



MERCURIUS CAPITAL INVESTMENT LIMITED

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

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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 2020.

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

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

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

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**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	3 Months Ended			9 Months Ended			
		30/9/2021	30/9/2020	Change	30/9/2021	30/9/2020	Change
	Note	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Unaudited	Unaudited		Unaudited	Unaudited		
Revenue		-	-		-	-	
Cost of sales		-	-		-	-	
Gross profit		-	-		-	-	
Other income/(losses), net	8	-	-	NM	(8)	14	NM
Expenses							
- Administrative		(259)	(83)	212	(494)	(352)	40
- Finance		(119)	(163)	(27)	(308)	(467)	(34)
Share of loss of joint venture		-	-	-	-	-	-
Loss before income tax	7	<u>(370)</u>	<u>(246)</u>	50	<u>(810)</u>	<u>(804)</u>	1
Income tax expense		-	-	-	-	-	-
Net loss		<u>(370)</u>	<u>(246)</u>	50	<u>(810)</u>	<u>(804)</u>	1
Other comprehensive loss, net of tax:							
Items that may be reclassified subsequently to profit or loss:							
- Currency translation gains/(losses) arising from consolidation		<u>(8)</u>	<u>(20)</u>	(60)	<u>15</u>	<u>2</u>	650
Total comprehensive loss		<u>(378)</u>	<u>(266)</u>	42	<u>(795)</u>	<u>(802)</u>	(1)
Net loss attributable to:							
Equity holders of the Company		(370)	(245)	51	(809)	(803)	1
Non-controlling interests		<u>*</u>	<u>(1)</u>	NM	<u>(1)</u>	<u>(1)</u>	-
		<u>(370)</u>	<u>(246)</u>	50	<u>(810)</u>	<u>(804)</u>	1
Total comprehensive loss attributable to:							
Equity holders of the Company		(378)	(265)	(43)	(794)	(801)	(1)
Non-controlling interests		<u>*</u>	<u>(1)</u>	NM	<u>(1)</u>	<u>(1)</u>	-
		<u>(378)</u>	<u>(266)</u>	(42)	<u>(795)</u>	<u>(802)</u>	(1)

NM = Not meaningful

* Amount less than S\$1,000.

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

- Other income, net increased due to more favourable exchange rates during the current period.
- Administrative expenses increased due to professional fees incurred in relation to the Proposed Acquisition (as defined herein) and payment of director's fees.
- Finance costs relate to the interest expense on convertible loans. The decrease was due to extension of the maturity of the remaining convertible loans by a year and the repayment of a portion of the convertible loans which resulted in lower effective interest rate and interest expense during the current period.
- Currency translation losses decreased due to more stable Singapore dollar against Malaysian Ringgit exchange rates during the current period.

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2021
(CONT'D)**

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

	3 Months Ended		9 Months Ended	
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
Losses per share attributable to equity holders of the Company (cents per share)				
Weighted average number of ordinary shares for basic earnings per share	1,324,104,503	1,283,053,378	1,306,375,412	1,280,938,891
Weighted average number of ordinary shares for diluted earnings per share	1,367,934,011	1,329,448,173	1,355,136,887	1,317,691,257
Net loss attributable to the equity holders of the Company for the financial period (S\$'000)	(370)	(245)	(809)	(803)
Less: Interest on convertible loans (S\$'000)	<u>(117)</u>	<u>(159)</u>	<u>(301)</u>	<u>(456)</u>
Adjusted net loss for the financial period (S\$'000)	<u>(253)</u>	<u>(86)</u>	<u>(508)</u>	<u>(347)</u>
Basic earnings/(loss) per share (cents)	<u>(0.019)</u>	<u>(0.007)</u>	<u>(0.039)</u>	<u>(0.027)</u>
Diluted earnings/(loss) per share (cents)	<u>(0.018)</u>	<u>(0.006)</u>	<u>(0.037)</u>	<u>(0.026)</u>

**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

	Note	Group		Company	
		30/9/2021 S\$'000 Unaudited	31/12/2020 S\$'000 Audited	30/9/2021 S\$'000 Unaudited	31/12/2020 S\$'000 Audited
ASSETS					
Current assets					
Cash and cash equivalents		1,006	247	998	240
Trade and other receivables		102	57	166	107
Income tax recoverable		1	1	-	-
		<u>1,109</u>	<u>305</u>	<u>1,164</u>	<u>347</u>
Non-current assets					
Investments in subsidiary corporations		-	-	*	*
Investment in joint venture	11	8,219	8,219	9,260	9,260
Property, plant and equipment	12	24	35	24	35
Right-of-use assets		123	234	123	234
		<u>8,366</u>	<u>8,488</u>	<u>9,407</u>	<u>9,529</u>
TOTAL ASSETS		<u><u>9,475</u></u>	<u><u>8,793</u></u>	<u><u>10,571</u></u>	<u><u>9,876</u></u>
LIABILITIES					
Current liabilities					
Trade and other payables		528	525	485	481
Lease liabilities		128	163	128	163
Convertible loans	13	3,825	3,813	3,825	3,813
		<u>4,481</u>	<u>4,501</u>	<u>4,438</u>	<u>4,457</u>
Non-current liabilities					
Lease liabilities		13	91	13	91
TOTAL LIABILITIES		<u>4,494</u>	<u>4,592</u>	<u>4,451</u>	<u>4,548</u>
NET ASSETS		<u>4,981</u>	<u>4,201</u>	<u>6,120</u>	<u>5,328</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	14	142,852	141,277	142,852	141,277
Other reserves		(1,507)	(1,522)	805	805
Accumulated losses		(136,368)	(135,559)	(137,537)	(136,754)
		<u>4,977</u>	<u>4,196</u>	<u>6,120</u>	<u>5,328</u>
Non-controlling interests		<u>4</u>	<u>5</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY		<u><u>4,981</u></u>	<u><u>4,201</u></u>	<u><u>6,120</u></u>	<u><u>5,328</u></u>

* Amount less than \$1,000.

Explanatory Notes to the Consolidated Interim Statements of Financial Position

- Cash and cash equivalents increased mainly due to the payment received for share subscription.
- Right-of-use assets decreased due to depreciation.
- Trade and other receivables increased mainly due to deposits placed.
- Lease liabilities decreased due to lease payments made during the period.

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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	9 Months Ended	
	30/9/2021	30/9/2020
	S\$'000	S\$'000
	Unaudited	Unaudited
Cash flows from operating activities		
Net loss	(810)	(804)
Adjustments for:		
- Depreciation of property, plant and equipment	11	9
- Depreciation of right-of-use assets	111	111
- Interest expense	308	467
- Unrealised currency translation gains	15	1
- Share-based payment expenses	75	-
	<u>(290)</u>	<u>(216)</u>
Change in working capital:		
- Trade and other receivables	(45)	(5)
- Trade and other payables	3	7
	<u>(332)</u>	<u>(214)</u>
Cash used in operations	(332)	(214)
- Interest paid	(46)	(10)
Net cash used in operating activities	<u>(378)</u>	<u>(224)</u>
Cash flows used in investing activities		
Partial payment for investment in a joint venture	-	(1,679)
Net cash used in investing activities	<u>-</u>	<u>(1,679)</u>
Cash flows from financing activities		
Proceeds from placement of ordinary shares	1,500	500
Proceeds from convertible loans	-	800
Repayment of convertible loans	(250)	-
Repayment of lease liabilities	(113)	(107)
Net cash provided by financing activities	<u>1,137</u>	<u>1,193</u>
Net increase/(decrease) in cash and cash equivalents	759	(710)
Cash and cash equivalents		
Beginning of financial period	247	1,290
End of financial period	<u>1,006</u>	<u>580</u>

Explanatory Notes to the Condensed Interim Consolidated Statement of Cash Flows

- a. Cash and cash equivalents increased by S\$0.76 million from S\$0.25 million as at 31 December 2020 to S\$1.01 million as at 30 September 2021. This was mainly due to the advance payment amounting to S\$1.50 million received for share subscription, and partially offset by operating expenses incurred during the period.

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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021**

	← 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 period	-	-	-	(809)	(809)	(1)	(810)
Other comprehensive income for the financial period	-	15	-	-	15	*	15
Total comprehensive income/(loss) for the financial period	-	15	-	(809)	(794)	(1)	(795)
Placement of ordinary shares	1,500	-	-	-	1,500	-	1,500
Share-based payment	75	-	-	-	75	-	75
Balance as at 30 September 2021	142,852	(1,832)	325	(136,368)	4,977	4	4,981

* Amount less than \$1,000.

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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (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			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group							
2020							
Balance as at 1 January 2020	140,399	(1,387)	252	(133,571)	5,693	6	5,699
Loss for the financial period	-	-	-	(803)	(803)	(1)	(804)
Other comprehensive loss for the financial period		2	-	-	2	-	2
Total comprehensive loss for the financial period	-	2	-	(803)	(801)	(1)	(802)
Equity components of convertible loans	-	-	73	-	73	-	73
Placement of ordinary shares	500	-	-	-	500	-	500
Share-based payment	378	(378)	-	-	-	-	-
Balance as at 30 September 2020	141,277	(1,763)	325	(134,374)	5,465	5	5,470

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**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2021 (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					
2021					
Balance as at 1 January 2021	141,277	480	325	(136,754)	5,328
Loss for the financial period	-	-	-	(783)	(783)
Placement of ordinary shares	1,500	-	-	-	1,500
Share-based payment	75	-	-	-	75
Balance as at 30 September 2021	142,852	480	325	(137,537)	6,120

	← 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					
2020					
Balance as at 1 January 2020	140,399	686	252	(135,566)	5,771
Loss for the financial period	-	-	-	(793)	(793)
Equity component of convertible loans	-	-	73	-	73
Placement of ordinary shares	500	-	-	-	500
Share-based payment	378	(378)	-	-	-
Balance as at 30 September 2020	141,277	308	325	(136,359)	5,551

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 6 Shenton Way, #42-04 OUE Downtown 1, Singapore 068809.

These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 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 nine months ended 30 September 2021 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 year ended 31 December 2020.

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 2020.

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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 is included in the following note:

- Note 13 - 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 within the next interim period are included in the following notes:

- Note 3 – Going concern

3. GOING CONCERN

During the financial period ended 30 September 2021, the Group has incurred a net loss of S\$810,000 (2020: S\$804,000). In addition, the Group and the Company are in net current liabilities of S\$3,372,000 and S\$3,274,000 respectively as at 30 September 2021 (31 December 2020: S\$4,196,000 and S\$4,110,000). 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 period ended 30 September 2021 is appropriate in view that the unrestricted available cash balances of the Group and the Company as at 30 September 2021 of S\$1,006,000 and S\$998,000 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 period ended 30 September 2021 after taking into consideration the following:

- An undertaking letter obtained from a director for not demanding for payment of outstanding payables of S\$300,000 for the financial year ending 31 December 2021;
- The supplementary letter signed with all convertible loan holders in respect of convertible loan agreements amounting to S\$3,708,000 that the convertible loan holders agreed to extend the maturity date of the agreements to 13 June 2022, 23 June 2022 and 3 July 2022 respectively;
- The Company entered into a share sale agreement on 12 July 2021 to acquire the entire issued share capital of Songmart Holdings Sdn. Bhd. This will allow the Group to diversify into the more defensive grocery business in Malaysia in hopes of achieving long-term sustainability; 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 period ended 30 September 2021.

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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.

5. SEGMENT AND REVENUE INFORMATION

The Group operates principally in a single business segment which is property development and property investment. In view that the new business in property development and property investment has not commenced, no segmental information is presented.

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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 as at 30 September 2021 and 31 December 2020:

Group	At amortised cost S\$'000
30 September 2021	
Financial assets	
Cash and cash equivalents	1,006
Trade and other receivables	102
	<u>1,108</u>
Financial liabilities	
Trade and other payables	528
Lease liabilities	141
Convertible loans	3,825
	<u>4,494</u>
31 December 2020	
Financial assets	
Cash and cash equivalents	247
Trade and other receivables	57
	<u>304</u>
Financial liabilities	
Trade and other payables	525
Lease liabilities	254
Convertible loans	3,813
	<u>4,592</u>

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

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

Company	At amortised cost S\$'000
30 September 2021	
Financial assets	
Cash and cash equivalents	998
Trade and other receivables	166
	<u>1,164</u>
Financial liabilities	
Trade and other payables	485
Lease liabilities	141
Convertible loans	3,825
	<u>4,451</u>
31 December 2020	
Financial assets	
Cash and cash equivalents	240
Trade and other receivables	107
	<u>347</u>
Financial liabilities	
Trade and other payables	481
Lease liabilities	254
Convertible loans	3,813
	<u>4,548</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		9 Months Ended	
	30/9/2021	30/9/2020	30/9/2021	30/9/2020
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Unaudited	Unaudited	Unaudited
Depreciation – Property, plant and equipment	4	2	11	9
Depreciation – Right-of-use assets	37	37	111	111
Salaries, bonuses and allowances	18	18	53	55
Currency translation losses/(gain)	(8)	(21)	17	1
Finance expenses – Lease liability	2	4	6	11
Finance expenses – Convertible loan	117	159	302	456
Professional fees	74	2	87	52

7.2 RELATED PARTY TRANSACTIONS

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

8. TAXATION

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

9. DIVIDENDS

No dividend has been declared or recommended for the third quarter ended 30 September 2021 (“3Q 2021”) as the Group had recorded a net loss in 3Q 2021.

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

10. NET ASSET VALUE

	Group		Company	
	30/9/2021	31/12/2020	30/9/2021	31/12/2020
	SGD Cents	SGD Cents	SGD Cents	SGD Cents
	Unaudited	Audited	Unaudited	Audited
Net asset value per ordinary share	0.38	0.32	0.46	0.41

The calculation of net asset value per ordinary share was based on 1,326,306,667 shares as at 30 September 2021 (31 December 2020: 1,297,363,940).

11. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	30/9/2021	31/12/2020	30/9/2021	31/12/2020
	S\$'000	S\$'000	S\$'000	S\$'000
	Unaudited	Audited	Unaudited	Audited
Cost				
Balance as at 1 January and 30 September	8,219	8,219	9,260	9,260

Set out below is the joint venture of the Group as at 30 September 2021 and 31 December 2020:

<u>Name of company</u>	<u>Principal activity</u>	<u>Country of business /incorporation</u>	<u>Equity interest held by the Group</u>	
			<u>30/9/2021</u>	<u>31/12/2020</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 has 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, 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)**

12. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Renovation	Total
	\$'000	\$'000	\$'000
Group			
At 31 December 2020			
Cost	80	25	105
Accumulated depreciation	59	11	70
Net book value	<u>21</u>	<u>14</u>	<u>35</u>
For 9 months ended 30 September 2021			
Cost			
At 1 January 2021 and 30 September 2021	<u>80</u>	<u>25</u>	<u>105</u>
Accumulated depreciation			
At 1 January 2021	59	11	70
Depreciation charge	4	7	11
At 30 September 2021	<u>63</u>	<u>18</u>	<u>81</u>
Net book value			
At 30 September 2021	<u><u>17</u></u>	<u><u>7</u></u>	<u><u>24</u></u>
Company			
At 31 December 2020			
Cost	66	25	91
Accumulated depreciation	45	11	56
Net book value	<u>21</u>	<u>14</u>	<u>35</u>
For 9 months ended 30 September 2021			
Cost			
At 1 January 2021 and 30 September 2021	<u>66</u>	<u>25</u>	<u>91</u>
Accumulated depreciation			
At 1 January 2021	45	11	56
Depreciation charge	4	7	11
At 30 September 2021	<u>49</u>	<u>18</u>	<u>67</u>
Net book value			
At 30 September 2021	<u><u>17</u></u>	<u><u>7</u></u>	<u><u>24</u></u>

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

13. CONVERTIBLE LOANS

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

	As at 30/09/2021		As at 31/12/2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loans	-	3,825	-	3,813

- Amount repayable after one year

	As at 30/09/2021		As at 31/12/2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible loans	-	-	-	-

Note: 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.

There is no collateral on the convertible loans.

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.

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
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13. CONVERTIBLE LOANS (CONT'D)

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 current period. 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

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 valuation and accounting treatment of the convertible loans are complex areas and require the use of judgements and estimates. The separation of the equity element from the liability element of the convertible loans would involve a significant degree of judgement and the determination of the fair value for the convertible loans involves significant degree of estimation uncertainty in assessing the appropriateness of the valuation methodology to be applied and the reasonableness of discount rate applied in the valuation.

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

	Group and Company	
	30/9/2021	31/12/2020
	\$'000	\$'000
Face value of convertible loans at issuance	3,550	3,550
Equity conversion component on initial recognition	(325)	(325)
Liability component on initial recognition	3,225	3,225
Repayment of convertible loan	(250)	-
Accumulated amortisation of interest expenses	850	588
Liability component at end of financial year	3,825	3,813

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

14. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	Amount
	'000	\$'000
30/9/2021		
Beginning of financial period	1,297,364	141,277
Issuance of new ordinary shares ¹	27,273	1,500
Share-based payment ²	1,670	75
End of financial period	<u>1,326,307</u>	<u>142,852</u>
31/12/2020		
Beginning of financial year	1,276,475	140,399
Issuance of new ordinary shares ³	12,500	500
Share-based payment ⁴	8,389	378
End of the financial year	<u>1,297,364</u>	<u>141,277</u>

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 7 July 2021, the Company issued and allotted 27,272,727 new ordinary shares in the capital of the Company to Cheah Bee Lin for an aggregate subscription amount of S\$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.

² 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 S\$0.045 per share as payment for his director's fees of S\$75,150. The newly issued shares rank pari passu in all aspects with the previously issued shares.

³ On 15 July 2020, the Company issued and allotted 12,500,000 new ordinary shares in the capital of the Company to Teo Soon Seng for an aggregate subscription amount of S\$500,000 pursuant to a conditional placement agreement entered into by the Company with Teo Soon Seng on 30 June 2020. The newly issued shares rank pari passu in all aspects with the previously issued shares.

⁴ On 25 July 2019 and 4 November 2019, the Company entered into a service agreement and a supplemental letter respectively with one of the directors of the Company for the issuance of 2,500,000 new ordinary shares of the Company at an issue price of S\$0.045 per share as payment for his director's fees of S\$112,500. The shares were issued and allotted on 14 July 2020.

On 26 July 2019 and 4 November 2019, the Company entered into an agreement and a supplemental letter respectively with a third party for the issuance of 5,000,000 new ordinary shares of the Company at an issue price of S\$0.045 per share as payment for his annual remuneration of S\$225,000 for acting as the advisor and principal member of the Company's private equity fund. The shares were issued and allotted on 14 July 2020.

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

14. SHARE CAPITAL (CONT'D)

On 27 August 2019 and 4 November 2019, the Company entered into an agreement and a supplement letter respectively with a third party for the issuance of 889,000 new ordinary shares of the Company at an issue price of S\$0.045 per share as payment for his consultant fees of S\$40,000. The shares were issued and allotted on 14 July 2020.

As disclosed in note 13, 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 2Q 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 subsequently an additional year respectively. As at 30 September 2021, all three convertible loans, inclusive of interest, are convertible up to 41.93 million new ordinary shares of the Company (30 September 2020: 39.05 million) upon maturity. Save for this, the Company does not have any other convertible securities.

	As at 30/9/2021	As at 30/9/2020
Shares to be issued on conversion of all outstanding convertibles	41,926,500	39,050,000
Total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	1,326,306,667	1,297,363,940
Shares to be issued upon conversion as a percentage of total number of issued shares excluding treasury shares and subsidiary holdings of the issuer	3.16%	3.01%

There were no treasury shares or subsidiary holdings as at 30 September 2021, 31 December 2020 and 30 September 2020.

There was no sale, transfer, disposal, cancellation and use of treasury shares or subsidiary holdings during, and at the end of, the three months financial period ended 30 September 2021.

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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 30 September 2021 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 three-month period then ended and certain explanatory notes have not been audited or reviewed.

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

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

The latest audited financial statement for the financial year ended 31 December 2020 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 30 March 2021.

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**" or the "**SPV**") 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**").

Songmart is a special purpose vehicle that will concurrently acquire the Target Group, which is principally engaged in the business of trading of foodstuff, groceries, sundry goods and daily necessities, as well as the operation of 12 mini-marts and convenience stores under the brand "Songmart", and a premium supermarket under the brand "Granville" in Johor, Malaysia. This will allow the Group to diversify into the more defensive grocery business in Malaysia in the hopes of achieving long-term sustainability.

It is the intention of the Company to raise additional funding in conjunction with the Proposed Acquisition to fund the expansion of the business to be acquired and for working capital purposes of the Company. 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. For the purpose of consolidation, the Company used the unaudited management accounts of Grand Bay for the financial period ended 31 December 2020 to equity account for Grand Bay in the consolidated financial statements of the Group. The Company is currently working with the management of Grand Bay to establish an accounting reporting system to provide more detailed relevant information and will meet the board of directors and the management of the joint venture partner, Apex, to discuss and address this issue. Please also refer to

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the Company's announcement dated 23 April 2021 in respect of its responses to the queries raised by the Securities Investors Association (Singapore).

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

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

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

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

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

Revenue and Gross Profit

The Group's new business in property development and property investment which was approved by shareholders of the Company on 30 March 2017, is still in early stages and has not generated any revenue for the Group. As such, the Group did not record any revenue, cost of sales and gross profit for the third quarter ended 30 September ("3Q") 2021 and the nine-month financial period ended 30 September ("YTD 9-Mth") 2021.

Other Income/(Losses), net

Other income (net) increased from nil for 3Q2020 to S\$8,000 for 3Q2021 due to currency translation gains during 3Q2021. Other losses (net) of S\$8,000 for YTD 9-Mth 2021 decreased significantly from other income (net) of S\$14,000 for YTD 9-Mth 2020 due to higher currency translation losses during YTD 9-Mth 2021.

Administrative Expenses

Administrative expenses increased from S\$83,000 for 3Q2020 to S\$259,000 for 3Q2021, and from S\$352,000 for YTD 9-Mth 2020 to S\$494,000 in YTD 9-Mth 2021, mainly due to professional fees incurred in relation to the Proposed Acquisition and the payment of director's fees.

Finance Costs

Finance costs are substantially the accrued interest from the 13 Dec 2019 Convertible Loans, the 23 Dec 2019 Convertible Loan and the 3 Jan 2020 Convertible Loan. Finance costs decreased from S\$163,000 in 3Q2020 to S\$119,000 in 3Q2021, and from S\$467,000 in YTD 9-Mth 2020 to S\$308,000 in YTD 9-Mth 2021 due to lower effective interest rates as a result of the extension of the convertible loans and the repayment of a portion of the 13 Dec 2019 Convertible Loans, as disclosed in note 13.

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Net Loss

As a result of the above, the Group recorded a net loss after tax of S\$370,000 and S\$810,000 in 3Q2021 and YTD 9-Mth 2021, respectively, as compared to a net loss after tax of S\$246,000 and S\$804,000 in 3Q2020 and YTD 9-Mth 2020, respectively.

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

Current Assets

Current assets increased from S\$0.31 million as at 31 December 2020 to S\$1.11 million as at 30 September 2021, mainly due to the increase in cash and cash equivalents arising mainly from the payment received for share subscription. For more details on the increase in cash and cash equivalents from S\$0.25 million as at 31 December 2020 to S\$1.01 million as at 30 September 2021, please refer to the section on “Review of condensed interim consolidated statement of cash flows” below.

Trade and other receivables increased from S\$0.06 million as at 31 December 2020 to S\$0.10 million as at 30 September 2021 mainly due to increase in deposits.

Non-current Assets

The decrease in property, plant and equipment and right-of-use assets of S\$11,000 and S\$111,000 respectively as at 30 September 2021 as compared to 31 December 2020 was due to depreciation charges during the respective periods.

Liabilities

Trade and other payables remained largely unchanged at S\$0.53 million as at both 30 September 2021 and 31 December 2020.

The decrease in total lease liabilities of S\$113,000 was due to lease payments made during the period.

The increase in convertible loans from S\$3.81 million as at 31 December 2020 to S\$3.83 million as at 30 September 2021 was due to the increase in accrued interest payable on the convertible loans, partially offset by the repayment of S\$0.25 million of one of the convertible loan.

Working Capital

The Group recorded a negative working capital of S\$3.37 million as at 30 September 2021, as compared to a negative working capital of S\$4.20 million as at 31 December 2020.

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

- An undertaking letter obtained from a director for not demanding for payment of outstanding payables of S\$300,000 for the financial year ending 31 December 2021;
- The supplementary letter signed with all convertible loan holders in respect of convertible loan agreements amounting to S\$3,708,000 that the convertible loan holders agreed to extend the maturity date of the agreements to 13 June 2022, 23 June 2022 and 3 July 2022 respectively;

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- The Company entered into a share sale agreement on 12 July 2021 to acquire the entire issued share capital of Songmart Holdings Sdn Bhd. This will allow the Group to diversify into the more defensive grocery business in Malaysia in the hopes of achieving long-term sustainability.

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\$4.20 million as at 31 December 2020 to S\$4.98 million as at 30 September 2021 due mainly to receipt of share subscription proceeds, and partially offset by losses incurred during YTD 9-Mth 2021 amounting to S\$0.81 million.

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

Net cash used in operating activities amounted to S\$378,000 for YTD 9-Mth 2021, mainly due to operating cash outflows before working capital changes of S\$290,000 and net cash used for working capital of S\$42,000 and interest paid of S\$46,000. Net cash used for working capital was mainly as a result of payment for outstanding debts and overdue invoices.

Net cash generated from financing activities was mainly due to the receipt for share subscription, and slightly offset by the repayment of convertible loans and lease liabilities.

The Group had a net cash inflow of S\$0.76 million in YTD 9-Mth 2021. The cash and cash equivalents as at 30 September 2021 amounted to S\$1.01 million.

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

Not applicable.

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

As mentioned in the FY2020 Annual Report, the COVID-19 pandemic has continued to result in the tightening of loan application requirements by the banking and financial institutions and hence, negotiations with potential financial institutions to secure a construction loan for development of the joint venture project, Sheraton Phuket Grand Bay Resort, are still on hold. The Company and Apex have been following up with other potential financial institutions and investors, and are also exploring other viable options and will keep shareholders updated accordingly.

With the COVID-19 pandemic continuing to impact the economic activities in the tourism and hospitality sector, the Board has been cautious in strategising the development of the Company's business and exploring joint ventures and strategic alliances in other opportunities and related areas to improve shareholders' value. This has resulted in the Company entering into the Proposed Acquisition. The Company will be seeking approval from of its shareholders for the proposed business diversification at an extraordinary general meeting to be convened in due course.

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6. Dividend

(a) Current Financial Period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

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

Not applicable.

(d) The date the dividend is payable.

Not applicable.

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

Not applicable.

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

No dividend has been declared or recommended for 3Q2021, as the Group had recorded a net loss in 3Q2021.

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

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

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

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

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

(A) Placement dated 30 June 2020

Intended uses	Amount allocated (S\$'000)	Amount allocated after re-allocation (S\$'000) ⁽¹⁾	Amount utilised (S\$'000)	Balance (S\$'000)
Business and investments opportunities	184	0	0	0
General working capital ⁽²⁾	300	284	284 ⁽³⁾	0
Re-payment of an interest-free advance from director made to the Company on 16 August 2019	0	200	200	0
Total	484	484	484	0

(B) Placement dated 7 July 2021

Intended uses	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Business acquisition expenses ⁽⁴⁾	200	6	194
Payment of borrowings ⁽⁵⁾	800	289 ⁽⁶⁾	511
General working capital ⁽²⁾	485	206	279
Total	1,485	501	984

Notes:-

- (1) Please refer to the Company's announcement dated 1 March 2021 in respect of the re-allocation of the use of proceeds.
- (2) General working capital includes day-to-day operating expenses for the Group such as professional fees, listing fees, staff cost and office expenses.
- (3) In the Company's announcement on its unaudited condensed interim financial statements for the six months ended 30 June 2021 ("1H2021 Results Announcement") dated 13 August 2021, the Company had inaccurately disclosed the amount utilised for general working capital as S\$107,000. The amount utilised as of 30 June 2021 was approximately S\$280,000. Approximately S\$4,000 was utilised for the Group's general working capital in 3Q 2021.
- (4) Business acquisition expenses refer to the expenses to be incurred in relation to the Proposed Acquisition, which relate mainly to professional fees for the conduct of due diligence and associated work.

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- (5) The Group has certain borrowings including a director's loan and certain convertible loans obtained in 2019 and 2020 which would be maturing in 2022. The Group has allocated S\$800,000 to make partial repayment of its borrowings if required. For the avoidance of doubt, the proceeds from this placement will not be utilised to make payment to the director's loan, as disclosed in the Company's announcement of 6 July 2021.
- (6) The Company had received the proceeds from the 7 July 2021 Placement in advance and as of 30 June 2021, approximately S\$289,000 was utilised to repay the principal amount and accrued interest for a convertible loan which had matured. This was inadvertently omitted from the 1H2021 Results Announcement.

The use of the net proceeds from the 30 June 2020 placement is in accordance with the intended use as previously disclosed in the Company's announcements dated 30 June 2020 and as amended in the Company's announcement of 1 March 2021. 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 dated 7 June 2021 and 6 July 2021.

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

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

On behalf of the board of directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the board of directors of the Company which may render the condensed interim financial statements for the three-month period ended 30 September 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman
and Chief Executive Officer

Chew Hai Chiene Hester Arthur
Lead Independent Non-Executive
Director

8 November 2021