shareholders are able to engage the Board and the Management on the Group's business activities, financial performance and other business-related matters. All Directors, key management personnel, the Company's external auditor and if necessary, the Company's lawyers, attend the general meetings. General meetings provide excellent opportunities for the Company to understand the views of its Shareholders and address any concerns that they may have.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDER RELATIONSHIPS ENGAGEMENT WITH STAKEHOLDERS

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board adopts an inclusive approach by considering and balancing the needs of material stakeholders, as part of its overall responsibility to secure the long-term future of the Company. The Company continuously seeks to improve communication with its stakeholders via various engagement platforms and communication channels.

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups, including engaging with stakeholders via its sustainability reports. Key concerns of stakeholders and the Company's strategy and key areas of focus in relation to the management of stakeholder relationships can be found in the Sustainability Report which will be released at a later date.

Key Stakeholder Engagement

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

The Company maintains an updated corporate website (www.mercuriuscapital.com) to keep stakeholders informed with the Company's developments and to serve as a platform to gather stakeholders' feedback. The Company's profile, latest news and announcements can be accessed on its corporate website. The Company may conduct media interviews or briefings sessions to engage stakeholders when opportunities present themselves.

DEALINGS IN SECURITIES

The Company has adopted an internal code on dealings in securities to govern dealings in its shares by the Directors, Management and officers of the Group. This internal code is modelled on the Catalist Rules relating to dealings in securities and is regularly disseminated to the Directors, Management and officers of the Group. The Directors, Management and officers of the Group who have access to price-sensitive, financial or confidential information, as well as the Company, are not permitted to deal in the Company's shares (a) during the periods commencing two weeks before the announcement of the Group's quarterly financial results for the first three quarters of its financial year and one month before the announcement of the Group's full year financial results and ending on the date of announcement of such financial results, or (b) when they are in possession of unpublished price-sensitive information on the Group.

CORPORATE GOVERNANCE REPORT

In addition, the Directors, the Management and officers of the Group are discouraged from dealing in the Company's shares on short term considerations. The Directors, the Management and officers are expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period.

INTERESTED PERSON TRANSACTIONS ("IPT")

The AC will review all IPTs to be entered into to ensure that the relevant rules under Chapter 9 of the Catalist Rules are complied with. The Company has established an internal policy, setting out the procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC and that the transactions are on normal commercial terms, conducted at arm's length basis and will not be prejudicial to the interests of the Company and its minority Shareholders.

The Group does not have a general mandate from Shareholders for IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules. There were no IPTs entered into between the Company or its subsidiary corporations and any of its interested persons exceeding S$100,000 during FY2022.

MATERIAL CONTRACTS

Save as set out below, there were no material contracts entered into between the Company or any of its subsidiaries involving the interest of the CEO, any Director or controlling Shareholder, which were still subsisting at the end of the financial year reported on or, if not then subsisting, entered into since the end of the previous financial year.

Mr. Chang Wei Lu, the Company's Executive Chairman and controlling shareholder, had extended an unsecured, interest-free advancement of S$500,000 to the Company for working capital in August 2019. There are no repayment terms specified for the advancement. On 9 June 2021, Mr. Chang Wei Lu and the Company agreed that Mr. Chang would charge interest of 10% on the advancement per annum with effect from 1 July 2021. As at 31 December 2022 and as at the date of this annual report, S$300,000 (and any accrued interest) remained outstanding.

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees paid to Novus Corporate Finance Pte. Ltd. in FY2022.

CORPORATE GOVERNANCE REPORT

USE OF PROCEEDS

On 7 July 2021, there was a placement of 27,272,727 new ordinary shares in the share capital of the Company ("**Placement**"). There have been no changes to the utilisation of the net proceeds from the Placement since the most recent update in the Company's announcement dated 1 March 2023 which is set out below as follows:

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.

(2) Business acquisition expenses refer to the expenses incurred in relation to the Songmart acquisition, which relate mainly to professional fees for the conduct of due diligence and associated work.

(3) 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. Further to the Company's announcement dated 13 May 2022 in respect of the Group's financial results for the three months ended 31 March 2022, the Company has successfully negotiated with the convertible loan holders to further extend the maturity dates of the convertible loans to June 2023 and July 2023. As such, the Company had, as announced on 20 July 2022, reallocated the unutilised portion as it does not envisage the need to repay any borrowings with the proceeds. As of the date of this annual report, the Company had obtained a further extension of the maturity dates of the convertible loans to June 2024 and July 2024 from the convertible loan holders.

(4) As disclosed in the Company's announcement on the use of proceeds on 11 November 2022, the Company had utilised an additional S$97,000 for general working capital between 13 October 2022 to 11 November 2022. The amounts were utilised for (A) professional fees of S$91,000 and (B) audit fees of S$6,000.

Save for the re-allocation which was disclosed in the Company's announcement of 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.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION – APPENDIX 7F OF THE CATALIST RULES

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F of the Catalist Rules relating to Mr. Chang Wei Lu, Mr. Teo Soon Seng, Mr. Tan Boon Kok, Ms. Tan Ah Mai and Dr. Chong Cheong Sin, being the Directors who are retiring in accordance with the Company's Constitution at the forthcoming AGM, is set out below:

Name of Directors	**Mr. Chang Wei Lu ("Mr. Chang")**	**Mr. Teo Soon Seng ("Mr. Teo")**	**Mr. Tan Boon Kok ("Mr. Tan")**	**Ms. Tan Ah Mai ("Ms. Tan")**	**Dr. Chong Cheong Sin ("Dr. Chong")**
Date of appointment	12 May 2014	28 February 2022	30 November 2022	30 November 2022	1 March 2023
Date of last re-appointment (if applicable)	25 June 2020	26 April 2022	Not applicable	Not applicable	Not applicable
Age	61	73	47	62	45
Country of principal residence	Malaysia	Singapore	Malaysia	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	The re-election of Mr. Chang as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Chang's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Teo as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Teo's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Tan as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Tan's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Ms. Tan as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Ms. Tan's qualifications, skills, expertise, past experiences and overall contribution since she was appointed as a Director of the Company.	The re-election of Dr. Chong as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Dr. Chong's qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Yes Mr. Chang is responsible for leading the board of directors, and together with the other executive directors of the Company, providing overall leadership and strategic vision for the Group.	No	Yes Mr. Tan is responsible for managing the overall operations of Songmart Holdings and its subsidiary corporations.	No	No

CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Executive Chairman	Non-Independent Non-Executive Director and member of the Audit Committee, the Nominating Committee and the Remuneration Committee	Executive Director	Alternate Director to Mr. Tan Boon Kok	Independent Non-Executive Director, Chairman of the Nominating Committee and the Remuneration Committee and member of the Audit Committee
Professional qualifications	Nil	Nil	Fellow Member, The Association of International Accountants Member, Chartered Tax Institute of Malaysia Professional Member, The Institute of Internal Auditors Malaysia Chartered Tax Practitioner (CTP), Chartered Tax Institute of Malaysia	Nil	Collegium Humanum of Warsaw Management University – Doctor of Business Administration (DBA) International Teaching University of Georgia – Master of Business Administration (MBA) International Teaching University of Georgia – Bachelor of General Management

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
Working experience and occupation(s) during the past 10 years	Mercurius Capital Investment Limited – Executive Chairman (Current) M.W. Group – Chairman (Current) Golden Intervest Sdn. Bhd. – Managing Director (2014-2017)	2015 – Current Executive Director, Hirosawa Clean Technic Holdings Pte. Ltd. 2009 – Current Executive Director, MS Global Pte. Ltd. 2006 – Current Executive Director, Mossad Holdings Pte. Ltd. 2003 – Current Executive Director, Mossad Services Pte. Ltd. December 2013 – July 2017 Independent Director, Four Seasons Capital Pte. Ltd.	2009 – Current MSA Consulting Sdn. Bhd., Founder and Managing Tax Partner 2013 – Current Raffles Holdings Sdn. Bhd. – Executive Director 2017 – Current Fourseas Holdings Sdn. Bhd. – Executive Director 2018 – Current Granville Grocery Sdn. Bhd. – Executive Director	2009 – Current Executive Director, Pasaraya Songmart (Kluang) Sdn. Bhd. 2014 – Current Executive Director, Pasaraya Songmart (Pulai Perdana 2) Sdn. Bhd. 2017 – Current Executive Director, Pasaraya Songmart (Banadar Tenggara) Sdn. Bhd. 2018 – Current Executive Director, Pasaraya Songmart (Sri Stulang) Sdn. Bhd. 2018 – Current Executive Director, Granville Grocery Sdn. Bhd. 2021 – Current Executive Director, Songmart Holdings Sdn. Bhd. 2021 – Current Executive Director, Songmart Malaysia Sdn. Bhd. 2021 – Current Executive Director, Tan Lee Heng Import & Export Sdn. Bhd.	2022 – Current Managing Director, Mirac Financial Ltd 2012 – Current, (Self-employed) Adviser in providing business consultancy services

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
Shareholding interest in the listed issuer and its subsidiaries	Mercurius Capital Investment Limited – 23.01% shareholdings	Yes, Mr. Teo holds approximately 2.05% (direct and deemed) shareholding interests in the Company. Mr. Teo is deemed interested in shares held by his spouse, being approximately 0.93% shareholding interest in the Company.	Yes. Mr. Tan is deemed interested in approximately 3.35% of the shares of the Company, held by Fourseas Capital Sdn. Bhd. and Fourseas Holdings Sdn. Bhd.	Yes. Ms. Tan is deemed interested in approximately 4.79% of the shares of the Company, held by Fourseas Capital Sdn. Bhd., Fourseas Holdings Sdn. Bhd., and Tan Lee Heng (M) Sdn. Bhd.	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Mr. Chang is a substantial shareholder of the Company.	Mr. Teo had extended a convertible loan of S$1,000,000 at a simple interest rate of 10% per annum to the Company in December 2019, with a maturity date of 23 June 2024.	Mr. Tan is the nephew of Ms. Tan Ah Mai, Alternate Director of the Company.	Ms. Tan is the aunt of Mr. Tan Boon Kok, Executive Director of the Company.	No
Conflict of interest (including any competing business)	No	No	No	No	No
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes	Yes

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
Other Principal Commitments Including Directorships Past (for the last 5 years)	Nil	Nil	June 2004 – April 2018 Executive Director, Massachusetts Strater Sdn. Bhd. December 2008 – April 2018 Executive Director, Raffles City Holdings Sdn. Bhd. September 2015 – April 2018 Executive Director, Raffles Capital Sdn. Bhd.	July 2000 – December 2021 Executive Director, Tan Lee Heng (M) Sdn. Bhd. August 2004 – December 2021 Executive Director, Massachusetts Strater Sdn. Bhd. May 2012 – October 2021 (Struck off) Executive Director, ABC Café Sdn. Bhd. September 2015 – December 2021 Executive Director, Raffles Capital Sdn. Bhd. May 2016 – March 2022 Executive Director, TLH Hotel Group Sdn. Bhd. October 2017 – December 2021 Executive Director, MSA Consulting Sdn. Bhd.	2019 – 2021 (Struck off) Deal Market Pte. Ltd

CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
			January 2016 – April 2018 Executive Director, Fourseas Grocery Sdn. Bhd. March 2017 – April 2018 Executive Director, Fourseas City Holdings Sdn. Bhd. June 2015 – December 2020 (Struck off) MSA Advisory Sdn. Bhd. September 2015 – August 2020 (Struck off) Raffles Plantation Sdn. Bhd. July 2010 – October 2021 (Struck off) Multiwide Profit Sdn. Bhd.		

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
Other Principal Commitments Including Directorships Present	Executive Director M.W. Group	Executive Director, Hirosawa Clean Technic Holdings Pte. Ltd. Executive Director, MS Global Pte. Ltd. Executive Director, Mossad Holdings Pte. Ltd. Executive Director, Mossad Services Pte. Ltd.	Executive Director, MSA Consulting Sdn. Bhd. Executive Director, Tan Lee Heng Land Sdn. Bhd. Executive Director, Raffles Holdings Sdn. Bhd. Executive Director, Raffles Assets Sdn. Bhd. Executive Director, Granville Grocery Sdn. Bhd. Executive Director, Y&Y Consulting Group Sdn. Bhd. Executive Director, Songmart Holdings. Sdn. Bhd. Executive Director, Songmart Malaysia Sdn. Bhd. Executive Director, Tan Lee Heng Import & Export Sdn. Bhd. Executive Director, Fourseas Holdings Sdn. Bhd.	Executive Director, Songmart Cash & Carry Sdn. Bhd. Executive Director, Pasaraya Songmart (Kota Tinggi) Sdn. Bhd. Executive Director, Pasaraya Songmart (Chellam) Sdn. Bhd. Executive Director, S&P Complex Management Sdn. Bhd. Executive Director, Pasaraya Songmart (Kluang) Sdn. Bhd. Executive Director, Pasaraya Songmart (Sri Stulang) Sdn. Bhd. Executive Director, Pasaraya Songmart (Kulaijaya) Sdn. Bhd. Executive Director, TKG Development Sdn. Bhd. Executive Director, Pasaraya Songmart (Pulai Perdana 2) Sdn. Bhd. Executive Director, My Fresh Trading Sdn. Bhd.	Director, Unigate Solutions Sdn. Bhd. Director, Edumart Solutions Sdn. Bhd. Director, Mirac Financial Ltd. Director, Wyne Solutions Pte. Ltd. Director, TechR Solutions Pte. Ltd. Director, MGI Limited Director, Iglobsys Technology Sdn. Bhd. Director, Foster Gain Holdings Pte. Ltd.

CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
				Executive Director, Raffles City Holdings Sdn. Bhd. Executive Director, Pasaraya Songmart (Bandar Tenggara) Sdn. Bhd. Executive Director, Granville Grocery Sdn. Bhd. Executive Director, Fourseas Capital Sdn. Bhd. Executive Director, Songmart Holdings Sdn. Bhd. Executive Director, Songmart Malaysia Sdn. Bhd. Executive Director, Tan Lee Heng Import & Export Sdn. Bhd. Executive Director, Raffles Holdings Sdn. Bhd.	
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No	No

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No	No	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No	No

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No	No

CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No	No

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No	No	Yes. In respect of (j)(i), Dr. Chong was a director of Maxficient Consultancy Sdn. Bhd. ("**Maxficient**"), which was investigated by Bank Negara Malaysia ("**BNM**") for suspicion of conducting illegal foreign currency dealings under Section 4 of the Exchange Control Act 1953. Dr. Chong was a director of Maxficient from April 2004 to October 2006, and ceased to be a director of Maxficient as a result of the dissolution of Maxficient. Based on Dr. Chong's recollection, Maxficient conducted courses on foreign currency exchange without the requisite licence, and was raided by BNM on or around 2006, notwithstanding that it is noted on BNM's website that the raid was in 2008. Maxficient was identified in BNM's Financial Fraud Alert List as well as Investor Alert List published by the Securities Commission Malaysia.

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?					To the best of Dr. Chong's recollection, Dr. Chong had assisted in the investigation conducted by BNM in 2006. Dr. Chong was not actively involved in Maxficient's operations and business prior to the investigation conducted by BNM, nor was he informed of the subject of the investigation. Notwithstanding that BNM's website states that the investigation status is ongoing, as far as Dr. Chong is aware, since he had assisted BNM and as at the date of this declaration, there is no investigation ongoing against Dr. Chong and he has not received any updates nor was there a follow up on the investigation from his end.

CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Chang Wei Lu ("Mr. Chang")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Tan Boon Kok ("Mr. Tan")	Ms. Tan Ah Mai ("Ms. Tan")	Dr. Chong Cheong Sin ("Dr. Chong")
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No	No

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the directors,

(a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 71 to 145 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(b) at the date of this statement, subject to the going concern assumptions and measures as set out in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are as follows:

Chang Wei Lu	
Chew Hai Chiene Hester Arthur	
Wong Leong Chui	
Teo Soon Seng	
Chong Cheong Sin	(Appointed on 1 March 2023)
Tan Boon Kok	(Appointed on 30 November 2022)
Tan Ah Mai	(Alternate to Tan Boon Kok – Appointed on 30 November 2022)

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest, direct or deemed, in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		Holdings in which a director is deemed to have an interest	
	At 31.12.2022	At 1.1.2022 or date of appointment, if later	At 31.12.2022	At 1.1.2022 or date of appointment, if later
The Company				
(No. of ordinary shares)				
Chang Wei Lu	320,538,834	320,538,834	–	–
Chew Hai Chiene Hester Arthur	4,170,000	4,170,000	–	–
Teo Soon Seng[1]	15,500,000	15,500,000	13,000,000	13,000,000
Tan Boon Kok[2]	–	–	46,666,666	46,666,666
Tan Ah Mai[3] (Alternate to Tan Boon Kok)	–	–	66,666,666	20,000,000

(1) Mr. Teo Soon Seng's deemed interest of 13,000,000 ordinary shares are held by his spouse.

(2) Mr. Tan Boon Kok is deemed to have interested in 46,666,666 ordinary shares held by Fourseas Capital Sdn. Bhd. and Fourseas Holdings Sdn. Bhd. due to his shareholding interests in the respective companies held through Raffles Holdings Sdn Bhd.

(3) Ms. Tan Ah Mai is deemed to have interested in 66,666,666 ordinary shares held by Fourseas (a) Tan Lee Heng (M) Sdn. Bhd. due to her shareholding interest in Tan Lee Heng (M) Sdn. Bhd., and (b) Fourseas Capital Sdn Bhd and Fourseas Holdings Sdn Bhd, due to her shareholding interests in the respective companies held through Raffles Holdings Sdn Bhd.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations except for Mr. Teo Soon Seng's interest in the convertible securities ("23 Dec 2019 Convertible Loans") in Note 23(b) of which the Company had successfully extended its maturity and has not been converted as at the financial year ended 31 December 2022.

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

By virtue of section 7 of Singapore Companies Act 1967, Mr. Chang Wei Lu, who by virtue of his interest of not less than 20% of the issued capital of the Company, is deemed to have an interest in the shares of all the Company's subsidiary corporations at the beginning and end of the financial year.

The Directors' interests in the ordinary shares of the Company as at 21 January 2023 were the same as those as at 31 December 2022.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Share options

There were no options granted during the financial year to subscribe for unissued shares of the Company or its subsidiary corporations.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiary corporations.

There were no unissued shares of the Company or its subsidiary corporations under option at the end of the financial year.

Audit committee

The members of the Audit Committee at the end of the financial year were as follows:

- Wong Leong Chui (Chairman)
- Chew Hai Chiene Hester Arthur
- Wong Yee Chue (Resigned on 28 February 2023)

All members of the Audit Committee were independent non-executive directors, except for Mr. Chew Hai Chiene Hester Arthur who is a non-independent, Chief Executive Officer, following his re-designation from lead independent director Group CEO and Executive Director with effect from 25 October 2022.

The new Audit Committee which was reconstituted with effect from 1 March 2023 and as at the date of this report is as follows:

- Wong Leong Chui (Chairman)
- Teo Soon Seng
- Chong Cheong Sin (Appointed on 1 March 2023)

All of the new Audit Committee members are non-executive directors, the majority of whom, including the Audit Committee Chairman, are independent.

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. In performing those functions, the Audit Committee reviewed:

- The audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

- The assistance given by the Company's management to the independent auditor;

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act 1967. In performing those functions, the Audit Committee reviewed (continued):

- The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2022 before their submission to the Board of Directors. The independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;

- Transactions falling within the scope of Chapter 9 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist ("Catalist Rules");

- The quarterly financial results and annual financial statements, results announcements and media releases before submission to the Board of Directors for approval, focusing on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the statutory audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements; and

- The independence and objectivity of the independent auditor.

The Audit Committee has recommended to the Board of Directors that the independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), be nominated for re-appointment at the forthcoming Annual General Meeting of the Company.

Independent auditor

The independent auditor, CLA Global TS Public Accounting Corporation (formerly Nexia TS Public Accounting Corporation), has expressed its willingness to accept re-appointment.

On behalf of the directors

.....
Chang Wei Lu
Director

.....
Chew Hai Chiene Hester Arthur
Director

13 April 2023

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

Report on the Audit of the Financial Statements

Disclaimer of Opinion

We were engaged to audit the financial statements of Mercurius Capital Investment Limited (the "Company") and its subsidiary corporations (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 145.

We do not express an opinion on the accompanying consolidated financial statements of the Group or the statement of financial position of the Company. Because of the significance of the matters described in the *Bases for Disclaimer of Opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Bases for Disclaimer of Opinion

1. Going concern

As disclosed in Note 4 to the financial statements, the Group incurred a net loss of $3.5 million during the financial year ended 31 December 2022 and, as of that date, the Group and the Company were in net current liabilities position of $16.3 million and $5.5 million respectively.

Included in the Group's current liabilities as at 31 December 2022 are outstanding bank loans, which consist of bank overdrafts, trade credit facilities, and term loan facilities totaling $7.8 million, which were collectively in breach of loan covenants as of the reporting date. As disclosed in Note 23 to the financial statements, the Group has on 15 February 2023 and 22 March 2023 respectively, received notices of demand from the bank due to late repayment of the bank loans. Accordingly, the bank had demanded for repayment of certain outstanding trade credit facilities, bank overdrafts and term loan, in an aggregate sum of $0.9 million. These amounts remain unpaid as at the date of our report.

Notwithstanding that the abovementioned matters indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's ability to continue as going concerns, the directors of the Company believe that the use of going concern assumption in the preparation of the financial statements for the financial year ended 31 December 2022 is still appropriate, after taking into consideration the following factors:

- A letter of undertaking was obtained from a director of the Company, in which he expressed his commitment not to demand payment for the outstanding payables of $0.35 million for the next twelve months from the reporting date;

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

Bases for Disclaimer of Opinion (Continued)

1. Going concern (Continued)

- The Group has secured a one-year extension of the maturity date for all outstanding convertible loans (including interest), which amounted to $4.37 million as at 31 December 2022 (Note 23(b)). The revised maturity dates for these outstanding convertible loans are 13 June 2024, 23 June 2024, and 3 July 2024;

- The Group is planning to divest all of its properties in order to generate cash flows, which will be used for repayment of its outstanding bank loans;

- Subject to approval by the Company's shareholders at the upcoming Annual General Meeting, the salaries and fees of the Board of Directors for the financial year ended 31 December 2022 amounted to $192,652 will be settled through equity settlement, which will involve the issuance of new ordinary shares in the Company's share capital ("Shares"). In addition, the Company also intends to pay its Executive Chairman and Chief Executive Officer in Shares for the financial year ending 31 December 2023; and

- The Group and the Company are sourcing and evaluating various avenues to secure additional funds, including potential placements of shares and/or convertible loans, with the aim of settling/discharging their current liabilities in the next twelve months from the reporting date.

The ability of the Group and the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due are dependent upon the positive outcome of the measures and assumptions disclosed above which cannot be determined at present. At the date of this report, we are unable to obtain sufficient audit evidence regarding the likely outcome of these measures and assumptions. Therefore, we are not able to form an opinion as to whether the going concern basis of accounting of the accompanying financial statements is appropriate.

2. Opening balance of investment in a joint venture, Grand Bay Hotel Co., Ltd ("Grandbay")

The Group accounts for its investment in a joint venture, Grandbay using the equity method as described in Note 17 to the financial statements. As at 31 December 2022, the Group's carrying amount of the joint venture amounted to $5.12 million (2021: $6.48 million) and the Company's investment in a joint venture, Grandbay accounted at cost (less impairment, if any) amounted to $5.95 million (2021: $9.26 million).

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

Bases for Disclaimer of Opinion (Continued)

2. Opening balance of investment in a joint venture, Grand Bay Hotel Co., Ltd ("Grandbay") (Continued)

In the prior financial year, we were unable to obtain sufficient appropriate audit evidence and all information and explanations, that we considered necessary to provide us with reasonable assurance about whether the unaudited financial statements of Grandbay, which has been equity accounted for in the consolidated financial statements for the prior financial year ended 31 December 2021, as a whole are free from material misstatements, whether due to fraud or error, in all material respects, in accordance with SFRS(I). Accordingly, we were unable to obtain sufficient appropriate audit evidence on the share of losses of Grand Bay recognised in the consolidated statement of comprehensive income for the financial year ended 31 December 2021 amounted to $1.12 million and the carrying amount of the investment in Grand Bay amounted to $6.48 million recognised in the consolidated statement of financial position as at 31 December 2021. We were also unable to perform other alternative procedures to satisfy ourselves with respect to the recoverable amount and resultant impairment, if any, on the carrying amount of the investment in joint venture as at 31 December 2021. As a result of the above, we were unable to determine the adjustments, if any and other information to be made and disclosed respectively in the prior year's financial statements.

The matters mentioned above have been included in our modified opinion in the independent auditor's report on the consolidated financial statements of the Group for the financial year ended 31 December 2021 dated 11 April 2022.

In view of the aforementioned disclaimer opinion on the financial statements for the prior financial year, and we were unable to carry out any alternative audit procedures to obtain sufficient and appropriate audit evidence to determine whether adjustments, if any, are required to be made to the opening balances, and whether there will be possible effects on the comparability of current year's figures with corresponding figures.

3. Limitation of scope on significant subsidiary corporations, Songmart Holdings Sdn. Bhd. and its subsidiary corporations

As disclosed in Note 32 to the financial statements, the Group has on 28 October 2022 (acquisition date), completed the acquisition of Songmart Holdings Sdn. Bhd. and its subsidiary corporations ("Songmart Group") through issuance and allotment of 200 million shares with the total consideration of $36 million through three tranches with profit targets. Songmart Group, a Malaysia based grocery business that operates supermarket operations in Johor Bahru and involve in wholesale business in Malaysia and mainly Singapore.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

Bases for Disclaimer of Opinion (Continued)

3. Limitation of scope on significant subsidiary corporations, Songmart Holdings Sdn. Bhd. and its subsidiary corporations (Continued)

The acquisition of Songmart Group is accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* which requires the recognition of the identifiable assets and liabilities at fair value as at the date of the acquisition with the excess of the purchase consideration over the fair value of the identifiable assets and liabilities as goodwill.

As a result, a provisional goodwill amounted to $10.57 million was recognised in the consolidated statement of financial position of the Group as at 31 December 2022. In addition, the financial statements of Songmart Group for the financial period from 28 October 2022 to 31 December 2022 were included in the consolidated financial statements of the Group for the financial year ended 31 December 2022.

Due to 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, 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.

In view of the matters described in the preceding paragraphs, we were unable to perform the necessary audit procedures to satisfy ourselves as to the appropriateness, completeness and accuracy of the consolidated financial statements of the Group as at and for the financial year ended 31 December 2022 and neither were we able to perform sufficient alternative audit procedures. Consequently, we were unable to determine the adjustments to the amount and disclosure, if any, which could have significant impact on the consolidated financial statements of the Group as at and for the financial year ended 31 December 2022.

4. Impairment assessment of investment in subsidiary corporations, Songmart Group

As disclosed in Note 16 to the financial statements, the Company has investment in subsidiary corporations in Songmart Group amounted to $12 million as at 31 December 2022. In the absence of available information, we 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. We 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 Company as at 31 December 2022.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

Bases for Disclaimer of Opinion (Continued)

5. Recognition of financial guarantee as guarantor

The Company acts as one of the guarantors to 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. However, the Company did not assess the expected credit losses and did not recognise for any financial guarantee liability in accordance with SFRS(I) 9 *Financial Instruments* as at the reporting date.

Accordingly, we were unable to obtain sufficient appropriate audit evidence to determine the effect of adjustments, if any, on the financial statements of the Company for the financial year ended 31 December 2022 and neither were we able to perform sufficient alternative audit procedures.

Because of the significance of the uncertainties and potential adjustments arising from the matters described above, we are unable to express an opinion on the accompanying financial statements.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to conduct an audit of the Group's financial statements in accordance with Singapore Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Bases for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Report on Other Legal and Regulatory Requirements

In our opinion, in view of the significance of the matters referred to in the Bases for Disclaimer of Opinion section of our report, we do not express an opinion on whether the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporation incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement director on the audit resulting in this independent auditor's report is Lim Hui Ki.

CLA Global TS Public Accounting Corporation
(Formerly known as Nexia TS Public Accounting Corporation)
Public Accountants and Chartered Accountants

Singapore

13 April 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Revenue	5	**7,566**	–
Cost of sales		**(6,745)**	–
Gross profit		**821**	–
Other income	8	**61**	8
Other gains, net	9	**300**	336
Expenses:			
– Marketing and distribution		**(67)**	–
– Administrative		**(2,392)**	(691)
– Finance	10	**(896)**	(801)
		(3,355)	(1,492)
Share of loss from joint venture	17	**(1,328)**	(1,119)
Loss before income tax		**(3,501)**	(2,267)
Income tax expense	11(a)	**–**	–
Net loss		**(3,501)**	(2,267)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
– Currency translation loss arising from foreign joint venture	26(b)	**(28)**	(624)
– Currency translation gains arising from consolidation	26(b)	**118**	24
Other comprehensive income/(loss), net of tax		**90**	(600)
Total comprehensive loss		**(3,411)**	(2,867)
Net loss attributable to:			
Equity holders of the Company		**(3,501)**	(2,267)
Non-controlling interests		*****	*
		(3,501)	(2,267)
Total comprehensive loss attributable to:			
Equity holders of the Company		**(3,411)**	(2,867)
Non-controlling interests		*****	*
		(3,411)	(2,867)
Losses per share attributable to equity holders of the Company (cents per share)			
Basic and diluted losses per share	12	**(0.26)**	(0.17)

* Less than $1,000

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group 2022 $'000	Group 2021 $'000	Company 2022 $'000	Company 2021 $'000
ASSETS					
Current assets					
Cash and bank balances	13	**371**	842	**20**	840
Trade and other receivables	14	**3,157**	93	**45**	100
Income tax recoverable	11(b)	**220**	1	**–**	–
Inventories	15	**4,395**	–	**–**	–
		8,143	936	**65**	940
Non-current assets					
Investments in subsidiary corporations	16	**–**	–	**12,000**	–
Investment in a joint venture	17	**5,120**	6,476	**5,945**	9,260
Property, plant and equipment	18	**13,935**	107	**9**	107
Intangible assets	21	**10,566**	–	**–**	–
		29,621	6,583	**17,954**	9,367
TOTAL ASSETS		**37,764**	7,519	**18,019**	10,307
LIABILITIES					
Current liabilities					
Trade and other payables	22	**11,436**	535	**1,215**	499
Borrowings	23	**13,053**	4,072	**4,368**	4,072
		24,489	4,607	**5,583**	4,571
Non-current liabilities					
Borrowings	23	**3,039**	–	**–**	–
Deferred income taxes	24	**2**	–	**–**	–
		3,041	–	**–**	–
TOTAL LIABILITIES		**27,530**	4,607	**5,583**	4,571
NET ASSETS		**10,234**	2,912	**12,436**	5,736
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	25	**154,852**	142,852	**154,852**	142,852
Other reserves	26	**(3,479)**	(2,122)	**325**	805
Accumulated losses		**(141,147)**	(137,826)	**(142,741)**	(137,921)
		10,226	2,904	**12,436**	5,736
Non-controlling interests	16	**8**	8	**–**	–
TOTAL EQUITY		**10,234**	2,912	**12,436**	5,736

* Less than $1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Attributable to equity owners of the Company →					
	Share capital $'000	**Other reserves $'000**	**Accumulated losses $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Group						
2022						
Beginning of financial year	**142,852**	**(2,122)**	**(137,826)**	**2,904**	**8**	**2,912**
Loss for the financial year	**–**	**–**	**(3,501)**	**(3,501)**	*	**(3,501)**
Other comprehensive income 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 (Note 25)	**12,000**	**–**	**–**	**12,000**	**–**	**12,000**
Share-based payment through cash settlement (Note 26(a))	**–**	**(480)**	**180**	**(300)**	**–**	**(300)**
Merger reserves arising from acquisition (Note 26(d))	**–**	**(967)**	**–**	**(967)**	**–**	**(967)**
End of financial year	**154,852**	**(3,479)**	**(141,147)**	**10,226**	**8**	**10,234**
2021						
Beginning of financial year	141,277	(1,522)	(135,559)	4,196	5	4,201
Loss for the financial year	–	–	(2,267)	(2,267)	*	(2,267)
Other comprehensive loss for the financial year	–	(600)	–	(600)	*	(600)
Total comprehensive loss for the financial year	–	(600)	(2,267)	(2,867)	*	(2,867)
Issuance of new ordinary shares (Note 25)	1,500	–	–	1,500	–	1,500
Share-based payment (Note 26(a))	75	–	–	75	–	75
Disposal of subsidiary corporation	–	–	–	–	3	3
End of financial year	142,852	(2,122)	(137,826)	2,904	8	2,912

* Less than $1,000

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022 $'000	2021 $'000
Cash flows from operating activities			
Net loss		**(3,501)**	(2,267)
Adjustments for:			
– Depreciation of property, plant and equipment	18	**344**	162
– Interest expense	10	**896**	801
– Share-based payment expenses	25	**–**	75
– Share of loss of joint venture	17	**1,328**	1,119
– Gain arising from re-measurement of convertible loans	9	**(343)**	(360)
– Gain arising from de-recognition of leases	9	**(5)**	–
– Unrealised currency translation (gains)/losses		**(9)**	27
		(1,290)	(443)
Change in working capital:			
– Inventories		**633**	–
– Trade and other receivables		**(317)**	(36)
– Trade and other payables		**1,021**	(5)
Cash flows from/(used in) operations		**47**	(484)
Interest paid		**(98)**	(7)
Income tax paid		**(96)**	–
Net cash used in operating activities		**(147)**	(491)
Cash flows used in investing activities			
Addition of property, plant and equipment	18	**(477)**	–
Acquisition of a subsidiary corporations, net of cash acquired	32(b)	**(460)**	–
Net cash from investing activities		**(937)**	–
Cash flows from financing activities			
Proceeds from issuance of new ordinary shares	25	**–**	1,500
Repayment of bank borrowings		**(338)**	–
Repayment of lease liabilities		**(180)**	(125)
Repayment of convertible loans		**–**	(289)
Net cash (used in)/provided by financing activities		**(518)**	1,086
Net (decrease)/increase in cash and cash equivalents		**(1,602)**	595
Cash and cash equivalents			
Beginning of financial year		**842**	247
End of financial year	13	**(760)**	842

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Reconciliation of liabilities arising from financing activities

			Non-cash movement					
	1 January 2022 $'000	Principal and interest receipts/ (payments) $'000	Acquisition of subsidiary corporations (Note 32) $'000	Interest expense $'000	De-recognition of lease liabilities $'000	Gain arising from re-measurement of convertible loans $'000	Foreign exchange movement $'000	31 December 2022 $'000
Convertible loans	3,943	–	–	768	–	(343)	–	4,368
Bank borrowings	–	(403)	6,974	65	–	–	–	6,636
Loan from Director	315	–	–	30	–	–	–	345
Lease liabilities	129	(213)	4,231	33	(407)	–	184	3,957

			Non-cash movement				
	1 January 2021 $'000	Principal and interest receipts/ (payments) $'000	Gain arising from re-measurement of convertible loans $'000	Interest expense $'000	Equity components	Foreign exchange movement $'000	31 December 2021 $'000
Convertible loans	3,813	(289)	(360)	779	–	–	3,943
Loan from Director	300	–	–	15	–	–	315
Lease liabilities	254	(132)	–	7	–	–	129

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

Mercurius Capital Investment Limited (the "Company") is listed on 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.

The principal activity of the Company is investment holding. The principal activities of the subsidiary corporations and joint venture are set out in Notes 16 and 17 to the financial statements, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

The consolidated financial statements are presented in Singapore Dollar ("$") and all values are rounded to the nearest thousand ('000) except otherwise indicated.

Interpretations and amendments to published standards effective in 2022

On 1 January 2022, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Revenue recognition

Revenue is measured based on the consideration to which the Group expects to be received in exchange for transferring promised goods to a customer. Revenue is recognised when the Group satisfies a performance obligation by transferring a promised goods to the customer, which is when the customer obtains control of the goods.

(a) Supermarket operations

The Group operates a chain of supermarket retail stores selling consumer product. Revenue is recognised when control of the goods has been transferred, being at the point at the customer purchases the goods at the retail outlets. Payment of transaction on price is due immediately at the point the customer purchases the goods.

(b) Sale of goods

The Group sells consumer goods to local and overseas customers. Revenue are recognised when control of the products has transferred to its customers, being when the products are delivered to the customer. The customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. The performance obligations in the contract are satisfied as the Group no longer has control over the inventory.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Rental income

Rental income under operating leases is recognised in profit or loss as 'other income" on a straight-line basis over the term of the lease. Lease incentive granted are recognised as an integral part of the total rental income, over the term of the lease.

(e) Other income

The income from sales incentive, promotion claim, block display advertisement and management fee is recognised at a point in time when services are rendered and the amount of income and cost incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grants will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as "Other income".

Government grants relating to assets are deducted against the carrying amount of the assets.

2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

Subsidiary corporations are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary corporations are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date on that control ceases.

In preparing the consolidated financial statements, transactions, balances and unrealised gains on transactions between group entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment indicator of the transferred asset. Accounting policies of subsidiary corporations have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests comprise the portion of a subsidiary corporation's net results of operations and its net assets, which is attributable to the interests that are not owned directly or indirectly by the equity holders of the Company. They are shown separately in the consolidated statement of comprehensive income, consolidated statement of changes in equity and statement of financial position. Total comprehensive income is attributed to the non-controlling interests based on their respective interests in a subsidiary corporation, even if this results in the non-controlling interests having a deficit balance.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(a) Subsidiary corporations (Continued)

(ii) Acquisitions

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary corporation or business comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent consideration arrangement and any pre-existing equity interest in the subsidiary corporations measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill. The subsequent accounting policy on goodwill is disclosed in Note 2.6 to the financial statements.

(iii) Disposals

When a change in the Group's ownership interest in a subsidiary corporation results in a loss of control over the subsidiary corporation, the assets and liabilities of the subsidiary corporation including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained profits if required by a specific Standard.

Any retained equity interest in the entity is remeasured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

The accounting policy on investment in subsidiary corporations in separate financial statements of the Company is disclosed in Note 2.8 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(b) Transactions with non-controlling interests

Changes in the Group's ownership interest in a subsidiary corporation that do not result in a loss of control over the subsidiary corporation are accounted for as transactions with equity owners of the Company. Any difference between the change in the carrying amounts of the non-controlling interests and the fair value of the consideration paid or received is recognised within equity attributable to the equity holders of the Company.

(c) Joint venture

Joint venture is entity over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entity.

Investment in joint venture is accounted for in the consolidated financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investments in joint venture is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on joint venture represents the excess of the cost of the acquisition of the joint venture over the Group's share of the fair value of the identifiable net assets of the joint venture and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise Group's share of its joint venture's post-acquisition profits or losses of the investees' profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from joint venture is recognised as a reduction of the carrying amount of the investments. When the Group's share of losses in a joint venture equals to or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the joint venture. If the joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of joint ventures are changed where necessary to ensure consistency with the accounting policies adopted by the Group.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Group accounting (Continued)

(c) Joint venture (Continued)

(iii) Disposals

Investments in joint venture is derecognised when the Group loses joint control. If the retained equity interest in the former joint venture is a financial asset, the retained equity interest is remeasured at fair value. The difference between the carrying amount of the retained equity interest at the date when joint control is lost and its fair value and any proceeds on partial disposal is recognised in profit or loss.

The accounting policy on investment in joint venture in separate financial statements of the Company is disclosed in Note 2.8 to the financial statements.

2.5 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Components of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(b) Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Land and properties	50 years
Renovations	10 years
Machinery and equipment	3 to 10 years
Computer and software	5 years
Furniture and fittings	10 years
Office equipment	5 years
Motor Vehicles	5 years

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

(b) Depreciation (Continued)

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated property, plant and equipment are retained in the financial statements until they are no longer in use.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within "Other income".

2.6 Goodwill

Goodwill on acquisitions of subsidiary corporations and businesses, represents the excess of (i) the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over (ii) the fair value of the identifiable net assets acquired. Goodwill on subsidiary corporations is carried at cost less accumulated impairment losses.

Goodwill on acquisitions of subsidiary corporations and joint venture represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable net assets acquired. Goodwill on joint ventures is included in the carrying amount of the investments.

Gains and losses on the disposal of subsidiary corporations and joint venture include the carrying amount of goodwill relating to the entity sold.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Borrowing costs

Borrowing costs are recognised in the profit or loss using the effective interest method.

2.8 Investments in subsidiary corporations and joint venture

Investments in subsidiary corporations and joint venture are carried at cost less accumulated impairment losses in the Company's statement of financial position. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

2.9 Impairment of non-financial assets

(a) Goodwill

Goodwill recognised separately as an intangible asset is tested for impairment annually and whenever there is indication that the goodwill maybe impaired.

For the purpose of impairment testing goodwill, goodwill is allocated to each of the Group's cash-generating units ("CGU") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including the goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less cost to sell and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

(b) Property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations and joint venture

Property, plant and equipment, right-of-use assets, investments in subsidiary corporations and joint venture are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Impairment of non-financial assets (Continued)

(b) Property, plant and equipment
Right-of-use assets
Investments in subsidiary corporations and joint venture (Continued)

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for cash-generating units ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.10 Financial assets

(a) Classification and measurement

The Group classifies its financial assets at amortised cost.

The classification of debt instruments depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

The Group reclassifies debt instruments when and only when its business model for managing those assets changes.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(a) Classification and measurement (Continued)

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

At subsequent measurement

Debt instruments mainly comprise of cash and cash equivalents and trade and other receivables.

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset.

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 29 details how the Group determines whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by the SFRS(I) 9 which requires expected lifetime losses to be recognised from initial recognition of the receivables.

For other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12 month expected credit loss if there is no significant increase in credit risk since recognition of the assets. If there is significant increase in credit risk since initial recognition, lifetime credit loss will be calculated and recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Financial assets (Continued)

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference in the carrying amount and sales proceed is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with amount previously recognised in other comprehensive income relating to that asset.

2.11 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.12 Financial guarantee

The Company has issued corporate guarantees to bank for bank borrowings of its subsidiary corporations. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiary corporations fail to make principal or interest payments when due in accordance with the terms of their borrowings. Intra-group transactions are eliminated on consolidation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Financial guarantee (Continued)

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

(a) Amount initially recognised less the cumulative amount of income recognised in accordance with the principle of SFRS(I) 15; and

(b) The amount of expected loss allowance computed using the impairment methodology under Note 2.10 to the financial statements.

2.13 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date, in which case they are presented as non-current liabilities.

(a) Borrowings

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(b) Convertible loans

(i) Compounded financial instruments

The total proceeds from convertible loans issued are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible loans. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the loans.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Borrowings (Continued)

(b) Convertible loans (Continued)

(i) Compounded financial instruments (Continued)

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of any deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount is transferred to the share capital. When the conversion option lapses, its carrying amount is transferred to retained profits.

(ii) Equity instruments

A financial instrument is an equity instruments, if, the instruments includes no contractual obligation to (i) deliver cash or another financial assets to another entity; or (ii) to exchange financial assets and financial liabilities with another entity under conditions that are potentially unfavourable to the issuer.

(iii) Interest cost

Interest relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss. Distributions to holders of an equity instrument shall be recognised by the entity directly in equity. Transactions costs of an equity transaction shall be accounted for as a deduction from equity.

Modification of contractual cash flows

When there is changes to the initial terms and conditions on the financial instrument ("Re-negotiated terms"), the Group will assess the financial instrument on a qualitative or quantitative basis to determine if the modification is substantial. If there is a substantial modification, the existing liability is derecognised and a new financial liability is recognised. Otherwise, the difference arising from the present value of the contractual cash flows between the initial and re-negotiated terms at the date of the modification, is recognised in profit or loss under "Other gains/(losses), net".

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised costs using effective interest method.

2.15 Leases

(a) When the Group is the lessee

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(i) Right-of-use assets

The Group recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(ii) Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Group shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (Continued)

(a) When the Group is the lessee (Continued)

(ii) Lease liabilities (Continued)

- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

For a contract that contain both lease and non-lease components, the Group allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Group has elected to not separate lease and non-lease component for property leases and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Group's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (Continued)

(a) When the Group is the lessee (Continued)

(iii) Short term and low value leases

The Group has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

(b) When the Group is the lessor

The Group leases retail stores under operating leases to non-related parties.

(i) Lessor – Operating leases

Leases where the Group retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognized as an expense in profit or loss over the lease term on the same basis as the lease income.

Contingent rents are recognised as income in profit or loss when earned.

(ii) Lessor – Subleases

In classifying a subleases, the Group as an intermediate lessor classifies the sublease as finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

When the sublease is assessed as a finance lease, the Group derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognised the net investment in the sublease within “Trade and other receivables”. Any differences between the right-of-use asset derecognised and the net investment in sublease is recognise in profit or loss. The lease liability relating to the lead lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Leases (Continued)

(b) When the Group is the lessor (Continued)

(ii) Lessor – Subleases (Continued)

When the sublease is assessed as an operating lease, the Group recognises lease income from the sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

2.16 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined using the first-in, first-out method. Cost also includes any gains or losses in qualifying cash flow hedges of foreign currency purchases of inventories. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

2.17 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiary corporations and joint venture, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Income taxes (Continued)

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred income tax arising from a business combination is adjusted against goodwill on acquisition.

The Group accounts for investment tax credits similar to accounting for other tax credits where a deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the consolidated statement of comprehensive income as finance expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss when the changes arise.

2.19 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Employee compensation (Continued)

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as Central Provident Fund and Employee's Provident Funds on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

2.20 Share-based payment

The Group issues equity-settled share-based payment to certain employee and non-employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 26(a) to the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. As at each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

2.21 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar ("$"), which is the functional currency of the Company.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation (Continued)

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss.

Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investments hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of or any loan forming part of the net investment of the foreign operation is repaid, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Foreign exchange gains and losses that relate to borrowings are presented in the profit or loss within "Finance expenses". All other foreign exchange losses impacting profit or loss are presented in profit or loss within "Other income".

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

(c) Translation of Group entities' financial statements

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities are translated at the closing exchange rates at the reporting date;

(ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Currency translation (Continued)

(c) Translation of Group entities' financial statements (Continued)

(iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and translated at the closing rates at the reporting date.

2.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker whose members are responsible for allocating resources and assessing performance of the operating segments.

2.23 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are presented as current borrowings on the statement of financial position.

2.24 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

3. 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

Expected credit losses ("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.

The Group had used 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.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

Expected Credit Loss ("ECL") of trade and other receivables (Continued)

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. The information about the ECL on the Group's trade and other receivables and disclosed in Note 29(b) to the financial statements.

The carrying amount of trade and other receivables as at 31 December 2022 is disclosed in Note 14 to financial statement.

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.

The carrying amount of PPE is disclosed in Note 18 to the financial statements.

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 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.

The carrying amount of the investments in subsidiary corporations and joint venture as at 31 December 2022 are disclosed in Notes 16 and 17 to the financial statements, respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

3. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTIONS AND JUDGEMENTS (CONTINUED)

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.

The related disclosure of inventories is in Note 15 to the financial statements.

4. GOING CONCERN

During the financial year ended 31 December 2022, the Group has incurred a net loss of $3.5 million (2021: $2.3 million), and as of that date, the Group and the Company are in net current liabilities position of $16.3 million and $5.5 million (2021: $3.7 million and $3.6 million) respectively.

Included in the Group's current liabilities as at 31 December 2022 are outstanding bank loans, which consist of bank overdraft, trade facilities, and term loan facilities totaling to $7.8 million, which were collectively in breach of loan covenants as of reporting date. As disclosed in Note 23(a) to the financial statements, the Group has on 15 February 2023 and 22 March 2023 respectively, received notices of demand from bank due to late repayment on the bank loans. Accordingly, the bank had demanded for repayment of certain outstanding trade facilities, bank overdraft and term loan, in an aggregate sum of $0.9 million. These amounts remain unpaid as at the date of our report.

Notwithstanding with the abovementioned matters, the directors of the Company believe that the use of the going concern assumption in the preparation of the Group's and the Company's financial statements for the financial year ended 31 December 2022 is appropriate after taking into consideration the followings:

- A letter of undertaking was obtained from a director of the Company, in which he expressed his commitment not to demand payment for the outstanding payables of $0.33 million for the next twelve months from the reporting date;

- The Group has secured a one-year extension of the maturity date for all outstanding convertible loans (including interest), which amounted to $4.37 million as at 31 December 2022 (Note 23(b)). The revised maturity dates for these outstanding convertible loans are 13 June 2024, 23 June 2024, and 3 July 2024;

- The Group is planning to divest all of its properties in order to generate cash flows, which will be used for repayment of its outstanding bank loans;

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4. GOING CONCERN (CONTINUED)

- Subject to approval by the Company's shareholders at the upcoming Annual General Meeting, the salaries and fees of the Board of Directors for the financial year ended 31 December 2022 amounted to $192,653 will be settled through equity settlement, which will involve the issuance of new ordinary shares in the Company's share capital "("Shares"). In addition, the Company also intends to pay its Executive Chairman and Chief Executive Officer in Shares for the financial year ending 2023; and

- The Group and the Company are sourcing and evaluating various avenues to secure additional funds, including potential placements of shares and/or convertible loans, with the aim of settling/discharging their current liabilities in the next twelve months from the reporting date.

The ability of the Group and the Company to continue in operational existence in the foreseeable future and to meet their financial obligations as and when they fall due is dependent on the actions undertaken as disclosed above. In the event that the Group and the Company are unable to continue in operational existence in the foreseeable future, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements do not include any adjustments which may arise from these uncertainties.

5. REVENUE

The Group derives revenue from the transfer of goods and services at a point in time in the following types of services and geographical regions.

	Group	
	2022	2021
	$'000	$'000
At a point in time	**7,566**	–
Disaggregation of revenue		
Sale of goods	**3,238**	–
Supermarket operations	**4,328**	–
	7,566	–
Geographical regions based on location of customers		
Singapore	**3,190**	–
Malaysia	**4,376**	–
	7,566	–

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6. EXPENSES BY NATURE

The Group's loss before income tax is arrived at after charging the following:

	Group	
	2022	**2021**
	$'000	**$'000**
Purchase of inventories	**11,140**	–
Administrative and marketing expenses	**89**	26
Consultancy cost	**55**	–
Changes in inventories	**(4,395)**	–
Depreciation of property, plant and equipment (Note 18)	**344**	162
Distribution costs	**33**	–
Directors' fees (Note 30)	**–**	**–**
– Directors of the Company	**95**	112
Employee compensation (Note 7)	**781**	53
Repair and maintenance	**32**	–
Rental expense (Note 19(e))	**12**	–
Stamp duty fee	**123**	–
Professional fees	**624**	330
Transportation and travelling	**22**	*
Utilities	**146**	–
Others	**103**	34
Total cost of sales, marketing and distribution expenses and administrative expenses	**9,204**	691

* Less than $1,000

7. EMPLOYEE COMPENSATION

	Group	
	2022	**2021**
	$'000	**$'000**
Wages, salaries and short-term benefits	**728**	45
Employer's contribution to defined contribution plans, including Central Provident Fund	**53**	8
	781	53

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8. OTHER INCOME

	Group	
	2022	**2021**
	$'000	**$'000**
Government grant	**–**	3
Other grants	**–**	5
Management fee income – related parties	**1**	–
Miscellaneous income	**13**	–
Sales incentives and promotion claims	**27**	–
Rental income	**20**	–
	61	8

In prior financial year ended 31 December 2021, government grant of $3,000 was recognised during the financial year under the Jobs Support Scheme (the "JSS"). The JSS is a temporary scheme introduced in the Singapore Budget 2021 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

Other grants consist of grant received from SGX to cover all Annual General Meeting ("AGM") – related expenses incurred for conducting virtual AGM between 16 March 2020 to 15 March 2021.

In current financial year ended 31 December 2022, sales incentives and promotion claims of $27,000 was recognised during the financial year for the regards that suppliers offer to their customers for successfully selling a specific amount of products or dollar amounts. Miscellaneous income consist of mainly from other sales to related parties for stationeries and a one-time registration fee that charged to suppliers for registering account in the supermarket.

9. OTHER GAINS, NET

	Group	
	2022	**2021**
	$'000	**$'000**
Gain on derecognition of lease contracts	**5**	–
Gain on re-measurement of convertible loans	**343**	360
Currency exchange losses, net	**(48)**	(24)
	300	336

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10. FINANCE EXPENSES

	Group	
	2022	**2021**
	$'000	**$'000**
Interest expense on:		
– Amount due to director	**30**	15
– Bank borrowings	**51**	–
– Bank overdraft	**14**	–
– Convertible loans (Note 12)	**768**	779
– Lease liabilities (Note 19(c))	**33**	7
	896	801

11. INCOME TAX EXPENSES

(a) Income tax expense

The tax on the Group's loss before income tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Loss before income tax	**(3,501)**	(2,267)
Share of losses of joint venture (Note 17)	**1,328**	1,119
	(2,173)	(1,148)
Tax calculated at tax rate of 17% (2021: 17%)	**(369)**	(195)
Effects of:		
– Different tax rates in other countries	**(27)**	(1)
– Expenses not deductible for tax purposes	**106**	75
– Income not subject to tax	**(12)**	–
– Deferred tax assets not recognised	**302**	121
	–	–

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11. INCOME TAX EXPENSES (CONTINUED)

(b) Movement income tax recoverable:

	Group	
	2022	**2021**
	$'000	**$'000**
Beginning of financial year	**1**	1
Acquisition of subsidiary corporations (Note 32(c))	**123**	–
Income tax paid	**96**	–
End of financial year	**220**	1
Presented as:		
Income tax recoverable	**220**	1

12. LOSSES PER SHARE

Basic losses per share

Basic losses per share are calculated by dividing the net loss attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	2022	**2021**
Net loss attributable to equity holders of the Company ($'000)	**(3,501)**	(2,267)
Weighted average number of ordinary shares outstanding for basic losses per share ('000)	**1,334,708**	1,311,399
Basic losses per share (cents)	**(0.26)**	(0.17)

Diluted losses per share

For the purpose of calculating diluted losses per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 31 December 2022, the Company has dilutive potential ordinary shares from convertible loans (2021: convertible loans and share-based payments).

Convertible loans are assumed to have been converted into ordinary shares at issuance and the net profit/loss is adjusted to eliminate the interest expense less the tax effect.

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12. LOSSES PER SHARE (CONTINUED)

Diluted losses per share (Continued)

For share-based payments in 2021, the weighted average number of shares on issue has been adjusted as if all dilutive share-based payments were exercised. The number of shares that could have been issued upon the exercise of all dilutive share-based payments less the number of shares that could have been issued at fair value (determined as the Company's average share price for the financial year) for the same total proceeds is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the net profit.

	2022	2021
Net loss attributable to equity holders of the Company ($'000)	**(3,501)**	(2,267)
Add back: interest expenses on convertible loans, net of tax ($'000) (Note 10)	**768**	779
Net loss used to determine diluted losses per shares ($'000)	**(2,733)**	(1,488)
Weighted average number of ordinary shares outstanding for basic losses per share ('000)	**1,334,708**	1,311,399
Adjustments for ('000)		
– Convertible loans	**43,684**	39,591
– Share based payments ('000)	**–**	10,000
	1,436,657	1,360,990
Diluted losses per share (cents)	**(0.26)***	(0.17)*

* The diluted losses per share computations have not taken into consideration the effects of the shares to be issued and convertible loans as at 31 December 2022 and 2021, as they were anti-dilutive.

13. CASH AND BANK BALANCES

	Group		Company	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Cash at bank	**271**	840	**18**	838
Cash on hand	**100**	2	**2**	2
	371	842	**20**	840

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13. CASH AND BANK BALANCES (CONTINUED)

For the purpose of presenting in the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2022	**2021**
	$'000	**$'000**
Cash and bank balances	**371**	842
Less: Bank overdraft (Note 23)	**(1,131)**	–
Cash and cash equivalent per consolidated statement of cash flows	**(760)**	842

Please refer to Note 32(b) for the effects of acquisitions of subsidiary corporations on the cash flows of the Group.

14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables				
– Non-related parties	**2,615**	20	**–**	–
– Subsidiary corporations	**–**	–	**115**	133
	2,615	20	**115**	133
Less: Allowance for impairment of trade receivables (Note 29(b))				
– Non-related parties	**–**	(20)	**–**	–
– Subsidiary corporations	**–**	–	**(115)**	(133)
	–	(20)	**(115)**	(133)
Trade receivables – net	**2,615**	–	**–**	–
Other receivables				
– Non-related parties	**1,017**	801	**821**	801
– Subsidiary corporations	**–**	–	**806**	806
	1,017	801	**1,627**	1,607
Less: Allowance for impairment of other receivables (Note 29(b))				
– Non-related parties	**(786)**	(786)	**(786)**	(785)
– Subsidiary corporations	**–**	–	**(800)**	(800)
	(786)	(786)	**(1,586)**	(1,585)
Other receivables – net	**231**	15	**41**	22
Prepayments	**51**	–	**3**	–
Deposits	**260**	78	**1**	78
	3,157	93	**45**	100

The other receivables from subsidiary corporations are unsecured, interest-free and are receivable on demand.

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15. INVENTORIES

	Group	
	2022	2021
	$'000	$'000
Finished goods	**4,395**	–

The cost inventories recognised as an expense and included in cost of sale amounted to $6,745,000 (2021: $Nil).

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2022	2021
	$'000	$'000
Equity investments at cost		
Beginning of financial year	**7,560**	7,560
Add: Acquisition of subsidiary corporations (Note 32)	**12,000**	–
End of financial year	**19,560**	7,560
Allowance for impairment		
Beginning and of financial year	**7,560**	7,560
Net carrying amount	**12,000**	–

16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

Details of the subsidiary corporations as at 31 December 2022 and 2021 are as follows:

Name of companies	Principal activities	Country of Incorporation	Proportion of ordinary shares directly held by immediate parent		Proportion of ordinary shares directly held by the Group		Proportion of ordinary shares held by non-controlling interests	
			2022 %	2021 %	2022 %	2021 %	2022 %	2021 %
Subsidiary corporations of the Company:								
Friven & Co. Singapore Pte. Ltd.[a]	Dormant	Singapore	**100**	100	**100**	100	**–**	–
Friven (Malaysia) Sdn. Bhd.[b]	Dormant	Malaysia	**100**	100	**100**	100	**–**	–
Mayfran International (Shanghai) Co., Ltd.[c]	Dormant	People's Republic of China	**100**	100	**100**	100	**–**	–
PT Friven Lifestyle[c]	Dormant	Indonesia	**90**	90	**90**	90	**10**	10
Vicmark Manufacturing Sdn. Bhd.[b]	Dormant	Malaysia	**100**	100	**100**	100	**100**	100
Songmart Holdings Sdn. Bhd.[d]	Investment Holdings	Malaysia	**100**	–	**100**	–	**–**	–
Subsidiary corporation of Friven (Malaysia) Sdn. Bhd.:								
Friven & Co. Lifestyle Sdn. Bhd.[c]	Dormant	Malaysia	**100**	100	**100**	100	**–**	–
Subsidiary corporations of Songmart Holdings Sdn. Bhd.:								
Songmart Malaysia Sdn. Bhd.[d]	Supermarket operations	Malaysia	**100**	–	**100**	–	**–**	–
Tan Lee Heng Import & Export Sdn. Bhd.[d]	Sales of consumer goods	Malaysia	**100**	–	**100**	–	**–**	–
Granville Groceries Sdn. Bhd.[d]	Supermarket operations	Malaysia	**100**	–	**100**	–	**–**	–

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16. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

(a) Audited by CLA Global TS Public Accounting Corporation (Formerly Nexia TS Public Accounting Corporation), Singapore.

(b) Audited by Nexia SSY, Chartered Accountants, Malaysia, member of Nexia International.

(c) Presently dormant and does not have significant impact on the Group's consolidated financial statements.

(d) Audited by Morison LC PLT, Malaysia, a member of Morison Global.

The Audit Committee and Board of Directors of the Company are of the opinion that the appointment of different auditors for its subsidiary corporations would not compromise the standard and effectiveness of the audit of the Group and the Company.

Carrying value of non-controlling interests

	Group	
	2022	**2021**
	$'000	**$'000**
PT Friven Lifestyle	**8**	8

The summarised financial information of subsidiary corporation with non-controlling interests are not presented as they are insignificant to the Group.

17. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Beginning of financial year	**6,476**	8,219	**9,260**	9,260
Share of losses	**(1,328)**	(1,119)	**–**	–
Impairment loss[(a)]	**–**	–	**(3,315)**	–
Currency translation differences (Note 26(b))	**(28)**	(624)	**–**	–
End of financial year	**5,120**	6,476	**5,945**	9,260

(a) As at 31 December 2022, the Company had recognised an impairment loss of $3,315,000 on its investment in a joint venture. The impairment loss has been recognised to reduce the carrying value of the investment in joint venture to its recoverable amount, which is determined based on the discounted cash flow analysis, which takes into account of expected cash flows from investment and the discount rate. No impairment loss is required at group level as the carrying amount are lower than its recoverable amount.

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17. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Set out below is the joint venture of the Group as at 31 December 2022 and 2021:

Name of companies	Principal activities	Country of business/ incorporation	Percentage of ownership interest	
			2022 %	2021 %
Grand Bay Hotel Co., Ltd[(a)]	Real estate development	Thailand	**50**	50

(a) Audited by Bunchikij Co., Ltd, Thailand, a member of Moores Rowland

On 7 January 2020, the Group completed its acquisition of 50% equity interests with a total consideration of $9,260,000 by fulfilling all the term and conditions under the joint venture agreement with Apex Development Public Company Limited ("Apex") to enable the Group to obtain joint control over Grand Bay Hotel Co., Ltd ("Grand Bay").

The Group has joint control over Grand Bay under the contractual agreement with Apex, 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.

Summarised financial information for joint venture

Set out below is the summarised financial information for Grand Bay.

Summarised statement of financial position

	Grand Bay Hotel Co., Ltd	
	2022 $'000	2021 $'000
Current assets	**13,788**	14,110
Includes:		
– Cash and cash equivalents	**1**	1
Current liabilities	**(6,719)**	(4,329)
Non-current assets	*****	*
Net assets	**7,070**	9,782

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17. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture (Continued)

Summarised statement of comprehensive income

	Grand Bay Hotel Co., Ltd	
	2022	**2021**
	$'000	**$'000**
Interest income	**–**	*
Expenses	**(2,656)**	(2,237)
Includes:		
– Interest expense	**(2,556)**	(2,208)
Loss before income tax	**(2,656)**	(2,237)
Income tax expense	**–**	**–**
Net loss, representing total comprehensive loss	**(2,656)**	(2,237)

* Less than $1,000

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Group's share of those amounts), adjusted for differences in accounting policies between the Group and the joint venture.

The parcel of land held by Grand Bay is located at Ao Po, Phuket, Thailand and measuring approximately 35.31 Rai, is pending development as Sheraton Phuket Grand Bay Resort. The tenure of the land is freehold. The fair value of the land is valued at THB677.95 million (approximately $27.11 million based on an exchange rate of THB1: $0.04) based on valuation report by independent property valuer through cost approach (using hypothetical development method) as at 9 February 2023, being the valuation date.

The abovementioned land and development were pledged as collateral for Grand Bay's loan. During the previous financial year, Grand Bay's lender has filed a lawsuit against them due to a default on a loan repayment of THB200 million (approximately $8 million based on an exchange rate of THB1: $0.04) with an accrued interest amounting to THB173 million (approximately $6.92 million based on THB1: $0.04). However, on 20 March 2023, the lender had withdrawn the litigation case from legal process and the court had approved the withdrawal on the same day.

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17. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Summarised financial information for joint venture (Continued)

Reconciliation of summarised financial information

Reconciliation of the summarized financial information presented to the carrying amount of the Group's interests in the joint venture is as follows:

	Grand Bay Hotel Co., Ltd	
	2022	**2021**
	$'000	**$'000**
Net assets	**7,070**	9,782
Group's equity interest	**50%**	50%
Group's share of net assets	**3,535**	4,891
Goodwill	**1,585**	1,585
Carrying value	**5,120**	6,476

18. PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings $'000	Renovation $'000	Machinery & Equipment $'000	Computer & Software $'000	Furniture and fittings $'000	Office equipment $'000	Motor Vehicle $'000	Offices and retail spaces $'000	Total $'000
Group									
Cost									
At 1 January 2021 and 31 December 2021	–	66	–	–	–	25	–	444	535
Addition	–	381	80	5	11	–	–	–	477
Acquisition of subsidiary (Note 32(c))	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**
Accumulated depreciation									
At 1 January 2021	–	45	–	–	–	11	–	210	266
Addition (Note 6)	–	5	–	–	–	9	–	148	162
At 31 December 2021	–	50	–	–	–	20	–	358	428
Addition (Note 6)	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**
Net book value									
At 31 December 2022	**7,804**	**781**	**1,282**	**169**	**94**	**21**	**82**	**3,702**	**13,935**
At 31 December 2021	–	16	–	–	–	5	–	86	107

(a) The Group's land and buildings with carrying amount of $7,804,000 are secured for the Group's bank facilities as disclosed in Note 23(a) to the financial statements.

Included within the Group's land and buildings as at 31 December 2022 comprised of freehold and leasehold land and buildings with carrying amount of $5,786,000 and S$2,018,000, respectively. The fair value of these freehold and leasehold land and buildings, as at 31 December 2022, are $5,701,000 and S$1,859,000.

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18. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment $'000	Renovation $'000	Offices and retail spaces $'000	Total $'000
Company				
Cost				
At 1 January 2021 and 31 December 2021	66	25	444	535
Addition	–	–	–	–
At 31 December 2022	**66**	**25**	**444**	**535**
Accumulated depreciation				
At 1 January 2021	45	11	210	438
Addition	5	9	148	162
At 31 December 2021	50	20	358	428
Addition	7	5	86	98
At 31 December 2022	**57**	**25**	**444**	**526**
Net book value				
At 31 December 2022	**9**	**–**	**–**	**9**
At 31 December 2021	16	5	86	107

19. LEASES – THE GROUP AS A LESSEE

Nature of the Group's leasing activities

Offices and retail spaces

The Group has rented shopfront from third parties for the operation of supermarket and sales of wholesales items and offices for administrative purposes.

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19. LEASES – THE GROUP AS A LESSEE (CONTINUED)

Nature of the Group's leasing activities (Continued)

Offices and retail spaces (Continued)

(a) Carrying amounts

Right-of-use assets ("ROU") classified within Property, plant and equipment:

	2022 $'000	2021 $'000
Group		
Offices and retail spaces	**3,702**	86

(b) Depreciation charge during the financial year

	2022 $'000	2021 $'000
Group		
Offices and retail spaces	**258**	148

(c) Interest expenses

	2022 $'000	2021 $'000
Group		
Interest expense on lease liabilities (Note 10)	**33**	7

(d) Cash outflow

	2022 $'000	2021 $'000
Group		
Total cash outflow for all leases	**250**	132

(e) Lease expense not capitalised in lease liabilities

Rental expense on short term assets amounts to an aggregate of $12,000 (Note 6). These leases are short term leases for the use of accommodation for employees.

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20. LEASES – THE GROUP AS A LESSOR

Nature of the Group's leasing activities – Group as a lessor

The Group has leased out their properties to third parties for monthly lease payments. Where considered necessary to reduce credit risk, the Group obtained bank guarantees for the term of the lease. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Income from leasing the retail stores recognised during the financial year ended 31 December 2022 was $14,000 (2021: $Nil).

Nature of the Group's leasing activities – Group as an intermediate lessor

Sub-leases – classified as operating leases.

The Group acts an intermediate lessor under arrangements in which it sub-leases out retail stores to third parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases.

Income from sub-leasing the retail stores recognised during the financial year ended 31 December 2022 was $6,000 (2021: $Nil).

Maturity analysis of lease payments – Group as a lessor and intermediate lessor

The table below discloses the undiscounted lease payments to be received by the Group for its leases and sub-leases after the reporting date as follows:

	2022 $'000	2021 $'000
Less than one year	**42**	–
One to two years	**67**	–
Total undiscounted lease payments	**109**	–

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21. GOODWILL

	Group	
	2022	2021
	$'000	$'000
Cost		
Beginning of financial year	**–**	–
Acquisition of subsidiary corporations[(i)] (Note 32(c))	**10,566**	–
End of financial year	**10,566**	–

(i) Acquisition of Songmart Holdings Sdn. Bhd. and its subsidiary corporations ("Songmart Group")

As disclosed in Note 32 to the financial statements, the acquisition of Songmart Group was completed during the financial year on 28 October 2022. The goodwill relating to this acquisition is provisional as the fair value of the identifiable net assets are provisionally determined. The initial purchase price allocation to identifiable net asset acquired are being assessed and expected to be finalised within 12 months from date of acquisition hence the goodwill has not been allocated to the relevant cash-generating unit ("CGU"). The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed.

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Trade payables				
– Non-related parties	**9,529**	3	**–**	–
– Subsidiary corporations	**–**	–	**–**	1
	9,529	3	**–**	1
Other payables				
– Non-related parties	**847**	110	**445**	95
– Subsidiary corporations	**–**	–	**126**	–
– Director	**446**	300	**446**	300
	1,293	410	**1,017**	395
Accruals for operating expenses				
– Salaries and wages	**360**	9	**111**	9
– Other operating expenses	**254**	113	**87**	94
	614	122	**198**	103
	11,436	535	**1,215**	499

The other payables to subsidiary corporations are unsecured, interest-free and repayable on demand.

22. TRADE AND OTHER PAYABLES (CONTINUED)

Included within other payables to a director amounting to $300,000 (2021: $300,000) is unsecured with an interest of 10% (2021:10%) per annum as disclosed in Note 10 to the financial statements and repayable on demand. The remaining balance of other payables to a director is unsecured, interest-free and repayable on demand.

23. BORROWINGS

	Group		Company	
	2022 $'000	**2021 $'000**	**2022 $'000**	**2021 $'000**
Current				
– Bank borrowings (Note (a))	**6,636**	–	**–**	–
– Bank overdraft (Note (a))	**1,131**	–	**–**	–
– Convertible loans (Note (b))	**4,368**	3,943	**4,368**	3,943
– Lease liabilities	**918**	129	**–**	129
	13,053	4,072	**4,368**	4,072
Non-current				
– Lease liabilities	**3,039**	–	**–**	–
Total borrowings	**16,092**	4,072	**4,368**	4,072

(a) Bank borrowings and Bank overdraft

The Group through its wholly-owned subsidiary corporation, Songmart Group has bank borrowings (comprised of Term loan 1 and 2 and Credit facilities) and Bank overdraft (collectively known as "Bank Loans") with Alliance Bank Malaysia Berhad (the "Bank") as at 31 December 2022.

The Bank Loans of the Group totalling of $7,767,000 which are secured by the followings:

- Land and buildings of the Group (Note 18);
- Total corporate guarantee of approximate of $10,201,000 (equivalent to RM33,478,000) from the Company;
- Joint and several guarantee from the directors of Songmart Holdings Sdn. Bhd. for a total amount approximate of $10,201,000 (equivalent to RM33,478,000); and
- Assignment over rental proceeds for the land and buildings of the Group.

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23. BORROWINGS (CONTINUED)

(a) Bank borrowings and Bank overdraft (Continued)

(i) Bank borrowings

	Group	
	2022 $'000	2021 $'000
Current		
Term Loan 1	**2,697**	–
Term Loan 2	**1,566**	–
Trade credit facilities	**2,373**	–
	6,636	–

Bank borrowings are arranged at floating interest rates that are based on the Base Lending Rate ("BLR") deduct 1.85% per annum and with the prevailing minimum rate of 2.75% p.a. at all time. In which, during the financial year, the interest rate ranges from 3.82% to 4.57% per annum with a periodic repayment over 20 years.

Management is of the view that the carrying amounts of the loans approximates their fair values as interest rates are repriced to market rate at regular intervals.

Term loan 1 and 2

The purpose of term Loan 1 and 2 are to finance the purchase of 37 properties for the operation of supermarket business of aggregate sum of RM14,100,000 (equivalent to $4,296,000).

As at 31 December 2022, the Group had breached the financial covenants under the Agreement of gearing ratio not exceeding 2.50 times during the subsistence of the credit facilities with the bank. The breach of the loan covenants has resulted the non-current liabilities of term loan 1 and 2 amounted to $4,263,000 has been reclassified as current liabilities as at 31 December 2022 as the Group does not have the rights to defer the settlement of the non-current term loans.

On 22 March 2023, the Group had received a notice of demand from the lawyer acting behalf of the Bank demanding payment of (i) a sum of RM51,390 (equivalent to $15,660) being the total outstanding sum due to the Bank under the term loan 1 as at 20 March 2023, and (ii) a sum of RM33,320 (equivalent to $10,160) being the outstanding sum due to the Bank under the term loan 2 as at 20 March 2023 for an aggregate sum of RM84,710 (equivalent to $25,820) together with interest accruing from 21 March 2023 until the date of settlement and legal fees. The Group had proposed repayment plans to the Bank and had planned to divest all of its properties to generate cashflow.

23. BORROWINGS (CONTINUED)

(a) Bank borrowings and Bank overdraft (Continued)

(i) Bank borrowings (Continued)

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 $5,813,000) which refers to a maximum of trade credit facilities of RM15,278,000 (equivalent to $4,655,300) and bank overdraft of RM3,800,000 (equivalent to $1,158,000). As at 31 December 2022, the Group has drawndown the trade credit facilities of $2,373,000 and bank overdraft of $1,131,000.

As at 31 December 2022, the Group had breached the financial covenants under the Credit Facilities Agreement with the Bank (i) to channel not less than 30% of total revenue into the current account maintained with the Bank throughout the tenure of the Credit Facilities granted; and (ii) maintaining a gearing ratio not exceeding 2.75 time during the subsistence of the credit facilities with the Bank.

On 15 February 2023, the Group had received a notice of demand from the lawyer acting on behalf of the Bank to demand payment of (i) a sum of RM1,426,000 (equivalent to $434,500) being the total outstanding sum due to the Bank under the trade facilities as at 15 February 2023 and (ii) a sum of RM1,489,000 (equivalent to $453,700) being the outstanding sum due to the Bank under the bank overdraft as at 15 February 2023 for an aggregate sum of RM2,915,000 (equivalent to $888,200) together with interest accruing from 16 February 2023 until the date of settlement and legal fees. The Group had proposed repayment plans to the Bank and had planned to divest all of its properties to generate cashflow.

(b) 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%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. BORROWINGS (CONTINUED)

(b) Convertible loans (Continued)

In prior 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 9 June 2021 ("previous terms") (disclosed below as "Previous extended date of maturity"). On 15 June 2022, 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 on 9 June 2021	**Revised date of maturity on 15 June 2022**
13 Dec 2019 Convertible Loans	13 June 2022	13 June 2023
23 Dec 2019 Convertible Loan	23 June 2022	23 June 2023
3 Jan 2020 Convertible Loan	3 July 2022	3 July 2023

As a result of the extended date of maturity on 15 June 2022, this has led to a re-assessment of the present value of the contractual cash flows of these convertible loans under the revised date of maturity. The re-assessment did not constitute to a substantial modification, and therefore, derecognition of these financial instruments is not required. Accordingly, the difference between the present value of the contractual cash flows under the revised terms and previous terms, amounting to $343,000 is recognised in profit or loss and disclosed in Note 9 to the financial statements.

As at 31 December 2022, the outstanding 13 Dec 2019 Convertible Loans, 23 Dec 2019 Convertible Loan and 3 Jan 2020 Convertible Loan (included interest) are convertible up to 19,898,120 shares, 13,266,770 shares and 10,518,740 shares (2021: 17,996,000 shares,11,997,000 shares and 9,598,000 shares) respectively total amounting to 43,683,630 (2021: 39,591,000) new ordinary shares (Note 12) 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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23. BORROWINGS (CONTINUED)

(b) Convertible loans (Continued)

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

	Group and Company	
	2022	2021
	$'000	$'000
Face value of convertible loans at date of issuance	**3,550**	3,550
Equity conversion component on initial recognition (Note 26(c))	**(325)**	(325)
Liability component on initial recognition	**3,225**	3,225
Less: Repayment of convertible loan (included interest) up-to-date	**(289)**	(289)
Accumulated gains arising from modification of convertible loans	**(745)**	(402)
Accumulated amortisation of interest expenses	**2,177**	1,409
Liability component at end of financial year	**4,368**	3,943

(c) Lease liabilities

	Group		Company	
	2022	2021	2022	2021
	$'000	$'000	$'000	$'000
Undiscounted lease payments due:				
– 12 months or less	**1,057**	131	**–**	131
– 1-5 years	**2,283**	–	**–**	–
– Over 5 years	**1,109**	–	**–**	–
	4,449	131	**–**	131
Less: Future interest costs	**(492)**	(2)	**–**	(3)
Lease liabilities	**3,957**	129	**–**	129
Represented by:				
– Current	**918**	129	**–**	129
– Non-current	**3,039**	–	**–**	–
	3,957	129	**–**	129

NOTES TO THE FINANCIAL STATEMENTS

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24. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same taxation authority.

The amounts, determined after appropriate offsetting, are shown on the statement of financial position as follows:

	Group	
	2022 $'000	2021 $'000
Deferred tax liabilities	**2**	–

The movement in the net deferred income tax account is as follows:

	Group	
	2022 $'000	2021 $'000
Beginning of financial year	**–**	–
Currency translation differences	*	–
Acquisition of subsidiary corporations (Note 32(c))	**2**	–
End of financial year	**2**	**–**

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately $16,813,000 (2021:$16,776,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

25. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares '000	Amount $'000
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**
2021		
Beginning of financial year	1,297,364	141,277
Issuance of new ordinary shares[2]	27,273	1,500
Shared-based payment (Note 26(a))[3]	1,670	75
End of the financial year	1,326,307	142,852

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25. SHARE CAPITAL (CONTINUED)

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 with a consideration of $12,000,000 (Note 32(a)) for the acquisition of Songmart Group at an issue price of $0.18 per share.

(2) On 7 July 2021, the Company issued and allotted 27,272,727 new ordinary shares in the capital of the Company to non-related party for an aggregate subscription amount of $1,500,000 pursuant to a conditional placement agreement entered into by the Company with Cheah Bee Lin on 2 June 2021. The newly issued shares rank pari passu in all aspects with the previously issued shares.

(3) On 7 July 2021, the Company issued and allotted 1,670,000 new ordinary shares in the capital of the Company to one of the directors of the Company at an issue price of $0.045 per share as payment for his director's fees of $75,150. The newly issued shares rank pari passu in all aspects with the previously issued shares.

The newly issued shares rank pari passu in all aspects with the previously issued shares.

26. OTHER RESERVES

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Composition:				
Share-based payment (Note (a))	**–**	480	**–**	480
Currency translation reserve (Note (b))	**(2,837)**	(2,927)	**–**	–
Equity component of convertible loans (Note (c))	**325**	325	**325**	325
Merger reserve (Note (d))	**(967)**	–	**–**	–
	(3,479)	(2,122)	**325**	805

Other reserves are non-distributable.

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26. OTHER RESERVES (CONTINUED)

The movement of reserves are as follows:

(a) Share-based payment

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Beginning of financial year	**480**	480
Granted during the financial year[(i)]	**–**	75
Share-based payment discharged through cash settlement[(ii)]	**(480)**	–
Issuance of shares pursuant to share-based payment (Note 25)	**–**	(75)
End of financial year	**–**	480

The Company has the following equity settled share-based payment arrangements:

(i) On 7 July 2021, the Company granted and issued 1,670,000 new ordinary shares of the Company to one of the directors of the Company at an issue price of $0.045 per share as director's fees with an aggregate value of $75,150;

The fair value price of share is determined by the market price of the share as at each grant date and the share-based payment was recognised upon satisfaction of the services by each party as at the end of the previous financial year.

(ii) On 5 July 2019, the Company entered into an agreement with a third party for an aggregate value of $480,000 via the issuance of 10,000,000 new ordinary shares ("the Referral Fee Shares") of the Company at a fair value price of $0.048 per share as commission for the referral of the joint venture arrangement (the "Agreement");

On 14 September 2021, the third party ("plaintiff") has filed a legal proceeding against the Company for not issuing the Referral Fee Shares to the plaintiff as entitled. In response, the Company had also counterclaimed against the plaintiff for a breach of certain arrangement in the Agreement. The legal proceedings remains outstanding as at 31 December 2021, and no referral fee shares was issued.

During the financial year, on 15 November 2022, the Company and plaintiff reached a settlement agreement to resolve the dispute on the issuance of Referral Fee Shares. The Company agreed to pay a settlement sum of $300,000 in cash to the plaintiff in six (6) equal instalment payments. As at 31 December 2022, the Company has settled the first instalment payment amounted to $50,000.

The settlement in cash has led to the cancellation of the initial equity-settled share-based payments relating to the Referral Fee Shares. As a result, the settlement of $300,000 was reclassified from equity reserve to liability and the remaining $180,000 being the differences between the initial equity settlement amount and final settlement amount, was charge out from equity (Note 27).

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26. OTHER RESERVES (CONTINUED)

(b) Currency translation reserve

	Group	
	2022	**2021**
	$'000	**$'000**
Beginning of financial year	**(2,927)**	(2,327)
Currency translation loss of financial statements of foreign joint venture (Note 17)	**(28)**	(624)
Currency translation gains of financial statements of foreign subsidiary corporations	**118**	24
End of financial year	**(2,837)**	(2,927)

This represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(c) Equity component of convertible loans

	Group and Company	
	2022	**2021**
	$'000	**$'000**
Beginning and end of financial year (Note 23(b))	**325**	325

(d) Merger reserve

	Group	
	2022	**2021**
	$'000	**$'000**
Beginning of financial year	**–**	–
Net difference between consideration paid and the share capital of the subsidiaries acquired	**(967)**	–
End of financial year	**(967)**	–

The merger reserve represents the difference between the consideration paid and the share capital of the subsidiary corporation acquired under common control arising from the acquisition of Songmart Group.

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27. ACCUMULATED LOSSES

Movement in accumulated losses of the Company are as follows:

	Company	
	2022	**2021**
	$'000	**$'000**
Beginning of financial year	**(137,921)**	(136,754)
Net loss	**(5,000)**	(1,167)
Differences arising from cancellation of share-based payment (Note 26(a))	**180**	–
End of financial year	**(142,741)**	(137,921)

28. CONTINGENT LIABILITIES

(a) Litigation settlement against the Company

A claim for $30,000 was lodged by another company in the past against the Company and certain of its executive in respect of fraudulent misrepresentation regarding the rental of the previous office unit at OUE Downtown #42-04. The Company has disclaimed the liability and is defending the action by filing a counterclaim against the party for arrears of rental. At the date of this report, the legal suit is still ongoing with no definite outcome and the directors are of the view that no material losses will arise in respect of the legal claim.

(b) Litigation settlement against the joint venture

In previous financial year, Grand Bay was filed with litigation case by its lender for the default on loan repayment of a principal amount of THB200 million (approximately $8 million based on an exchange rate of THB1:S$0.04) with an accrued interest amounting to THB173 million (approximately $6.92 million based on THB1:S$0.04). The land and development are pledged for this borrowing. On 20 March 2023, the lender had withdrawn the litigation case from legal process and court approved the withdrawal on the same day.

29. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including interest rate risk, price risk and currency risk), credit risk, liquidity risk and capital risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the financial performance of the Group.

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Board of Directors is responsible for setting the objectives and underlying principles of financial risk management for the Group. The Audit Committee provides independent oversight to the effectiveness of the risk management process.

(a) Market risk

(i) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rate. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to cash flow interest rate risk arising mainly from non-current variable-rate borrowings. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates.

The Group's borrowings are at variable rates. The loans are denominated in the respective operating entities' functional currencies and there are natural hedges as the Group's collections are mainly in its respective operating entities' functional currencies. If the interest rates had increased/decreased by 0.5% (2021: Nil) with all other variables including tax rate being held constant, management had assessed and determined the impact to loss after tax as a result of higher/lower interest expenses on these borrowings is not significant.

(ii) Price risk

The Group and the Company has insignificant exposure to equity price risk.

(iii) Currency risk

The Group businesses operates in Asia with dominant operations in Singapore and Malaysia, consequently the Group currency exposure net on those denominated in the respective entities' functional currencies such as Malaysia Ringgit ("MYR") and Indonesia Rupiah ("IDR") are insignificant.

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

The Group's foreign currency exposure based on the information provided to key management is as follows:

	SGD $'000	MYR $'000	Others $'000	Total $'000
2022				
Financial assets				
Cash and bank balances	**20**	**349**	**2**	**371**
Trade and other receivables	**24**	**3,133**	**–**	**3,157**
Intra-group receivables	**150**	**3,261**	**–**	**3,411**
	194	**6,743**	**2**	**6,939**
Financial liabilities				
Trade and other payables	**(1,089)**	**(10,331)**	**(16)**	**(11,436)**
Lease liabilities	**–**	**(3,957)**	**–**	**(3,957)**
Loan and borrowings	**–**	**(7,767)**	**–**	**(7,767)**
Convertible loans	**(4,368)**	**–**	**–**	**(4,368)**
Intra-group payables	**(150)**	**(3,261)**	**–**	**(3,411)**
	(5,607)	**(25,316)**	**(16)**	**(30,939)**
Net financial liabilities	**(5,413)**	**(18,573)**	**(14)**	**(24,000)**
Add: Net financial liabilities denominated in functional currencies	**5,413**	**18,573**	**–**	**23,986**
Currency exposure on financial liabilities net of those denominated in the respective entities' functional currencies	**–**	**–**	**(14)**	**(14)**

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

	SGD $'000	MYR $'000	Others $'000	Total $'000
2021				
Financial assets				
Cash and bank balances	840	2	–	842
Trade and other receivables	93	*	–	93
Intra-group receivables	7	–	–	7
	940	2	–	942
Financial liabilities				
Trade and other payables	(499)	(19)	(17)	(535)
Lease liabilities	(129)	–	–	(129)
Convertible loans	(3,943)	–	–	(3,943)
Intra-group payables	(7)	–	–	(7)
	(4,578)	(19)	(17)	(4,614)
Net financial liabilities	(3,639)	(17)	(17)	(3,673)
Add: Net financial liabilities denominated in functional currencies	3,639	–	–	3,639
Currency exposure on financial liabilities net of those denominated in the respective entities' functional currencies	–	(17)	(17)	(34)

* Less than $1,000

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

The Company's foreign currency exposure based on the information provided to key management is as follows:

	SGD $'000	MYR $'000	Total $'000
2022			
Financial assets			
Cash and bank balances	**20**	*	**20**
Trade and other receivables	**45**	–	**45**
	65	*	**65**
Financial liabilities			
Trade and other payables	**(1,215)**	–	**(1,215)**
Convertible loans	**(4,368)**	–	**(4,368)**
	(5,583)	–	**(5,583)**
Net financial liabilities	**(5,518)**	*	**(5,518)**
Less: Net financial liabilities denominated in the Company's functional currency	**(5,518)**	*	**(5,518)**
Currency exposure on financial assets net of those denominated in the Company's functional currency	**–**	*	*

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(iii) Currency risk (Continued)

	SGD $'000	MYR $'000	Total $'000
2021			
Financial assets			
Cash and bank balances	840	*	840
Trade and other receivables	100	–	100
	940	*	940
Financial liabilities			
Trade and other payables	(499)	–	(499)
Lease liabilities	(129)	–	(129)
Convertible loans	(3,943)	–	(3,943)
	(4,571)	–	(4,571)
Net financial liabilities	(3,632)	*	(3,631)
Less: Net financial liabilities denominated in the Company's functional currency	3,632	–	3,632
Currency exposure on financial assets net of those denominated in the Company's functional currency	–	*	*

* Less than $1,000

As at 31 December 2022 and 2021, any reasonably possible change in the exchange rate of MYR against the SGD with all other variables including tax rate being held constant, management had assessed that the impact to profit or loss arising from the currency translation gains/(losses) on the Group's and the Company's financial assets and liabilities denominated in foreign currencies are unlikely to be significant.

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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The major classes of financial assets of the Group and the Company are bank deposits and trade and other receivables. For trade receivables, the Group adopts the policy of dealing only with customers of appropriate credit standing and history and performs ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals. For other financial assets, the Group adopts the policy of dealing only with high credit quality counterparties.

Credit exposure to an individual counterparty is restricted by credit limits that are approved by the Executive Directors based on ongoing credit evaluation. The counterparty's payment pattern and credit exposure are continuously monitored at the entity level by the Directors.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as follows:

	Company	
	2022 $'000	2021 $'000
Corporate guarantees provided to banks on subsidiary corporations' bank borrowings	10,109	–

Trade receivables

The Group uses a provision matrix to measure the lifetime expected credit loss allowance for trade receivables.

In measuring the expected credit losses, the trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due and also according to the geographical location of customers and/or counterparties.

In calculating the expected credit loss rates, the Group considers the historical loss rates for each category of customers and/or counterparties and adjusts to reflect current and forward-looking macroeconomic factors affecting the customer's ability to settle the receivables. However, given the short period exposed to credit risk, the impact of these macroeconomic factors has not been considered significant within the reporting period.

Trade receivables are written-off when there is no reasonable expectation of recovery, such as debtor failing to engage in a repayment plan with the Group. The Group considers a financial asset as in default if the counterparty fails to make contractual payment within 180 days when they fall due and has shown indicators of financial difficulty, and writes off the financial asset when the Group has exhausted all means to retrieve the sum from the customers and/or counterparties. Where receivables are written-off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in profit or loss.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Trade receivables (Continued)

The movements in credit loss allowance were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Trade receivables (Note 14)				
Beginning of financial year	**20**	20	**133**	133
Utilisation	**(20)**	–	**(18)**	–
End of financial year	**–**	20	**115**	133

Cash and cash equivalents

The Group and the Company held cash and cash equivalents with banks with sound credit ratings and are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

Other receivables

The Group and the Company uses the 12-month expected credit losses approach to assess for impairment for other receivables.

The movements in credit loss allowance were as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Other receivables (Note 14)				
Beginning of financial year	**786**	786	**1,585**	1,585
Loss allowance recognised in profit or loss	**–**	–	**1**	–
End of financial year	**786**	786	**1,586**	1,585

NOTES TO THE
FINANCIAL STATEMENTS
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29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding through on adequate amount of committed credit facilities, and the ability to close out market positions as a short notice.

The Group constantly monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuation in cash flows.

The table below analyses non-derivative financial liabilities of the Group and the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year $'000	Between 1 to 5 years $'000	Over 5 years $'000
Group			
2022			
Trade and other payables (Note 22)	**11,436**	**–**	**–**
Lease liabilities	**1,057**	**2,283**	**1,109**
Loan and borrowings (Note 23)	**7,767**	**–**	**–**
Convertible loans (Note 23)	**4,368**	**–**	**–**
	24,628	**2,283**	**1,109**

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risk (Continued)

	Less than 1 year $'000	Between 1 to 5 years $'000
Group		
2021		
Trade and other payables (Note 22)	535	–
Lease liabilities	129	–
Convertible loans (Note 23)	3,943	–
	4,607	–
Company		
2022		
Trade and other payables (Note 22)	**1,215**	**–**
Convertible loans (Note 23)	**4,368**	**–**
	5,583	**–**
2021		
Trade and other payables (Note 22)	499	–
Lease liabilities	129	–
Convertible loans (Note 23)	3,943	–
	4,571	–

(d) Capital risk

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, buy back issued shares, obtain new borrowings or sell assets to reduce borrowings.

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital risk (Continued)

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings plus trade and other payables less cash and cash equivalents. Total capital is calculated as total equity plus net debt.

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	**27,159**	3,765	**5,563**	3,731
Total equity	**10,234**	2,912	**12,436**	5,736
Total capital	**37,393**	6,677	**17,999**	9,467
Gearing ratio	**72.6%**	55.9%	**30.9%**	39.4%

The Group and the Company is in compliance with all external imposed capital requirements for the financial year ended 31 December 2022 and 31 December 2021 except for the breach of financial covenants by the Group for the financial year ended 31 December 2022 which was disclosed in Note 23(a)(i)(ii) to the financial statements.

(e) Fair value measurements

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments are as follows:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	$'000	**$'000**	**$'000**	**$'000**
Financial assets, at amortised cost	**3,528**	935	**65**	940
Financial liabilities, at amortised cost	**27,530**	4,607	**5,583**	4,571

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

30. RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	Group	
	2022	**2021**
	$'000	**$'000**
Sales of goods and/or services to		
– related parties	**23**	–
Purchase of inventories from		
– related parties	**123**	–
Rental paid to		
– related parties	**4**	–
Payment made on behalf from		
– related parties	**62**	–

Related parties comprises mainly companies which are controlled by the Group's key management personnel and their close family members.

Outstanding balances at 31 December 2022, arising from sale/purchase of goods and services, are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 14 and 22 respectively.

(b) Key management personnel compensation

Key management personnel compensation is as follows:

	Group	
	2022	**2021**
	$'000	**$'000**
Salaries and short term benefits	**44**	45
Employer's contribution to defined contribution plans, including Central Provident Fund	**6**	8
Director's fee (Note 6)	**95**	112
	145	165
Analysed as:		
Director of the Company	**122**	112
Other key management personnel	**23**	53
	145	165

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. 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. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

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 product.

(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.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. SEGMENT INFORMATION (CONTINUED)

The segment information provided to the Key Management Team for the reportable segments and the reconciliation to the consolidated statements of the comprehensive income and statement of financial positions are as follows:

	Malaysia		Singapore		
	Investment holdings $'000	Supermarket Operations $'000	Sales of goods $'000	Investment holdings $'000	Total $'000
2022					
Revenue					
Total segment sales	–	4,414	3,599	–	8,013
Less: Inter-segment sales	–	(86)	(361)	–	(447)
Sales to external parties	–	4,328	3,238	–	7,566
Cost of sales	–	(4,436)	(2,309)	–	(6,745)
Gross (loss)/profit	–	(108)	929	–	821
Other income	11	44	1	5	61
Other gains/(losses)	–	5	(48)	343	300
Expenses:					
– Marketing	–	(16)	(51)	–	(67)
– Administrative	(39)	(970)	(150)	(1,233)	(2,392)
– Finance	(33)	(52)	(12)	(799)	(896)
Share of (losses) of joint venture	–	–	–	(1,328)	(1,328)
(Loss)/profit before income tax	(61)	(1,097)	669	(3,012)	(3,501)
Income tax expense	–	–	–	–	–
Net (loss)/profit	(61)	(1,097)	669	(3,012)	(3,501)
Interest expense	(33)	(52)	(12)	(799)	(896)
Depreciation and amortisation	(27)	(187)	(31)	(99)	(344)
Adjusted (loss)/earnings before interest, tax, depreciation, amortisation and impairment losses ("LBITDA")/("EBITDA")	(121)	(1,336)	626	(3,910)	(4,741)

In FY2021, in view that the new business of property development and property investment has not commenced, no segmental information is presented.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income. There are no revenue from transactions with a single external customers that are 10 per cent or more of the Group's revenue.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with non-related parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. SEGMENT INFORMATION (CONTINUED)

The CODM 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.

32. BUSINESS COMBINATION

On 28 October 2022, the Group has completed the acquisition of Songmart Holdings Sdn. Bhd. and its subsidiary corporations ("Songmart Group"). Songmart Group is a Malaysia based grocery business that operates supermarket operations under the brand "Songmart" and "Granville" in Johor Bahru, Malaysia and involve in wholesale business in trading of foodstuff, groceries, sundry goods and daily necessities in Malaysia and mainly to Singapore.

The total purchase consideration of this acquisition, amounting up to $36 million ("Purchase Consideration"), will be satisfied through issuance and allotment of up to 200 million new ordinary shares in the capital of the Company ("Consideration Shares") through three tranches, subject to achieving profit targets. As at the date of this report, only 666,666,666 shares have been issued. The Consideration Shares will be issued at an agreed issuance price of $0.18 per shares. The three tranches are as follows:

- First tranche comprises 66,666,666 Consideration Shares (equivalent to approximately $12 million of the Purchase Consideration) to be issued within 6 weeks from completion;

- Second tranche comprises 66,666,666 Consideration Shares (equivalent to approximately $12 million of the Purchase Consideration) to be issued within 6 weeks from the date on which the Songmart Group's audited consolidated financial statements is delivered to the Company, subject to adjustment, if the Songmart Group does not achieve a profit after tax of RM15 million (approximately $4.57 million) for the financial year ended 31 December 2022; and

- Final tranche comprises 66,666,668 Consideration Shares (equivalent to approximately $12 million of the Purchase Consideration) which is to be issued within 6 weeks from the date on which the Songmart Group's audited consolidated financial statements for the year ending 31 December 2023 ("FY2023") are delivered to the Company, subject to adjustments if the Songmart Group does not achieve a profit after tax of RM16.5 million (approximately $5.03 million) for FY2023.

NOTES TO THE
FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. BUSINESS COMBINATION (CONTINUED)

Further to the second supplemental share sale agreement, the final tranche will also be subject to the full settlement of Term loan 1 and 2 (Note 23(a)(i)), amounting to RM14.1 million (equivalent to $4.3 million) granted by Alliance Bank Malaysia Berhad to Songmart Group. The number of Consideration Shares in the final tranche will be adjusted to the extent the amount of unpaid banking facilities, if any, at the Company's sole discretion.

Following the completion of the acquisition of Songmart Group on 28 October 2022, the first tranche comprises 66,666,666 Consideration Shares (equivalent to approximately $12 million of the Purchase Consideration) had been issued to the vendor on 16 November 2022, as disclosed in Note 25 to the financial statements.

The acquisition of Songmart Group is accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combinations* which requires the recognition of the identifiable assets and liabilities at fair value as at the date of the acquisition with the excess of the purchase consideration over the fair value of the identifiable assets and liabilities as goodwill.

Details of the consideration paid, the assets acquired and liabilities assumed and the effects on the cash flows of the Group, at the acquisition date are as follows:

(a) Purchase consideration

	2022 $'000
Settlement of First tranche of purchase consideration through issuance of shares	**12,000**
Deferred consideration (Note 32(e))	**–**
Total purchase consideration	**12,000**

(b) Effect on cash flows of the Group

	2022 $'000
Cash and cash equivalents in subsidiary corporations acquired:	
– Cash and bank balances	**331**
– Bank overdrafts	**(791)**
Cash outflow on acquisition	**(460)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. BUSINESS COMBINATION (CONTINUED)

(c) Identifiable assets acquired and liabilities assumed

	At fair value $'000
Cash and bank balances	331
Inventories	5,028
Property, plant and equipment (Note 18)	13,786
Trade and other receivables	2,747
Intangible asset	967
Income tax recoverable	123
Total assets	22,982
Trade and other payables	9,550
Lease liabilities	4,231
Borrowings	
– Bank overdrafts	791
– Bank borrowings (Term Loans and Trade Credit Facilities)	6,974
Deferred income tax liabilities (Note 24)	2
Total liabilities	21,548
Total identifiable net assets	1,434
Add: Goodwill (Note 21 and Note (d))	10,566
Deferred consideration (Note (e))	–
Consideration transferred for the acquisition	12,000

(d) Goodwill

The goodwill of $10,566,000 relating to this acquisition is provisional as the fair value of the identified net assets are provisionally determined. The initial purchase price allocation to identifiable net assets acquired are expected to finalise within 12 months from the date of acquisition, hence, the goodwill has not been allocated to the respective CGU by 31 December 2022. If new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identified adjustment to the above amounts, or any additional provision and allowances that existed at the acquisition date, the accounting for the acquisition will be adjusted retrospectively. The Group has not performed any impairment assessment on this acquisition as the initial allocation of goodwill has not been completed.

32. BUSINESS COMBINATION (CONTINUED)

(e) Deferred purchase consideration

The deferred consideration refers to Second and Final tranches stated above. The fair value of the deferred consideration is estimated to be $Nil as at acquisition date as management has assessed that the achievement of profit targets are not probable and remote.

(f) Acquisition-related costs

Acquisition-related costs of $136,736 are included in "administrative expenses" in the consolidated statement of comprehensive income and included as part of the operating cash flows in the consolidated statement of cash flows.

(g) Revenue and profit contribution

The acquired subsidiary corporations contributed revenue of $7,566,000 and net loss of $381,000 to the Group for the financial period from 28 October 2022 to 31 December 2022.

Had Songmart Group been acquired from 1 January 2022, consolidated revenue and consolidated loss for the financial year ended 31 December 2022 would have been $51,299,000 and $1,191,000 respectively.

33. SUBSEQUENT EVENTS

(a) Receipts of notices of demand (Note 23)

Subsequent to the financial year ended 31 December 2022, the Company and its directors, Mr. Tan Boon Kok and Ms. Tan Ah Mai, collectively whom are the guarantors of certain credit facilities drawn down by the subsidiary and associated corporations, Songmart Malaysia Sdn. Bhd. and Songmart Holdings Sdn. Bhd. ("**Songmart Holdings**") had received two notices of demand dated 15 February 2023 and 22 March 2023 respectively from the lawyers acting on behalf of Alliance Bank Malaysia Berhad (the "**Bank**").

- Notice of demand dated 15 February 2023

  The Bank has demanded for payment of (i) a sum of RM1,426,000 being the outstanding sum due to the Bank under trade facilities as at 15 February 2023, and (ii) a sum of RM1,489,423 being the outstanding sum due to the Bank under the bank overdraft as at 15 February 2023 for an aggregate sum of RM2,915,423 together with interest accruing from 16 February 2023 until the date of settlement and legal fees amounting to RM106 (the "**15 Feb 2023 Outstanding Sum**").

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

33. SUBSEQUENT EVENTS (CONTINUED)

(a) Receipts of notice of demands (Continued)

- Notice of demand dated 22 March 2023

  The Bank has demanded for payment of (i) a sum of RM51,391 being the total outstanding sum due to the Bank under Term Loan 1 as at 20 March 2023, and (ii) a sum of RM33,318 being the outstanding sum due to the Bank under Term Loan 2 as at 20 March 2023 for an aggregate sum of RM84,709 together with interest accruing from 21 March 2023 until the date of settlement and legal fees amounting to RM368 (the "**22 Mar 2023 Outstanding Sum**").

The total outstanding sums are RM3,000,132 (equivalent to $914,163). As at the date of this report, no formal legal proceeding has been commenced by the Bank in respect of the 15 Feb 2023 Outstanding Sum and 22 Mar 2023 Outstanding Sum. Formal discussions have commenced between Songmart Group and the Bank in respect of the 15 Feb 2023 Outstanding Sum and the Company and Songmart Holdings have engage with the Bank to discuss the settlement of the 22 Mar 2023 Outstanding Sum. The Company is planning to divest all properties owned by Songmart Holdings to generate cashflow and will seek shareholders' approval, if required on the proposed divestment.

(b) Issuance of shares to Directors of the Company

As announced on 11 April 2023, the Company's Board of Directors had proposed the issuance of an aggregate of 25,316,305 new ordinary shares ("Shares") in the capital of the Company (the "Directors' Shares") which comprises of 7,500,000 Shares (the "CWL Shares") to be issued to the Company's Executive Chairman, Mr Chang Wei Lu ("Mr Chang"); and 17,816,305 Shares (the "HC Shares") to be issued to the Company's Group Chief Executive Officer and Executive Director, Mr. Chew Hai Chiene Hester Arthur ("Mr Chew").

Subject to approval by the Company's shareholders at the upcoming Annual General Meeting, the CWL Shares will be allotted and issued to Mr Chang as payment for (i) his accrued monthly salary for the months of October to December 2022 totalling to $60,000; and (ii) his salary for next financial year from January to December 2023 totalling to $240,000 to be issued on a quarterly basis in arrears, whilst the HC Shares will be allotted and issued to Mr Chew as payment for (i) accrued director's fees for the period from 1 April 2021 to 24 October 2022 totalling to $99,080.77; (ii) accrued salary for the period from 25 October 2022 to 31 December 2022 totalling to $33,571.43; (iii) his salary for next financial year from January to December 2023 totalling to $180,000 to be issued on a quarterly basis in arrears; and (iv) one-time sign on bonus of 10 million new Shares.

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FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards and amendments and interpretations to existing standards that have been published, and are relevant for the Group's accounting period beginning on or after 1 January 2023 and which the Group has not early adopted.

Effective for annual period beginning on or after 1 January 2023

- Amendments to SFRS(I) 1-1: Classification of Liabilities as Current or Non-current
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to SFRS(I) 16: Lease liability in a sale and leaseback
- Amendments to SFRS(I) 1-1: Non-current liabilities with covenants

Effective date: to be determined*

- Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

* The mandatory effective date of the Amendment had been revised from 1 January 2016 to a date to be determined by the Account Standards Council Singapore ("ASC") in December 2015 via Amendment to Effective Date of Amendments to FRS110 and FRS 28.

35. AUTHORISATION OF FINANCIAL STATEMENTS

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mercurius Capital Investment Limited on 13 April 2023.

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

Issued and fully paid-up capital	:	$171,298,284.94
Number of shares issued	:	1,392,973,333
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	23	1.69	1,208	0.00
100 – 1,000	353	25.92	156,788	0.01
1,001 – 10,000	379	27.83	1,445,115	0.10
10,001 – 1,000,000	533	39.13	78,791,233	5.66
1,000,001 and above	74	5.43	1,312,578,989	94.23
	1,362	100.00	1,392,973,333	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Chang Wei Lu	320,538,834	23.01
2.	Citibank Nominees Singapore Pte Ltd	201,017,800	14.43
3.	Phillip Securities Pte Ltd	108,404,832	7.78
4.	Goh Tai Siang	55,000,000	3.95
5.	OCBC Securities Private Ltd	53,409,700	3.83
6.	Chieng Lik Ngiong	47,584,900	3.42
7.	Tay Shu Chin (Zheng Shuqin)	44,000,500	3.16
8.	UOB Kay Hian Pte Ltd	37,269,400	2.68
9.	Gwee Sung	27,000,000	1.94
10.	Maybank Securities Pte. Ltd.	26,711,700	1.92
11.	Fourseas Capital Sdn Bhd	23,333,333	1.68
12.	Fourseas Holdings Sdn Bhd	23,333,333	1.68
13.	Tan Lee Heng (M) Sdn Bhd	20,000,000	1.44
14.	Teng Siew Li (Chen Xiuli)	19,434,400	1.39
15.	Cheah Bee Lin	16,770,027	1.20
16.	Liu Lingyu	16,123,682	1.16
17.	CGS-CIMB Securities (Singapore) Pte Ltd	15,740,886	1.13
18.	Teo Soon Seng	15,500,000	1.11
19.	Wong Hock Chung	15,389,100	1.10
20.	Wang Wai Lian	13,000,000	0.93
	Total	1,099,562,427	78.94

STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2023

SHAREHOLDING OF THE SUBSTANTIAL SHAREHOLDERS

	Direct Interest	%	Deemed Interest	%
Chang Wei Lu	320,538,834	23.01	–	–

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 31 March 2023, approximately 69.86% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "Catalist Rules"). Accordingly, Rule 723 of the Catalist Rules is complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the "**AGM**") of Mercurius Capital Investment Limited (the "**Company**") will be held by way of electronic means on Saturday, 29 April 2023 at 10:00 a.m., to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Independent Auditors' Report thereon. **(Resolution 1)**

2. To re-elect Mr. Chang Wei Lu who is retiring pursuant to Article 95(2) of the Company's Constitution, as a Director of the Company. **(Resolution 2)**

   [See Explanatory Note (i)]

3. To re-elect Mr. Teo Soon Seng who is retiring pursuant to Article 95(2) of the Company's Constitution, as a Director of the Company. **(Resolution 3)**

   [See Explanatory Note (ii)]

4. To re-elect Mr. Tan Boon Kok who is retiring pursuant to Article 96 of the Company's Constitution, as a Director of the Company. **(Resolution 4)**

   [See Explanatory Note (iii)]

5. To re-elect Dr. Chong Cheong Sin who is retiring pursuant to Article 96 of the Company's Constitution, as a Director of the Company. **(Resolution 5)**

   [See Explanatory Note (iv)]

6. To approve the payment of Director's fees of S$11,730.77 for the period from 1 August 2022 to 24 October 2022 to Mr. Chew Hai Chiene Hester Arthur. **(Resolution 6)**

   [See Explanatory Note (v)]

7. To re-appoint Messrs CLA Global TS Public Accounting Corporation as Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 7)**

8. To transact any other ordinary business which may be properly transacted at an AGM.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following ordinary resolutions, with or without modifications:

9. The proposed payment of salary amounting to S$300,000.00 to be paid in 7,500,000 new shares of the Company in lieu of cash to Mr. Chang Wei Lu

   (a) "approval be and is hereby given for the payment of Mr. Chang Wei Lu's accrued salary of S$60,000.00 for the months of October 2022 to December 2022 and salary of S$240,000.00 for FY2023 by allotting and issuing 7,500,000 new ordinary shares in the capital of the Company, to be issued on a quarterly basis in arrears, in lieu of cash at S$0.04 per new share (the "**CWL Shares**");

   (b) Pursuant to Rules 804, 805(1) and 812(2) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**"), section 161 of the Companies Act 1967 (the "**Companies Act**") and the Company's Constitution, authority be and is hereby given to the directors of the Company (the "**Directors**") to allot and issue the CWL Shares; and

   (c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions authorised by this ordinary resolution."

   (Resolution 8A)

   [See Explanatory Note (vi)]

10. The proposed payment of Director's fees and salary amounting to S$312,652.20 and a one-time sign-on bonus, to be paid in 17,816,305 new shares of the Company in lieu of cash to Mr. Chew Hai Chiene Hester Arthur

   (a) "approval be and is hereby given for the payment of Mr. Chew Hai Chiene Hester Arthur's accrued Director's fees of S$99,080.77 for the period beginning from 1 April 2021 and ending on 24 October 2022, one-time sign-on bonus of 10,000,000 new ordinary shares, accrued salary of S$33,571.43 for the period beginning from 25 October 2022 and ending on 31 December 2022 and salary of S$180,000.00 for FY2023 by allotting and issuing 17,816,305 new ordinary shares in the capital of the Company, to be issued on a quarterly basis in arrears, in lieu of cash at S$0.04 per new share (the "**HC Shares**");

   (b) Pursuant to Rules 804, 805(1) and 812(2) of the Catalist Rules, Section 161 of the Companies Act and the Company's Constitution, authority be and is hereby given to the Directors to allot and issue the HC Shares; and

NOTICE OF ANNUAL GENERAL MEETING

(c) the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and/or he/she may consider expedient or necessary or in the interests of the Company to give effect to the transactions authorised by this ordinary resolution."

(Resolution 8B)

[See Explanatory Note (vii)]

11. Authority to allot and issue shares in the capital of the Company

(a) "That pursuant to Rule 806 of the Catalist Rules, Section 161 of the Companies Act and the Company's Constitution, authority be and is hereby given to the Directors to:

(i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, the "**Instruments**") that might or would require Shares to be issued, including but not limited to, the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instruments made or granted by the Directors while this Resolution is in force, provided that:

(i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a *pro-rata* basis to the existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);

NOTICE OF ANNUAL GENERAL MEETING

(ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) at the time of passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time of passing of this Resolution;

(b) (where applicable) new Shares arising from the exercise of share options or vesting of awards outstanding or subsisting at the time of passing of this Resolution, provided that such share options or share awards (as the case may be) were granted in compliance with the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or sub-division of Shares;

(iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company; and

(c) unless previously revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company, or on the date by which the next AGM of the Company is required by law to be held, whichever is earlier."

(Resolution 9)

[See Explanatory Note (viii)]

By Order of the Board

Chang Wei Lu
Executive Chairman
14 April 2023

Singapore

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Mr. Chang Wei Lu will, upon re-election as a Director of the Company, remain as the Executive Chairman. Detailed information on Mr. Chang Wei Lu can be found in the Company's annual report 2022 in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement".

(ii) Mr. Teo Soon Seng will, upon re-election as a Director of the Company, remain as the Non-Independent Non-Executive Director and a member of the Audit Committee, Nominating Committee and Remuneration Committee. Detailed information on Mr. Teo Soon Seng can be found in the Company's annual report 2022 in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement". The Board of Directors considers Mr. Teo Soon Seng to be non-independent for the purpose of Rule 704(7) of the Catalist Rules.

(iii) Mr. Tan Boon Kok will, upon re-election as a Director of the Company, remain as the Executive Director. Detailed information on Mr. Tan Boon Kok can be found in the Company's annual report 2022 in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement".

(iv) Dr. Chong Cheong Sin will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. Detailed information on Dr. Chong Cheong Sin can be found in the Company's annual report 2022 in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement". The Board of Directors considers Dr. Chong Cheong Sin to be independent for the purpose of Rule 704(7) of the Catalist Rules.

(v) The Company will be seeking shareholders' approval to approve the payment of Director's fees of S$11,730.77 to Mr. Chew Hai Chiene Hester Arthur for the period from 1 August 2022 to 24 October 2022.

(vi) Pursuant to the letter of variation between the Company and Mr. Chang Wei Lu and the recommendation of the Remuneration Committee, the Company had agreed to, subject to, Shareholders' approval and the receipt of the listing and quotation notice from the SGX-ST, allot 7,500,000 ordinary shares at S$0.04 as payment for his accrued salary of S$60,000.00 for the months of October 2022 to December 2022 and salary of S$240,000.00 for FY2023, to be issued on a quarterly basis in arrears.

Mr. Chang Wei Lu has abstained from participating in the discussions of and making of recommendations in respect of the issuance of the new ordinary shares, and will abstain, and have undertaken to ensure that his Associates will abstain, from voting on this resolution.

Please also refer to the Company's announcement dated 11 April 2023 and the addendum of the Annual Report for more information in relation to the proposed issue of shares to Mr. Chang Wei Lu.

(vii) Pursuant to the letter of variation between the Company and Mr. Chew Hai Chiene Hester Arthur and the recommendation of the Remuneration Committee, the Company had agreed to, subject to, Shareholders' approval and the receipt of the listing and quotation notice from the SGX-ST, allot 17,816,305 ordinary shares at S$0.04 as payment for his accrued Director's fees of S$99,080.77 for the period beginning from 1 April 2021 to 24 October 2022, one-time sign-on bonus of 10,000,000 new ordinary shares, his accrued salary of S$33,571.43 for the period beginning from 25 October 2022 to 31 December 2022 and salary of S$180,000.00 for FY2023, to be issued on a quarterly basis in arrears.

Mr. Chew has abstained from participating in the discussions of and making of recommendations in respect of the issuance of the new ordinary shares, and will abstain, and have undertaken to ensure that his Associates will abstain, from voting on this resolution.

Please also refer to the Company's announcement dated 11 April 2023 and the addendum of the Annual Report for more information in relation to the proposed issue of shares to Mr. Chew Hai Chiene Hester Arthur.

(viii) Ordinary Resolution 9 proposed in item 11 above, if passed, will empower the Directors from the date of the AGM until the conclusion of the next AGM of the Company, or by the date which the next AGM of the Company is required by law to be held or such authority is varied and revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares and to make or grant instruments (such as warrants and debentures) convertible into Shares, and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any), of which up to fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), may be issued other than on a *pro-rata* basis to the shareholders of the Company.

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Conduct of Meeting

This AGM is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and the accompanying proxy form will NOT be sent to members. Instead, these documents will be made available on SGXNet at https://www.sgx.com/securities/company-announcements and Company's website at https://www.mercuriuscapital.com/investor-relation.html.

2. Registration

The Company will arrange for a live webcast, which allows members, or where applicable, their appointed proxy(ies) to view the proceedings of the AGM via "live" audio and video feed ("**Webcast**"). In addition, members, or where applicable, their appointed proxy(ies) will be able to observe the AGM proceedings by audio only means via "live" audio only stream ("**Audio Link**"). Members, or where applicable, their appointed proxy(ies) who wish to observe the AGM proceedings by Webcast or Audio Link must register at the URL https://www.bigmarker.com/JJD/Mercurius-Capital-Investment-Limited-AGM-EGM-2023-Shareholder-Registration ("**AGM Registration and Q&A Link**") by 10:00 a.m. on 27 April 2023 ("**Registration Deadline**"), for the Company to authenticate his/her/its status as a member. Following the successful verification of his/her/its shareholding status, verified members will receive further instructions on how to access the Webcast and the Audio Link via email ("**Registration Confirmation Email**") by 10:00 a.m. on 28 April 2023.

Members, or where applicable, his/her/its appointed proxy(ies) who have registered by the Registration Deadline but do not receive the Registration Confirmation Email by 10:00 a.m. on 28 April 2023 should contact the Company at agm@mercuriuscapital.com stating: (a) the member's full name; and (b) the member's identification/registration number.

3. Submission of Questions

Members or, where applicable, their appointed proxy(ies) who have registered and have been verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by submitting text-based questions during the AGM within a certain prescribed time limit. The Company will endeavour to respond to all substantial and relevant questions as far as reasonably practicable. Where there are substantially similar questions, the Company will consolidate such questions. Consequently, not all questions may be individually addressed.

Alternatively, members who have any questions in relation to any agenda item of this notice, may send their queries to the Company in advance by 21 April 2023 by email to agm@mercuriuscapital.com. The Company will endeavour to respond to all substantial and relevant queries from members submitted in advance and received by the Company and publish its responses on SGXNet and the Company's website at https://www.mercuriuscapital.com/investor-relation.html prior to the AGM, and no later than 48 hours prior to the deadline for submission of the proxy forms. The Company will also address any subsequent clarifications sought, or follow-up questions received after 21 April 2023, prior to, or at, the AGM in respect of substantial and relevant matters.

Members submitting questions are requested to state: (a) their full name; (b) the member's identification/registration number; and (c) the manner in which the member holds Shares in the Company (e.g. via CDP, CPF or SRS), failing which the Company shall be entitled to regard the submission as invalid. Members submitting questions are requested to state: (a) their full name; (b) the member's identification/registration number; and (c) the manner in which the member holds Shares in the Company (e.g. via CDP, CPF or SRS), failing which the Company shall be entitled to regard the submission as invalid. The Company will publish the minutes of the AGM on SGXNet and the Company's website within one (1) month after the date of AGM. The minutes of the AGM will include, among others, the Company's responses to substantial and relevant questions received from members which are addressed during the AGM.

4. Voting and Submission of Proxy(ies) Forms

Members (except a Relevant Intermediary, as defined in Section 181 of the Companies Act) may cast their votes for the resolution live at the AGM. Unique access details for live voting will be provided to members who have registered and are verified to attend the AGM.

As an alternative to live voting at the AGM in the foregoing manner, a member (whether individual or corporate) may appoint the Chairman of the AGM (or any person other than the Chairman of the AGM) to act as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment of the Chairman of the AGM (as proxy for that resolution will be treated as invalid.

NOTICE OF ANNUAL GENERAL MEETING

A proxy need not be a member of the Company.

A member of the Company (other than a Relevant Intermediary) entitled to attend, speak and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies or Chairman to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.

Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.

A member who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).

The signed instrument appointing the Chairman of the AGM (or any person other than the Chairman of the AGM) as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a certified copy thereof, must be:

a) if sent by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, attention to Mercurius AGM; or

b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

in either case, by 10:00 a.m. on 27 April 2023 (being not less than forty-eight (48) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

The proxy form must be signed by the appointor or his attorney duly authorised in writing. Where the instrument is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

The Company shall be entitled to reject an instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In the case of a member whose Shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument of proxy if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Members who hold their Shares through a Relevant Intermediary (as defined in Section 181 of the Companies Act) and who wish to participate in the AGM, submit questions at least seven (7) calendar days prior to the date of the AGM, being by 21 April 2023 or exercise their votes by appointing the Chairman of the AGM as proxy should approach their respective Relevant Intermediaries to submit their voting instructions at least seven (7) working days prior to the date of the AGM, being by 10.00 a.m. on 20 April 2023.

The Company will announce any changes to the holding or conduct of the AGM via the SGXNet. Members are advised to check the SGXNet and the Company's website regularly for updates on the AGM.

A corporation which is a member may authorise by resolution of its director or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act.

"Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy:

By attending the AGM and/or any adjournment thereof or submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company:

(i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and/or representatives appointed for the AGM and/or any adjournment thereof and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM and/or any adjournment thereof, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"),

(ii) warrants that where a member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and

(iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Photographic, sound and/or video recordings of the AGM may be made by the Company for record keeping and to ensure the accuracy of the minutes prepared of the AGM. Accordingly, the personal data of a member of the Company (such as his name, his presence at the AGM and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

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MERCURIUS CAPITAL INVESTMENT LIMITED

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

PROXY FORM – ANNUAL GENERAL MEETING

(Please see notes overleaf before completing this form)

This proxy form has been made available on SGXNet and the Company's website and may be accessed at the URLs: https://www.sgx.com/securities/company-announcements and https://www.mercuriuscapital.com/investor-relation.html. A printed copy of this proxy form will NOT be despatched to members of the Company.

IMPORTANT

1. The Annual General Meeting ("AGM" or the "Meeting") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM (as defined herein) are set out in the Notice of AGM dated 14 April 2023 on SGXNet and the Company's website on the same day. The Announcement, the Notice of AGM and this proxy form may also be accessed at the URLs https://www.sgx.com/securities/company-announcements and https://www.mercuriuscapital.com/investor-relation.html.
3. A member will not be able to attend the AGM in person. Members (except a Relevant Intermediary) may cast their votes for each resolution live at the AGM. Unique access details for live voting will be provided to Members who have registered and are verified to attend the AGM. As an alternative to live voting at the AGM in the foregoing manner, a member (whether individual or corporate) may appoint the Chairman of the AGM, or any person other than the Chairman of the AGM to act as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the AGM (as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment of the Chairman of the AGM as proxy for that resolution will be treated as invalid. A proxy need not be a member of the Company.
4. This Proxy Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by CPF/SRS investors who hold ordinary shares through their CPF/SRS funds. CPF/SRS investors should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies and to submit their voting instructions no later than 10:00 a.m. on 20 April 2023.
5. Please read the notes to this proxy form.

PERSONAL DATA PRIVACY

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 14 April 2023.

*I/We _____ (Name) _____

(NRIC/Passport No./Company Registration No.) _____

of _____ (Address)

being a *member/members of MERCURIUS CAPITAL INVESTMENT LIMITED (the "**Company**", and together with its subsidiaries, the "**Group**"), hereby appoints:

NAME	EMAIL ADDRESS	*NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
			NO. OF SHARES	%

*and/or (delete as appropriate)

NAME	EMAIL ADDRESS	*NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS	
			NO. OF SHARES	%

or the Chairman of the AGM as my/our* proxy to attend and vote on my/our* behalf, at the AGM of the Company, to be held by way of electronic means on Saturday, 29 April 2023 at 10:00 a.m. and at any adjournment thereof. I/We* direct the Chairman of the AGM, being my/our* proxy to vote for or against, or abstain from voting on the Ordinary Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given, (i) the *proxy/proxies (except for the Chairman of the AGM) will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the AGM and at any adjournment thereof; or (ii) the appointment of the Chairman of the AGM as proxy for the resolution will be treated as invalid at the AGM and at any adjournment thereof.

All resolutions put to the vote of the AGM will be conducted by poll. Please indicate the number of votes as appropriate.

No.	Resolutions relating to:	By way of poll		
		For**	Against**	Abstain**
AS ORDINARY BUSINESS				
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Independent Auditors' Report thereon			
2.	Re-election of Mr. Chang Wei Lu as a Director of the Company			
3.	Re-election of Mr. Teo Soon Seng as a Director of the Company			
4.	Re-election of Mr. Tan Boon Kok as a Director of the Company			
5.	Re-election of Dr. Chong Cheong Sin as a Director of the Company			
6.	To approve the payment of Director's fees of S$11,730.77 for the period from 1 August 2022 to 24 October 2022 to Mr. Chew Hai Chiene Hester Arthur.			
7.	Re-appointment of Messrs CLA Global TS Public Accounting Corporation as Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
AS SPECIAL BUSINESS				
8A.	To approve the proposed payment of salary amounting to S$300,000.00 to be paid by way of issuance of 7,500,000 new shares of the Company in lieu of cash to Mr. Chang Wei Lu.			
8B.	To approve the proposed payment of Director's fees and salary amounting to S$312,652.20 and a one-time sign-on bonus, to be paid by way of issuance of 17,816,305 new shares of the Company in lieu of cash to Mr. Chew Hai Chiene Hester Arthur.			
9.	Authority to allot and issue shares in the capital of the Company			

* *Please delete accordingly.*

** *If you wish to exercise all your votes "For" or "Against" or to "Abstain" from voting, please indicate with an "✓" within the box provided. Alternatively, please indicate the number of votes as appropriate.* ***In the absence of specific directions in respect of a resolution, the appointment of Chairman as your proxy for that resolution will be treated as invalid.***

Dated this _____ day of _____ 2023

Total number of Shares held	

_____

Signature(s) of member(s) and/or
Common Seal of corporate member

* Delete as appropriate

IMPORTANT: PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS PROXY FORM

NOTES TO PROXY FORM:

1. Please insert the total number of ordinary shares in the capital of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number of Shares. If no number is inserted, this instrument appointing a proxy will be deemed to relate to all the Shares held by you.

2. Members (whether individual or corporations) who have registered to observe and/or listen to the AGM proceedings and wish to vote on the resolutions to be tabled for approval at the AGM may:

   a) (where such Members are individuals) vote live at the AGM by casting their votes for each resolution through real-time remote electronic voting, or (where such Members are individuals or corporations) appoint proxies (other than the Chairman of the AGM) to vote live at the AGM via real-time remote electronic voting on their behalf; or

   b) (where such Members are individuals or corporations) appoint the Chairman of the AGM as their proxy to vote on their behalf at the AGM, in accordance with the instructions set out in the relevant Proxy Forms.

3. Persons who hold shares in the Company through Relevant Intermediaries (other than CPF/SRS investors) may:

   a) vote live at the AGM via electronic means if they are appointed as proxies by their Relevant Intermediaries, and should approach their Relevant Intermediaries if they have any queries regarding their appointment as proxies; or

   b) appoint the Chairman of the AGM as proxy, in which case they should approach their Relevant Intermediaries.

   "Relevant Intermediary" has the meaning ascribed to it in Section 181(6) of the Companies Act 1967 of Singapore.

4. A member of the Company (other than a Relevant Intermediary) entitled to attend, speak and vote at the AGM of the Company is entitled to appoint not more than two (2) proxies or the Chairman of AGM to attend, speak and vote in his/her/its stead at the AGM of the Company. A proxy need not be a member of the Company.

5. Where a member of the Company (other than a Relevant Intermediary) appoints two (2) proxies, the appointments shall be invalid unless he/she/it specifies the proportion of his/her/its shareholding (expressed as a percentage of the whole) to be represented by each proxy in the instrument appointing the proxies.

6. A member who is a Relevant Intermediary may appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by him/her/it (which number and class of shares shall be specified).

7. The proxy form must be signed by the appointor or his attorney duly authorised in writing. Where the instrument executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation. Where the instrument is signed on behalf of the appointor by an attorney, the letter or power of attorney (or other authority) or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8. The signed instrument appointing a proxy(ies) must be submitted to the Company in the following manner:

   (a) if sent by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, attention to Mercurius AGM; or

   (b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at main@zicoholdings.com,

   in either case, by 10:00 a.m. on 27 April 2023 (being not less than forty-eight (48) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

General:

The Company shall be entitled to reject an instrument of proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument of proxy. In the case of a member whose Shares are entered against his/her name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), the Company may reject any instrument of proxy if such member, being the appointor, is not shown to have Shares entered against his/her name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting this instrument appointing proxy(ies) and/or representative(s), the Member is deemed to have accepted and agreed to the personal data privacy terms set out in the notice of AGM of the Company dated 14 April 2023.

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