



MERCURIUS CAPITAL INVESTMENT LIMITED

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE THREE MONTHS AND FULL YEAR ENDED 31 DECEMBER 2022

Mercurius Capital Investment Limited (the “**Company**”) wishes to inform the shareholders of the Company that pursuant to Rule 705(2)(d) and 705(2C) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalyst, the Company is required to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company’s independent auditor for the financial year ended 31 December 2021.

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

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

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.

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

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**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022**

	Note	3 Months Ended			12 Months Ended		
		31/12/2022	31/12/2021	Change %	31/12/2022	31/12/2021	Change %
		S\$'000	S\$'000		S\$'000	S\$'000	
Unaudited	Unaudited		Unaudited	Audited			
Revenue	5.1	7,567	-	NM	7,567	-	NM
Cost of sales		(6,723)	-	NM	(6,723)	-	NM
Gross profit		844	-	NM	844	-	NM
Other income ⁽¹⁾		-	-	-	-	8	NM
Other gains/(losses), net ⁽¹⁾		65	(8)	NM	-	(24)	NM
Expenses							
- Marketing and distribution		(68)	-	NM	(68)	-	NM
- Administrative		(1,849)	(196)	843	(2,648)	(691)	283
- Finance		(217)	(134)	62	(550)	(441)	25
Share of loss of joint venture		(1,285)	(1,119)	15	(1,285)	(1,119)	15
Loss before income tax	7	(2,510)	(1,457)	73	(3,707)	(2,267)	64
Income tax expense	8	(184)	-	-	(184)	-	-
Net loss		(2,694)	(1,457)	85	(3,891)	(2,267)	72
Other comprehensive income/(loss), net of tax:							
Items that may be reclassified subsequently to profit or loss:							
- Share of other comprehensive gain/losses of joint venture		14	(624)	NM	14	(624)	NM
- Currency translation gains arising from consolidation		80	9	789	135	24	471
Other comprehensive gain/(losses), net of tax		94	(615)	NM	149	(600)	NM
Total comprehensive loss		(2,600)	(2,072)	25	(3,742)	(2,867)	31
Net loss attributable to:							
Equity holders of the Company		(2,694)	(1,457)	85	(3,891)	(2,267)	72
Non-controlling interests		*	*	NM	*	*	NM
		(2,694)	(1,457)	85	(3,891)	(2,267)	72
Total comprehensive loss attributable to:							
Equity holders of the Company		(2,600)	(2,072)	25	(3,742)	(2,867)	31
Non-controlling interests		*	*	NM	*	*	NM
		(2,600)	(2,072)	25	(3,742)	(2,867)	31

NM = Not meaningful

* Amount less than S\$1,000.

Note

- (1) Other income and Other gains/(losses), net were disclosed as a single line item in the Group's unaudited financial statements announcement for the fourth quarter and three-month period ended 31 December 2021. These are now separately disclosed to be consistent with the headings that were included in the Group's most recent audited financial statements for the year ended 31 December 2021. Other gains/(losses), net relate mainly to currency translation gains/losses.

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

- Revenue and cost of sales increased due to consolidation of the financial results from a new wholly-owned subsidiary, Songmart Holdings Sdn. Bhd. ("Songmart"), which the Company had completed its acquisition of, on 28 October 2022.
- Marketing and distribution expenses and administrative expenses increased due to consolidation of the financial results from Songmart and mainly comprises of the operation expenses including employee salaries, utilities, professional fees and amortization of right-of-use.
- Finance costs mainly comprises the interest expense on convertible loans, term loan and right-of-use. The increase during the three-month period ended 31 December 2022 and the year ended 31 December 2022 was due to interest expenses incurred in relation to the term loan and right-of-use of assets in Songmart during the current period.
- Share of loss of joint venture increased due to larger losses incurred by the joint venture, which was mainly due to higher finance costs incurred during the current period.

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2022
(CONT'D)**

- e. Currency translation gains increased due to the appreciation of Singapore dollar against Malaysian Ringgit during the current period as compared to the prior corresponding period as well as due to the acquisition of Songmart which was denominated in Malaysian Ringgit.

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

	3 Months Ended		12 Months Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
Losses per share attributable to equity holders of the Company (cents per share)				
Weighted average number of ordinary shares for basic earnings per share	1,392,973,333	1,311,399,180	1,392,973,333	1,311,399,180
Weighted average number of ordinary shares for diluted earnings per share	1,446,857,163	1,355,228,688	1,445,456,773	1,360,990,164
Net loss attributable to the equity holders of the Company for the financial year (S\$'000)	(2,694)	(1,457)	(3,891)	(2,267)
Less: Interest on convertible loans (S\$'000)	(116)	(118)	(425)	(420)
Adjusted net loss for the financial year (S\$'000)	(2,578)	(1,339)	(3,466)	(1,847)
Basic loss per share (cents)	(0.19)	(0.11)	(0.25)	(0.17)
Diluted loss per share (cents) ⁽¹⁾	(0.19)	(0.11)	(0.25)	(0.17)

Note:

- (1) The diluted loss per share computations have not taken into consideration the effects of the shares to be issued and convertible loans for all periods presented as they were anti-dilutive.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022**

	Note	Group		Company	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		S\$'000	S\$'000	S\$'000	S\$'000
		Unaudited	Audited	Unaudited	Audited
ASSETS					
Current assets					
Inventories		4,395	-	-	-
Cash and bank balances		219	842	20	840
Trade and other receivables		3,819	93	41	100
Income tax recoverable		-	1	-	-
		<u>8,433</u>	<u>936</u>	<u>61</u>	<u>940</u>
Non-current assets					
Investments in subsidiary corporations	11	-	-	12,000	-
Investment in joint venture	12	5,205	6,476	9,260	9,260
Property, plant and equipment	13	10,207	21	9	21
Right-of-use assets		3,536	86	-	86
Intangible assets	14	11,539	-	-	-
		<u>30,487</u>	<u>6,583</u>	<u>21,269</u>	<u>9,367</u>
TOTAL ASSETS		<u><u>38,920</u></u>	<u><u>7,519</u></u>	<u><u>21,330</u></u>	<u><u>10,307</u></u>
LIABILITIES					
Current liabilities					
Trade and other payables		15,515	535	1,155	499
Lease liabilities	15	788	129	-	129
Convertible loans	15	4,368	3,943	4,368	3,943
		<u>20,671</u>	<u>4,607</u>	<u>5,523</u>	<u>4,571</u>
Non-current liabilities					
Lease liabilities	15	2,814	-	-	-
Loan and borrowings	15	4,263	-	-	-
Deferred taxation		2	-	-	-
		<u>7,079</u>	<u>-</u>	<u>-</u>	<u>91</u>
TOTAL LIABILITIES		<u><u>27,750</u></u>	<u><u>4,607</u></u>	<u><u>5,523</u></u>	<u><u>4,571</u></u>
NET ASSETS		<u><u>11,170</u></u>	<u><u>2,912</u></u>	<u><u>15,807</u></u>	<u><u>5,736</u></u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	16	154,852	142,852	154,852	142,852
Other reserves		(1,973)	(2,122)	805	805
Accumulated losses		(141,717)	(137,826)	(139,850)	(137,921)
		<u>11,162</u>	<u>2,904</u>	<u>15,807</u>	<u>5,736</u>
Non-controlling interests		<u>8</u>	<u>8</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY		<u><u>11,170</u></u>	<u><u>2,912</u></u>	<u><u>15,807</u></u>	<u><u>5,736</u></u>

Explanatory Notes to the Consolidated Interim Statements of Financial Position

- Inventories, trade and other receivables, property, plant and equipment, right-of-use asset, trade and other payables, lease liabilities and borrowings increased due to the consolidation of financial results from a new wholly-owned subsidiary, Songmart, which the Company had completed its acquisition of, on 28 October 2022.
- Intangible assets comprise of goodwill arising on consolidation from a new wholly-owned subsidiary, Songmart.
- Cash and bank balances decreased mainly due to the payment of operating expenses incurred during the period.
- Convertible loans increased due to the accrual of interest expenses during the period.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	12 Months Ended	
	31/12/2022	31/12/2021
	S\$'000	S\$'000
	Unaudited	Audited
Cash flows from operating activities		
Net loss	(3,891)	(2,267)
Adjustments for:		
- Depreciation of property, plant and equipment	50	14
- Depreciation of right-of-use assets	241	148
- Interest expense	550	441
- Share-based payment expenses	-	75
- Share of loss of joint venture	1,285	1,119
- Unrealised currency translation losses	117	27
	<u>(1,648)</u>	<u>(443)</u>
Change in working capital:		
- Inventories	633	-
- Trade and other receivables	(59)	(36)
- Trade and other payables	2,233	(5)
Cash from / (used in) operations	1,159	(484)
- Income tax refunded	1	-
- Interest paid	(94)	(7)
Net cash from / (used in) operating activities	<u>1,066</u>	<u>(491)</u>
Cash flows used in investing activities		
- Acquisition of a subsidiary, net of cash overdraft	(460)	-
- Acquisition of property, plant and equipment	(461)	-
Net cash used in investing activities	<u>(921)</u>	<u>-</u>
Cash flows from financing activities		
- Repayment of convertible loans	-	(289)
- Proceeds from issuance of new ordinary shares	-	1,500
- Repayment of loan and borrowings	(339)	-
- Repayment of lease liabilities	(429)	(125)
Net cash (used in) / from financing activities	<u>(768)</u>	<u>1,086</u>
Net movement in cash and cash equivalents	(623)	595
Cash and cash equivalents		
Beginning of financial year	<u>842</u>	<u>247</u>
End of financial year	<u>219</u>	<u>842</u>

Explanatory Notes to the Condensed Interim Consolidated Statement of Cash Flows

- a. Cash and cash equivalents decreased by S\$0.62 million from S\$0.84 million as at 31 December 2021 to S\$0.22 million as at 31 December 2022. This was mainly due to the payment of operating expenses incurred during the period.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022**

	← Attributable to equity owners of the Company →				Total	Non- controlling interests	Total equity
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses			
	\$'000	\$'000	\$'000	\$'000			
Group							
2022							
Balance as at 1 January 2022	142,852	(2,447)	325	(137,826)	2,904	8	2,912
Loss for the financial year	-	-	-	(3,891)	(3,891)	*	(3,891)
Other comprehensive income for the financial year	-	149	-	-	149	*	149
Total comprehensive loss for the financial year	-	149	-	(3,891)	(3,742)	*	(3,742)
Placement of ordinary shares	12,000	-	-	-	12,000	-	12,000
Balance as at 31 December 2022	154,852	(2,298)	325	(141,717)	11,162	8	11,170

* Amount less than \$1,000.

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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022 (CONT'D)**

	← Attributable to equity owners of the Company →				Total	Non- controlling interests	Total equity
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses			
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2021							
Balance as at 1 January 2021	141,277	(1,847)	325	(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)
Placement of ordinary shares	1,500	-	-	-	1,500	-	1,500
Share-based payment	75	-	-	-	75	-	75
Disposal of subsidiaries	-	-	-	-	-	3	3
Balance as at 31 December 2021	142,852	(2,447)	325	(137,826)	2,904	8	2,912

* Amount less than \$1,000.

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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022 (CONT'D)**

	← Attributable to equity owners of the Company →				Total equity
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses	
	\$'000	\$'000	\$'000	\$'000	
Company					
2022					
Balance as at 1 January 2022	142,852	480	325	(137,921)	5,736
Loss for the financial year	-	-	-	(1,929)	(1,929)
Placement of ordinary shares	12,000	-	-	-	12,000
Share-based payment	-	-	-	-	-
Balance as at 31 December 2022	<u>154,852</u>	<u>480</u>	<u>325</u>	<u>(139,850)</u>	<u>15,807</u>

	← Attributable to equity owners of the Company →				Total equity
	Share capital	Other reserves	Equity component of convertible loans	Accumulated losses	
	\$'000	\$'000	\$'000	\$'000	
Company					
2021					
Balance as at 1 January 2021	141,277	480	325	(136,754)	5,328
Loss for the financial year	-	-	-	(1,167)	(1,167)
Placement of ordinary shares	1,500	-	-	-	1,500
Share-based payment	75	-	-	-	75
Balance as at 31 December 2021	<u>142,852</u>	<u>480</u>	<u>325</u>	<u>(137,921)</u>	<u>5,736</u>

MERCURIUS CAPITAL INVESTMENT LIMITED AND ITS SUBSIDIARY CORPORATIONS

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

These condensed interim consolidated financial statements as at and for the three months and twelve months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

The principal activities of the Company are property development and property investment. The principal activities of the subsidiary corporations are that of investment holding.

2. BASIS OF PREPARATION

The condensed interim financial statements for the financial year ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2021.

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

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

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

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

2.2 USE OF JUDGEMENTS AND ESTIMATES

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D))

2.2 USE OF JUDGEMENTS AND ESTIMATES (CONT'D)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

- Convertible loans

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Going concern
- Impairment of trade receivables
- Net realisable of inventories
- Acquisition of subsidiary: the fair value of the consideration transferred (including contingent consideration) and the fair value of the assets acquired and liabilities assumed, measured on a provisional basis

3. GOING CONCERN

During the financial year ended 31 December 2022, the Group has incurred a net loss of S\$3,891,000 (2021: S\$2,267,000). In addition, the Group and the Company are in net current liabilities of S\$12,238,000 and S\$5,462,000 respectively as at 31 December 2022 (31 December 2021: S\$3,671,000 and S\$3,631,000). These events or conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns and discharge their liabilities in the ordinary course of business.

Nonetheless, the directors of the Company believe that the use of the going concern assumption in the preparation of the consolidated financial statements of the Group for the financial year ended 31 December 2022 is appropriate in view that the unrestricted available cash balances of the Group and the Company as at 31 December 2022 of S\$219,000 and S\$20,000 (31 December 2021: S\$842,000 and S\$840,000) respectively are considered to be sufficient to meet the Group's and the Company's obligations for the next twelve months from the end of the financial year ended 31 December 2022 after taking into consideration the following:

- An undertaking letter was obtained from a director, that he shall not demand payment of outstanding payables of S\$300,000 (and any accrued interest) for the financial year ending 31 December 2023;
- The supplementary letter signed with all convertible loan holders in respect of convertible loan agreements amounting to S\$3,300,000 that the convertible loan holders agreed to extend the maturity dates of their agreements to 13 June 2023, 23 June 2023 and 3 July 2023 respectively and the Company is negotiating with the convertible loan holders to extend the maturity dates of their agreements for another 12 months; and
- The ability of the Group and the Company to obtain additional funding through future placement of shares and/or convertible loans to settle/discharge their remaining current liabilities in the next twelve months from the end of financial year ended 31 December 2022.

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

3. GOING CONCERN (CONT'D)

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 may 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.

4. SEASONAL OPERATIONS

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

5. SEGMENT AND REVENUE INFORMATION

Pursuant to the extraordinary general meeting held by the Company on 26 April 2022, the Group has obtained the approval of the shareholders of the Company to diversify its business to include that of Songmart's groceries business. Following the completion of the Songmart acquisition as at 28 October 2022, the Group's business includes groceries and property development and property investment.

5.1 REVENUE

	3 Months Ended		12 Months Ended	
	31/12/2022 S\$'000	31/12/2021 S\$'000	31/12/2022 S\$'000	31/12/2021 S\$'000
	Unaudited	Unaudited	Unaudited	Audited
Revenue				
Primary geographical markets				
- Singapore	-	-	-	-
- Malaysia	7,567	-	7,567	-
	<u>7,567</u>	<u>-</u>	<u>7,567</u>	<u>-</u>
Type of businesses				
- Property development and property investment	-	-	-	-
- Groceries	7,567	-	7,567	-
	<u>7,567</u>	<u>-</u>	<u>7,567</u>	<u>-</u>

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

5. SEGMENT AND REVENUE INFORMATION (CONT'D)

5.1 REVENUE (CONT'D)

	3 Months Ended		12 Months Ended	
	31/12/2022 S\$'000	31/12/2021 S\$'000	31/12/2022 S\$'000	31/12/2021 S\$'000
	Unaudited	Unaudited	Unaudited	Audited
Timing of revenue recognition:				
- At a point in time	-	-	-	-
- Over time	7,567	-	7,567	-
	<u>7,567</u>	<u>-</u>	<u>7,567</u>	<u>-</u>

5.2 SEGMENT INFORMATION

For management purposes, the Group is organised into three reportable segments based on geographical locations. The three segments are:

	Singapore S\$'000	Malaysia S\$'000	Others S\$'000	Total S\$'000
Group				
As 31 December 2022				
Segment assets	15,806	23,112	2	38,920
Segment liabilities	5,400	22,333	17	27,750
As 31 December 2021				
Segment assets	7,516	1	2	7,519
Segment liabilities	<u>4,534</u>	<u>19</u>	<u>17</u>	<u>4,570</u>

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

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is an overview of the carrying amount of financial assets and financial liabilities of the Group and the Company as at 31 December 2022 and 31 December 2021:

Group	At amortised cost S\$'000
31 December 2022	
Financial assets	
Cash and bank balances	219
Trade and other receivables	3,819
	<u>4,038</u>
Financial liabilities	
Trade and other payables	15,515
Lease liabilities	3,602
Convertible loans	4,368
Loan and borrowings	4,263
	<u>27,748</u>
31 December 2021	
Financial assets	
Cash and bank balances	842
Trade and other receivables	93
	<u>935</u>
Financial liabilities	
Trade and other payables	535
Lease liabilities	129
Convertible loans	3,943
	<u>4,607</u>

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

6. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Company	At amortised cost S\$'000
31 December 2022	
Financial assets	
Cash and bank balances	20
Trade and other receivables	41
	<u>61</u>
Financial liabilities	
Trade and other payables	1,155
Convertible loans	4,368
	<u>5,523</u>
31 December 2021	
Financial assets	
Cash and bank balances	840
Trade and other receivables	100
	<u>940</u>
Financial liabilities	
Trade and other payables	499
Lease liabilities	129
Convertible loans	3,943
	<u>4,571</u>

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

7. LOSS BEFORE INCOME TAX

7.1 SIGNIFICANT ITEMS

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

	3 Months Ended		12 Months Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Audited
Depreciation – Property, plant and equipment	40	3	50	14
Depreciation – Right-of-use assets	155	37	241	148
Directors' fees	30	37	30	113
Salaries, bonuses and allowances				
- Director	60	-	240	-
- Others	426	-	426	53
Professional fees	124	96	530	271
Currency translation losses/(gain)	(4)	7	61	24
Finance expenses – Lease liability	27	1	29	7
Finance expenses – Convertible loan	116	118	425	420
Finance expenses – accrued interest on the director's loan	8	15	30	15
Share of loss of joint venture	1,285	1,119	1,285	1,119

7.2 RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial period:

	3 Months Ended		12 Months Ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Sale of goods to director-related companies	22	-	22	-
Purchase of goods from director-related companies	(122)	-	(122)	-
Rental paid to director-related companies	(4)	-	(4)	-
Payment on behalf to director-related companies	62	-	62	-

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

7.2 RELATED PARTY TRANSACTIONS (CONT'D)

(a) Sale and purchase of goods and services (Cont'd)

The Group had certain sale and purchase transactions with director-related companies, wherein these companies are controlled by directors of the Company and close family members of Mr. Tan Boon Kok and Ms. Tan Ah Mai. These sale and purchase transactions are due and payable under normal payment terms.

8. TAXATION

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Current year				
- Current income tax/income tax expenses	(184)	-	-	-

9. DIVIDENDS

No dividend has been declared or recommended for the financial year ended 31 December 2022 as the Group had recorded a net loss for the financial year.

10. NET ASSET VALUE

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	SGD Cents	SGD Cents	SGD Cents	SGD Cents
	Unaudited	Audited	Unaudited	Audited
Net asset value per ordinary share	0.80	0.22	1.13	0.44

The calculation of net asset value per ordinary share was based on 1,392,973,333 shares as at 31 December 2022 and 1,326,306,667 as at 31 December 2021. The net asset value includes non-controlling interests.

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

11. ACQUISITION OF SUBSIDIARY

On 28 October 2022, the Company has completed its acquisition of all the ordinary shares representing 100% of the entire issued and paid-up capital of Songmart Holdings Sdn. Bhd. (“**Songmart**”) for a purchase consideration of S\$36 million, by way of an allotment and issuance of up to 200 million new ordinary shares in the capital of the Company, subject to adjustments in the event certain profit targets are met.

	S\$'000
Purchase Consideration*	<u>12,000</u>
	Fair Value
Assets and liabilities recognised as a result of the acquisition	
Property, plant and equipment	9,622
Right-of-use assets	3,845
Intangible assets	967
Inventories	5,028
Receivables	3,665
Payables	(10,342)
Bank overdraft	(460)
Loan and borrowings	(6,975)
Lease liabilities	(3,903)
Net identifiable assets acquired	<u>1,448</u>
Goodwill	<u><u>10,552</u></u>

*Partial payment for the purchase consideration was made on 28 October 2022 for the acquisition of the shares of Songmart by way of an allotment and issuance of 66,666,666 Consideration Shares (equivalent to approximately S\$12 million of the purchase consideration).

12. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Cost				
Balance as at 1 January	6,476	8,219	9,260	9,260
Share of losses	(1,285)	(1,119)	-	-
Currency translation differences	14	(624)	-	-
Balance as at 31 December	<u>5,205</u>	<u>6,476</u>	<u>9,260</u>	<u>9,260</u>

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(CONT'D)**

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

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

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of business /incorporation</u>	<u>Equity interest held by the Group</u>	
			<u>31/12/2022</u>	<u>31/12/2021</u>
			<u>%</u>	<u>%</u>
Grand Bay Hotel Co., Ltd	Real estate development	Thailand	50	50

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

Group	Land & Buildings	Building Improvements	Machinery & Equipment	Computer & Software	Furniture and fittings	Office equipment	Motor Vehicle	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost								
At 1 January 2021	-	66	-	-	-	25	-	91
Addition	-	-	-	-	-	-	-	-
Currency translation difference	-	-	-	-	-	-	-	-
At 31 December 2021	-	66	-	-	-	25	-	91
Addition	-	381	60	5	6	-	-	452
Acquisition of subsidiary	7,700	426	1,278	201	95	24	100	9,824
Currency translation difference	157	8	26	4	2	1	2	200
At 31 December 2022	7,857	881	1,364	210	103	50	102	10,567

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

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

Group	Land & Buildings \$'000	Building Improvements \$'000	Machinery & Equipment \$'000	Computer & Software \$'000	Furniture and fittings \$'000	Office equipment \$'000	Motor Vehicle \$'000	Total \$'000
Accumulated depreciation								
At 1 January 2021	-	45	-	-	-	11	-	56
Addition	-	5	-	-	-	9	-	14
Currency translation difference	-	-	-	-	-	-	-	-
At 31 December 2021	-	50	-	-	-	20	-	70
Addition	27	17	24	7	2	5	3	85
Acquisition of subsidiary	26	33	78	34	12	3	17	203
Currency translation difference	-	-	1	-	-	1	-	2
At 31 December 2022	53	100	103	41	14	29	20	360
Net book value								
At 31 December 2022	7,804	781	1,261	169	89	21	82	10,207
At 31 December 2021	-	16	-	-	-	5	-	21

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

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

Company

	Office equipment \$'000	Building Improvements \$'000	Total \$'000
At 31 December 2021			
Cost	66	25	91
Accumulated depreciation	50	20	70
Net book value	16	5	21
For the year ended 31 December 2022			
<i>Cost</i>			
At 1 January 2022 and 31 December 2022	66	25	91
<i>Accumulated depreciation</i>			
At 1 January 2022	50	20	70
Depreciation charge	7	5	12
At 31 December 2022	57	25	82
<i>Net book value</i>			
At 31 December 2022	9	-	9

14. INTANGIBLE ASSETS

Goodwill

	2022 \$'000	Group	2021 \$'000
<i>Cost</i>			
Beginning of financial year		-	-
Acquisition of subsidiary		11,520	-
Currency translation difference		19	-
End of financial year		11,539	-
<i>Accumulated impairment</i>			
Beginning of financial year		-	-
Impairment charge		-	-
Currency translation difference		-	-
End of financial year		-	-
Net book value		11,539	-

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

14. INTANGIBLE ASSETS (CONT'D)

Acquisition of Songmart

The acquisition of Songmart and its subsidiaries was completed on 28 October 2022. The initial purchase price allocation to identifiable net assets acquired is being assessed and expected to be finalised within 12 months from the 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. Furthermore, there is no internal and external triggering events that indicate an impairment of goodwill. Therefore, as of 31 December 2022, there is no impairment being provided for.

15. BORROWINGS AND LEASE LIABILITIES

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

	As at 31/12/2022		As at 31/12/2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	788	-	129
Convertible loans ⁽¹⁾	-	4,368	-	3,943
Loan and borrowings	-	4,263	-	-
Director's loan ⁽²⁾	-	381	-	300
	-	9,800	-	4,372

- Amount repayable after one year

	As at 31/12/2022		As at 31/12/2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	2,814	-	-
Loan and borrowings	-	4,263	-	-
	-	7,077	-	-

Notes:

(1) As at 31 December 2022, the lease liabilities include the factory and premises held by Songmart.

(2) Convertible loans include accrued interests and recorded at fair value of the liability component. The fair value of the liability component is calculated using a market interest rate for an equivalent non-convertible loan at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves, net of deferred income taxes.

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

15. BORROWINGS AND LEASE LIABILITIES (CONT'D)

- (3) Director's loan is included under "Trade and other payables" in the Statement of Financial Position. The amount is interest-bearing at 10% per annum with effect from 1 January 2022 and is repayable on demand, subject to sufficiency of cash and bank balance in the Group and the Company prior to demanding for repayment.

There is no collateral on the convertible loans and director's loan.

On 13 December 2019 and 23 December 2019, the Company entered into two convertible loan agreements (the "**Agreements**") with four non-related investors for loan amounts of S\$1,750,000 ("**13 Dec 2019 Convertible Loans**") and S\$1,000,000 ("**23 Dec 2019 Convertible Loan**") respectively, which are subject to an annual interest rate of 10%. Prior to the extension of the maturity dates of these convertible loans, they were convertible up to 19,250,000¹ shares upon maturity on 12 December 2020 and 11,000,000¹ shares upon maturity on 22 December 2020 respectively, amounting to 30,250,000¹ new ordinary shares in the capital of the Company, at the option of the investors, subject to the terms and conditions of the Agreements.

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 an annual interest rate of 10%. The convertible loan is convertible up to 8,800,000¹ new ordinary shares in the capital of the Company upon maturity on 2 January 2021 at the option of the investor, 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.

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

On 9 June 2021, the Company had entered into supplemental agreements to extend the maturity of the convertible loans for one year each as follows:

	<u>New date of maturity</u>	<u>Original date of maturity</u>
13 Dec 2019 Convertible Loans	13 June 2022	12 June 2021
23 Dec 2019 Convertible Loan	23 June 2022	22 June 2021
3 Jan 2020 Convertible Loan	3 July 2022	2 July 2021

On 13 June 2022 and 15 June 2022, the Company had entered into supplemental agreements to further extend the maturity of the convertible loans for a further one year each as follows:

¹ These figures do not include any additional shares payable arising from interest accrued for the duration of the extension of the Convertible Loans.

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

15. BORROWINGS AND LEASE LIABILITIES (CONT'D)

	<u>New date of maturity</u>	<u>Revised date of maturity as per extension</u>
13 Dec 2019 Convertible Loans	13 June 2023	13 June 2022
23 Dec 2019 Convertible Loan	23 June 2023	23 June 2022
3 Jan 2020 Convertible Loan	3 July 2023	3 July 2022

The convertible loans are hybrid financial instruments which have been classified and measured as financial liabilities with equity element based on the requirements of SFRS(I) 1-32 Financial Instruments: Presentation and SFRS(I) 9 Financial Instruments.

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

	Group and Company	
	31/12/2022	31/12/2021
	\$'000	\$'000
Face value of convertible loans at issuance	3,300	3,550
Equity conversion component on initial recognition	(303)	(325)
Liability component on initial recognition	2,997	3,225
Repayment of convertible loan	-	(289)
Accumulated amortisation of interest expenses	1,371	1,007
Liability component at end of financial year	<u>4,368</u>	<u>3,943</u>

16. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	'000	\$'000
31/12/2022		
Beginning of financial period*	1,326,307	142,852
Issuance of new ordinary shares ¹	66,666	12,000
End of the financial period/year	<u>1,392,973</u>	<u>154,852</u>
31/12/2021		
Beginning of financial year	1,297,364	141,277
Issuance of new ordinary shares ²	27,273	1,500
Share-based payment ³	1,670	75
End of the financial year	<u>1,326,307</u>	<u>142,852</u>

* The financial period relates to the period from 1 October 2022 to 31 December 2022.

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.

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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16. SHARE CAPITAL (CONT'D)

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

As disclosed in Note 13 of this announcement, the Company had entered into the 13 Dec 2019 Convertible Loans, 23 Dec 2019 Convertible Loan, and 3 Jan 2020 Convertible Loan. The Company has repaid S\$250,000 in respect of the 13 Dec 2019 Convertible Loans in the second quarter of 2021, i.e., the three-month period ended 30 June 2021. Further, the Company had, on 12 December 2020 and 9 June 2021, entered into supplemental agreements to extend the maturity date of each of the outstanding convertible loans for a period of six months and a year respectively. Subsequently, the Company had, on 13 June 2022 and 15 June 2022 entered into new supplemental agreements to further extend the maturity date of each of the outstanding convertible loans for another year. As at 31 December 2022, all three convertible loans, inclusive of interest, are convertible up to 40.61 million new ordinary shares of the Company (31 December 2021: 41.93 million) upon maturity. Save for this, the Company does not have any other convertible securities.

	As at 31/12/2022	As at 31/12/2021
Shares to be issued on conversion of all outstanding convertibles	40,611,120	41,926,500
Total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	1,392,973,333	1,326,306,667
Shares to be issued upon conversion as a percentage of total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	2.92%	3.16%

There were no treasury shares or subsidiary holdings as at 31 December 2022 and 31 December 2021.

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

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

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

The condensed interim financial statements of financial position of Mercurius Capital Investment Limited and its subsidiary corporations as at 31 December 2022 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the year then ended and certain explanatory notes have not been audited or reviewed.

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

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

The latest audited financial statement for the financial year ended 31 December 2021 was subject to a disclaimer of opinion on the basis of the following:

- (i) Material uncertainties which may cast significant doubt on the Group's and Company's ability to continue as a going concern, highlighted in the independent auditor's report dated 11 April 2022.

On 12 July 2021, the Company entered into a share sale agreement to acquire the entire issued share capital of Songmart Holdings Sdn Bhd ("**Songmart**") for an aggregate consideration of S\$36 million (the "**Proposed Acquisition**"). The target assets relate to an import and export distribution business, as well as 12 Songmart mini-marts and convenience stores and a premium Granville supermarket in Johor, Malaysia ("**Target Group**").

On 28 October 2022, the Proposed Acquisition was completed and the financial results for the period from 1 November 2022 to 31 December 2022 of Songmart are being consolidated into the Group for the financial year ended 31 December 2022.

The Group's ability to continue as a going concern would depend on additional sources of funding raised from investors during the financial year.

- (ii) The auditor of the Company was unable to obtain sufficient appropriate audit evidence to ascertain that the unaudited management accounts of the Company's investment in a joint venture, Grand Bay present a true and fair view with no material misstatement and as such was unable to ascertain the share of losses of Grand Bay and the carrying amount of the investment in the joint venture due to the absence of satisfactory audit evidence and explanation from the Company.

The Company has a 50% shareholding interest in Grand Bay. The Company has been actively working with the management of Grand Bay on the audit matters for financial year ended 31 December 2022. Hence, for the purpose of consolidation, the Company used the draft audited management accounts of Grand Bay for the financial period ended 31 December 2022 to equity account for Grand Bay in the consolidated financial statements of the Group.

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

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

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3. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:
- (a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.
- (A) **Review of condensed interim consolidated statement of profit or loss and other comprehensive income**

Revenue and Gross Profit

The Group's new business is in groceries including, but not limited to, that of import and export distribution of groceries related products in Malaysia. The acquisition of Songmart was completed on 28 October 2022, during which Songmart has contributed S\$7,567,000 of revenue for the Group with a gross profit of S\$844,000 for the year ended 31 December ("FY") 2022.

Cost of sales

In line with higher revenue recorded, as a result of the Group's new groceries business, the Group's costs of sales was recorded at S\$6,732,000 for FY2022 as compared to nil in FY2021.

Other Income/(Losses), net

Other losses (net) have reduced from S\$8,000 for the fourth quarter ended 31 December ("4Q") 2021 to net income of S\$65,000 for 4Q2022, and other losses (net) reduced from S\$24,000 for FY2021 to nil balance for FY2022 due to currency translation losses during the current period/year and government grants and rental concessions received in the previous period/year, but not in the current period/year.

Marketing and distribution expenses

Marketing and distribution expenses substantially increased from nil in FY2021 to S\$68,000 in FY2022 due to the consolidation of Songmart's financial results for the two-month period ended 31 December 2022 and which expenses were incurred in the groceries business.

Administrative Expenses

Administrative expenses increased from S\$196,000 for 4Q2021 to S\$1,849,000 for 4Q2022 and from S\$691,000 for FY2021 to S\$2,648,000 for FY2022 due to consolidation of financial results of Songmart for the two months period ended 31 December 2022 which comprises mainly of the business operating expenses such as employment costs, supermarket expenses and utilities incurred during the period.

Finance Costs

Finance costs are substantially the accrued interest from the 13 Dec 2019 Convertible Loans, the 23 Dec 2019 Convertible Loan and the 3 Jan 2020 Convertible Loan. Finance costs increased from S\$134,000 in 4Q2021 to S\$217,000 in 4Q2022 and from S\$441,000 in FY2021 to S\$550,000 in FY2022 mainly due to interest expenses incurred in Songmart such as term loan interest, bank overdraft interest and trade finance interest as well as the aforementioned accrued interest from the convertible loans of the Group.

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Share of loss of joint venture

Share of loss of joint venture increased from S\$1,119,000 in both 4Q2021 and FY2021 to S\$1,285,000 in both 4Q2022 and FY2022 due to larger losses incurred by the joint venture, which was mainly due to higher financing costs incurred during the current period.

Net Loss

As a result of the above, the Group recorded a net loss after tax of S\$2,694,000 and S\$3,891,000 during 4Q2022 and FY2022, respectively, as compared to a net loss after tax of S\$1,457,000 and S\$2,267,000 during 4Q2021 and FY2021, respectively.

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

Current Assets

Current assets increased from S\$0.94 million as at 31 December 2021 to S\$8.43 million as at 31 December 2022, mainly due to the increase in inventories arising from Songmart's inventories and increase in trade and other receivables. Such increases in current assets were reduced by the decrease in cash and bank balances which decreased from S\$0.84 million as at 31 December 2021 to S\$0.22 million as at 31 December 2022.

For more details on the decrease in cash and bank balances from S\$0.84 million as at 31 December 2021 to S\$0.22 million as at 31 December 2022, please refer to the section on "Review of condensed interim consolidated statement of cash flows" below.

Trade and other receivables increased from S\$0.09 million as at 31 December 2021 to S\$3.82 million as at 31 December 2022 mainly due to increase in account receivables arising from Songmart's accounts.

Tax recoverable decreased from S\$0.01 million as at 31 December 2021 to nil as at 31 December 2022 as there was no income tax recoverable arising from one of the Group's dormant Malaysian subsidiary, Vicmark Manufacturing Sdn. Bhd.

Non-current Assets

The increase in property, plant and equipment and right-of-use assets to S\$10.21 million and S\$3.54 million respectively as at 31 December 2022 as compared to 31 December 2021 was due to the consolidation of subsidiaries acquired and completed during the year.

Investment in joint venture decreased from S\$6.48 million to S\$5.21 million due to the share of loss and foreign currency translation differences during the current period.

Liabilities

Trade and other payables increased from S\$0.54 million as at 31 December 2021 to S\$15.52 million as at 31 December 2022, due to the consolidation of Songmart's trade and other payables arising from the business operations.

Current and non-current lease liabilities increased from S\$0.13 million and nil balance as at 31 December 2021 respectively to S\$0.79 million and S\$2.81 million as at 31 December 2022 respectively, due to the consolidation of Songmart's lease liabilities.

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The increase in convertible loans from S\$3.94 million as at 31 December 2021 to S\$4.37 million as at 31 December 2022 was due to the increase in accrued interest payable on the convertible loans during the year.

Working Capital

The Group recorded a negative working capital of S\$12.24 million as at 31 December 2022, as compared to a negative working capital of S\$3.67 million as at 31 December 2021.

As set out in Note 3 of this announcement, the Board is aware of the negative working capital and had taken the necessary precautionary measures as follows:

- An undertaking letter was obtained from a director, that he shall not demand payment of outstanding payables of S\$300,000 (and any accrued interest) for the financial year ending 31 December 2023;
- The supplementary letter signed with all convertible loan holders in respect of convertible loan agreements amounting to S\$3.30 million that the convertible loan holders agreed to extend the maturity date of the agreements to 13 June 2023, 23 June 2023 and 3 July 2023 respectively.

To resolve the negative working capital, the Company is continuously seeking sources of additional funding and long-term solutions.

Equity

The Group's equity increased from S\$2.91 million as at 31 December 2021 to S\$11.17 million as at 31 December 2022 due mainly to the placement of ordinary shares in respect of the completion of acquisition of Songmart on 28 October 2022 and other comprehensive income amounting to S\$0.15 million, partially offset by the losses incurred amounting to S\$3.89 million during the year.

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

Net cash generated from operating activities amounted to S\$1,066,000 for FY2022, mainly due to operating cash outflows before working capital changes of S\$1,648,000, net cash generated from working capital of \$2,807,000 and interest paid of S\$94,000. Net cash generated from working capital was mainly a result of increase in trade and other payables and accruals of operating expenses incurred during the period.

Net cash used in investing activities of S\$921,000 was due to the acquisition of (1) a subsidiary, Songmart, and (2) property, plant and equipment in FY2022.

Net cash used in financing activities of S\$768,000 in FY2022 was mainly due to the repayment of the loan and borrowings and lease liabilities.

The Group had a net cash outflow of S\$623,000 during FY2022. The cash and cash equivalents as at 31 December 2022 amounted to S\$219,000.

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

Not applicable.

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

2022 has been a challenging year and with the higher cost of living as well as the inflationary environment causing a change in consumer spending habits, this will continue to remain as a concern to the Group's operating environment and financial performance for the financial year ending 31 December 2023.

Despite views that the global economy will weaken in 2023 due to rising interest rates and slower growth, economists are more optimistic towards the global financial conditions¹ as compared to the outlook and forecasts made a few months ago.

Malaysia

Analysts and economists are positive as a unity government led by Pakatan Harapan (PH) will be able to bring Malaysia forward amid the anticipated recession, gaining the investors' confidence and trust of the business community.² The Prime Minister and Finance Minister Datuk Seri Anwar Ibrahim said Malaysia's gross domestic product (GDP) is poised to record a growth of approximately 4.5 per cent in 2023 backed by the nation's sound macroeconomic fundamentals robust domestic demand coupled with the effective implementation of the 12th Malaysia Plan.³

Groceries business

According to the Retail Group Malaysia's (RGM) November 2022 Malaysia Retail Industry Report, RGM forecasts a growth rate of 3.5% for the retail industry in 2023 and the biggest challenge for Malaysia's retail industry in 2023 will be the rising cost of living with higher retail prices which in turn lead to less money to buy non-essential goods and services.⁴ Consumers will be cautious with their spending due to a reduce in purchasing power attributed by the slowdown in economy.² Despite the changes in spending habits of the consumers, the Group's acquisition of Songmart has provided an opportunity for the Group to diversify into the more defensive grocery business in Malaysia. The Group will continue to focus its growth in the groceries business, to achieve a higher market share in the groceries business industry in Malaysia.

Singapore

Singapore's currency strength remains an advantage for the Group and the Group will continue to maintain its investment holding position in Singapore³ and to manage the regional markets in both Malaysia and Singapore.

1 <https://edition.cnn.com/2023/01/30/economy/imf-world-economic-outlook-2023/index.html>

2 <https://themalaysianreserve.com/2022/11/28/market-stakeholders-confident-unity-government-malaysia-will-bring-forward/>

3 <https://www.thestar.com.my/business/business-news/2023/02/24/budget-2023-budget-2023-revised-up-to-rm38614bil-gdp-growth-at-45>

4 <https://www.theedgemarkets.com/article/retail-industry-expected-grow-35-2023-says-rgm>

6. **Dividend**

(a) Current Financial Period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

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

Not applicable.

(d) **The date the dividend is payable.**

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for FY2022, as the Group had recorded a net loss for FY2022.

8. A breakdown of sales.

	FY2022 S\$'000	FY2021 S\$'000	% increase/ (decrease)
(a) Sales reported for first half year	-	-	-
(b) Operating loss after tax before deducting non-controlling interests reported for first half year	(828)	(440)	88
(c) Sales reported for second half year	7,567	-	NM
(d) Operating loss after tax before deducting non-controlling interests reported for second half year	(2,884)	(1,827)	58

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

Not applicable. No dividend was declared nor paid for FY2022 and FY2021.

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

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

Name	Age	Family relationship with	Current position and duties, and	Details of changes in duties
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		any director and/or substantial shareholder	the year the position was first held	and position held, if any, during the year
Teng Kok Guan ("Mr. Teng")	31	Mr. Teng is the (a) cousin of Mr. Tan Boon Kok, the Executive Director of the Company, and (b) nephew of Ms. Tan Ah Mai, the Alternate Director of the Company	Mr. Teng is the director of Songmart Holdings Sdn. Bhd. (" Songmart "), a wholly owned subsidiary of the Company, since 30 April 2021. Mr. Teng is responsible for managing and overseeing the overall operations of the subsidiaries of Songmart. This includes, but is not limited to, the development and implementation of the overall business strategy, overseeing the daily operations of the businesses and communicating with the chief executive officer of Songmart, on its short-term and long-term goals.	-

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

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

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

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

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13. Disclosure of acquisition (including incorporations) and sale of shares since the end of the previous reporting period under Rule 706A of the Catalyst Rules

Acquisition of Songmart

Further to the Company's announcements dated 9 April 2021, 7 June 2021, 12 July 2021, 8 November 2021, 13 April 2022, 4 July 2022, 17 October 2022, 2 November 2022, 14 November 2022 in relation to the proposed acquisition of the groceries businesses in Malaysia, the Company had, on 28 October 2022, completed its acquisition of all the ordinary shares representing 100% of the entire issued and paid-up capital of Songmart Holdings Sdn. Bhd. ("**Songmart**"). Accordingly, Songmart is a wholly-owned subsidiary of the Company.

The Company had acquired all the ordinary shares in the paid-up capital of Songmart for a purchase consideration of S\$36 million, subject to adjustments in the event certain profit targets are met. The purchase consideration is to be fully paid by the Company to the vendors of Songmart by way of an allotment and issuance of up to 200 million new ordinary shares in the capital of the Company ("**Consideration Shares**") at an agreed issue price of S\$0.18 per Consideration Share, in three tranches:

	Consideration Shares		
Name of vendor	Tranche 1	Tranche 2	Tranche 3
Tan Lee Heng (M) Sdn Bhd	20,000,000	20,000,000	20,000,000
Fourseas Capital Sdn Bhd	Up to 23,333,333	Up to 23,333,333	Up to 23,333,334
Fourseas Holdings Sdn Bhd	Up to 23,333,333	Up to 23,333,333	Up to 23,333,334
Total	66,666,666	66,666,666	66,666,668

The purchase consideration of S\$36 million was arrived at on a willing-buyer willing-seller basis and taking into account, among others, (i) the historical financial results of Songmart and its subsidiaries, (ii) the profit targets, (iii) the prevailing market valuation of the properties owned by Songmart and its subsidiaries, determined with reference to the recent transacted prices of similar properties in the vicinity, (iv) the prevailing economic conditions and potential growth outlook of Songmart and its subsidiaries, and (v) market valuation based on price earnings ratio of comparable companies listed on the SGX-ST.

The net asset value represented by all the shares in the share capital of Songmart, which were acquired by the Company, is S\$1,448,000.

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

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

Placement dated 7 July 2021

Intended uses	Amount allocated (S\$'000)	Amount allocated after reallocation (S\$'000) ⁽¹⁾	Amount utilised (S\$'000)	Balance (S\$'000)

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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.
- (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.

BY ORDER OF THE BOARD

Chew Hai Chiene Hester Arthur
Group Chief Officer and Executive Director

1 March 2023