



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 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.

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**MERCURIUS CAPITAL INVESTMENT LIMITED
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**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

| | 3 Months Ended | | | 9 Months Ended | | | |
|--|----------------|--------------|--------------|----------------|----------------|--------------|--------|
| | | 30/9/2022 | 30/9/2021 | Change | 30/9/2022 | 30/9/2021 | Change |
| | | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| | Note | Unaudited | Unaudited | | Unaudited | Unaudited | |
| Other income ⁽¹⁾ | | - | - | - | - | 8 | (100) |
| Other gains/(losses), net ⁽¹⁾ | | (35) | 8 | NM | (65) | (16) | 306 |
| Expenses | | | | | | | |
| - Administrative | | (212) | (259) | (18) | (799) | (494) | 62 |
| - Finance | | (122) | (119) | 3 | (333) | (308) | 8 |
| Share of loss of joint venture | | - | - | - | - | - | - |
| Loss before income tax | 7 | <u>(369)</u> | <u>(370)</u> | # | <u>(1,197)</u> | <u>(810)</u> | 48 |
| Income tax expense | | - | - | - | - | - | - |
| Net loss | | <u>(369)</u> | <u>(370)</u> | # | <u>(1,197)</u> | <u>(810)</u> | 48 |
| Other comprehensive loss, net of tax: | | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | |
| - Currency translation gains/(losses) arising from consolidation | | 39 | (8) | NM | 57 | 15 | 280 |
| Total comprehensive loss | | <u>(330)</u> | <u>(378)</u> | (13) | <u>(1,140)</u> | <u>(795)</u> | 43 |
| Net loss attributable to: | | | | | | | |
| Equity holders of the Company | | (369) | (370) | # | (1,197) | (809) | 48 |
| Non-controlling interests | | * | * | NM | * | (1) | NM |
| | | <u>(369)</u> | <u>(370)</u> | # | <u>(1,197)</u> | <u>(810)</u> | 48 |
| Total comprehensive loss attributable to: | | | | | | | |
| Equity holders of the Company | | (330) | (378) | (13) | (1,140) | (794) | 44 |
| Non-controlling interests | | * | * | NM | * | (1) | NM |
| | | <u>(330)</u> | <u>(378)</u> | (13) | <u>(1,140)</u> | <u>(795)</u> | 43 |

NM = Not meaningful

* Amount less than S\$1,000.

Percentage less than 1%

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 third quarter and three-month period ended 30 September 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

- Other income decreased due to the absence of grants which were received during the previous period.
- Other gains/(losses), net relate mainly to currency translation gains/losses. The increase in losses was mainly due to less favourable exchange rates during the current period as compared to the prior period.
- Administrative expenses increased mainly due to higher professional fees and salaries during the current period.
- Finance costs relate mainly to the interest expense on convertible loans and director's loan. The increase in finance costs during the current period was due to compounding of interest on the convertible loans and the charging of interest on the director's loan commencing 1 January 2022.
- Currency translation gains arising from consolidation increased due to more favourable exchange rates during the current period as compared to the prior period.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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**CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (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 | |
|---|----------------|------------------------|----------------|------------------------|
| | 30/9/2022 | 30/9/2021 | 30/9/2022 | 30/9/2021 |
| Losses per share attributable to equity holders of the Company (cents per share) | | | | |
| Weighted average number of ordinary shares for basic earnings per share | 1,326,306,667 | 1,324,104,503 | 1,326,306,667 | 1,306,375,412 |
| Weighted average number of ordinary shares for diluted earnings per share | 1,379,246,642 | 1,367,934,011 | 1,378,318,182 | 1,355,136,887 |
| Net loss attributable to the equity holders of the Company for the financial period (S\$'000) | (369) | (370) | (1,197) | (809) |
| Less: Interest on convertible loans (S\$'000) | (115) | (117) | (309) | (301) |
| Adjusted net loss for the financial period (S\$'000) | (254) | (253) | (888) | (508) |
| Basic loss per share (cents) | (0.019) | (0.019) | (0.067) | (0.039) |
| Diluted loss per share (cents) ⁽¹⁾ | (0.019) | (0.019) ⁽²⁾ | (0.067) | (0.039) ⁽³⁾ |

Notes:

- (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.
- (2) The diluted loss per share was incorrectly disclosed as 0.018 cents in the Group's unaudited financial statements announcement for the three-month period ended 30 September 2021.
- (3) The diluted loss per share was incorrectly disclosed as 0.037 cents in the Group's unaudited financial statements announcement for the nine-month period ended 30 September 2021.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

| | Note | Group | | Company | |
|---|------|---------------------|---------------------|---------------------|----------------------|
| | | 30/9/2022 | 31/12/2021 | 30/9/2022 | 31/12/2021 |
| | | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | | Unaudited | Audited | Unaudited | Audited |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and bank balances | | 306 | 842 | 303 | 840 |
| Trade and other receivables | | 81 | 93 | 91 | 100 |
| Income tax recoverable | | - | 1 | - | - |
| | | <u>387</u> | <u>936</u> | <u>394</u> | <u>940</u> |
| Non-current assets | | | | | |
| Investments in subsidiary corporations | | - | - | - | - |
| Investment in a joint venture | 11 | 6,476 | 6,476 | 9,260 | 9,260 |
| Property, plant and equipment | 12 | 11 | 21 | 11 | 21 |
| Right-of-use assets | | - | 86 | - | 86 |
| | | <u>6,487</u> | <u>6,583</u> | <u>9,271</u> | <u>9,367</u> |
| TOTAL ASSETS | | <u><u>6,874</u></u> | <u><u>7,519</u></u> | <u><u>9,665</u></u> | <u><u>10,307</u></u> |
| LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Trade and other payables | | 849 | 535 | 799 | 499 |
| Lease liabilities | | - | 129 | - | 129 |
| Convertible loans | 13 | 4,253 | 3,943 | 4,253 | 3,943 |
| TOTAL LIABILITIES | | <u>5,102</u> | <u>4,607</u> | <u>5,052</u> | <u>4,571</u> |
| NET ASSETS | | <u><u>1,772</u></u> | <u><u>2,912</u></u> | <u><u>4,613</u></u> | <u><u>5,736</u></u> |
| EQUITY | | | | | |
| Capital and reserves attributable to equity holders of the Company | | | | | |
| Share capital | 14 | 142,852 | 142,852 | 142,852 | 142,852 |
| Other reserves | | (2,065) | (2,122) | 805 | 805 |
| Accumulated losses | | (139,023) | (137,826) | (139,044) | (137,921) |
| | | <u>1,764</u> | <u>2,904</u> | <u>4,613</u> | <u>5,736</u> |
| Non-controlling interests | | <u>8</u> | <u>8</u> | <u>-</u> | <u>-</u> |
| TOTAL EQUITY | | <u><u>1,772</u></u> | <u><u>2,912</u></u> | <u><u>4,613</u></u> | <u><u>5,736</u></u> |

Explanatory Notes to the Consolidated Interim Statements of Financial Position

- Cash and bank balances decreased mainly due to the payment of operating expenses incurred during the period.
- Trade and other receivables decreased mainly due to refund of rental deposit as the lease for the office expired during the period.
- Right-of-use assets decreased due to depreciation.
- Trade and other payables increased due to accrual of operating expenses incurred during the period.
- Lease liabilities decreased due to lease payments made 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

| | 9 Months Ended | |
|---|----------------|--------------|
| | 30/9/2022 | 30/9/2021 |
| | S\$'000 | S\$'000 |
| | Unaudited | Unaudited |
| Cash flows from operating activities | | |
| Net loss | (1,197) | (810) |
| Adjustments for: | | |
| - Depreciation of property, plant and equipment | 10 | 11 |
| - Depreciation of right-of-use assets | 86 | 111 |
| - Interest expense | 333 | 308 |
| - Unrealised currency translation gains | 57 | 15 |
| - Share-based payment expenses | - | 75 |
| | <u>(711)</u> | <u>(290)</u> |
| Changes in working capital: | | |
| - Trade and other receivables | 12 | (45) |
| - Income tax recoverable | 1 | - |
| - Trade and other payables | 293 | 3 |
| | <u>(405)</u> | <u>(332)</u> |
| Cash used in operations | <u>(2)</u> | <u>(46)</u> |
| Net cash used in operating activities | <u>(407)</u> | <u>(378)</u> |
| Cash flows from financing activities | | |
| Proceeds from placement of ordinary shares | - | 1,500 |
| Repayment of convertible loans | - | (250) |
| Repayment of lease liabilities | (129) | (113) |
| | <u>(129)</u> | <u>1,137</u> |
| Net cash (used in)/ provided by financing activities | <u>(129)</u> | <u>1,137</u> |
| Net (decrease)/increase in cash and cash equivalents | (536) | 759 |
| Cash and cash equivalents | | |
| Beginning of financial period | 842 | 247 |
| End of financial period | <u>306</u> | <u>1,006</u> |

Explanatory Notes to the Condensed Interim Consolidated Statement of Cash Flows

- a. Cash and cash equivalents decreased by S\$0.54 million from S\$0.84 million as at 31 December 2021 to S\$0.31 million as at 30 September 2022. This was mainly due to the payment of operating expenses incurred during the period.

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

CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

| | ← Attributable to equity owners of the Company → | | | | Total | Non- controlling interests | Total equity |
|---|--|-------------------|--|-----------------------|---------------|----------------------------------|---------------|
| | Share capital | Other reserves | Equity component of convertible loans | Accumulated losses | | | |
| Group | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 2022 | | | | | | | |
| Balance as at 1 January 2022 | 142,852 | (2,447) | 325 | (137,826) | 2,904 | 8 | 2,912 |
| Loss for the financial period | - | - | - | (1,197) | (1,197) | * | (1,197) |
| Other comprehensive loss for the financial period | - | 57 | - | - | 57 | * | 57 |
| Total comprehensive loss for the financial period | - | 57 | - | (1,197) | (1,140) | * | (1,140) |
| Balance as at 30 September 2022 | 142,852 | (2,390) | 325 | (139,023) | 1,764 | 8 | 1,772 |

* Amount less than S\$1,000.

**MERCURIUS CAPITAL INVESTMENT LIMITED
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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

| | ← Attributable to equity owners of the Company → | | | | Total | Non- controlling interests | Total equity |
|---|--|-------------------|--|-----------------------|---------------|----------------------------------|---------------|
| | Share capital | Other reserves | Equity component of convertible loans | Accumulated losses | | | |
| Group | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| 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 loss for the financial period | | 15 | - | - | 15 | * | 15 |
| Total comprehensive 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 |

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CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

| | ← Attributable to equity owners of the Company → | | | | |
|---------------------------------|--|-------------------|--|-----------------------|--------------|
| | Share capital | Other reserves | Equity component of convertible loans | Accumulated losses | Total equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Company | | | | | |
| 2022 | | | | | |
| Balance as at 1 January 2022 | 142,852 | 480 | 325 | (137,921) | 5,736 |
| Loss for the financial period | - | - | - | (1,123) | (1,123) |
| Balance as at 30 September 2022 | <u>142,852</u> | <u>480</u> | <u>325</u> | <u>(139,044)</u> | <u>4,613</u> |

| | ← Attributable to equity owners of the Company → | | | | |
|---------------------------------|--|-------------------|--|-----------------------|--------------|
| | Share capital | Other reserves | Equity component of convertible loans | Accumulated losses | Total equity |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Company | | | | | |
| 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 | <u>142,852</u> | <u>480</u> | <u>325</u> | <u>(137,537)</u> | <u>6,120</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 nine months ended 30 September 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 period ended 30 September 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 period and the most recently audited annual financial statements which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in note 2.1.

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

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE GROUP

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

2.2 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.

There is no area involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements except for going concern as disclosed in the following note:

- Note 3 – Going concern

3. GOING CONCERN

During the financial period ended 30 September 2022, the Group has incurred a net loss of S\$1,197,000 (2021: S\$810,000). In addition, the Group and the Company are in net current liabilities of S\$4,715,000 and S\$4,658,000 respectively as at 30 September 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 period ended 30 September 2022 is appropriate in view that the available cash balances of the Group and the Company as at 30 September 2022 of S\$306,000 and S\$303,000 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 2022 after taking into consideration the following:

- An undertaking letter obtained from a director to ascertain the sufficiency of cash balance in the Group and the Company prior to demanding for payment of outstanding payables of S\$300,000 (and any accrued interest) for the financial year ending 31 December 2022;
- The supplementary agreement signed with all the convertible loan holders to extend the maturity dates of the outstanding principal convertible loans amounting to S\$3,300,000 to June 2023 and July 2023;
- The shares of Songmart Holdings Sdn. Bhd were transferred to the Company and thus the acquisition of the entire issued share capital of Songmart Holdings Sdn. Bhd was completed on 28 October 2022. 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 funds 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 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.

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 and the Company as at 30 September 2022 and 31 December 2021:

| Group | At amortised cost S\$'000 |
|------------------------------|--|
| 30 September 2022 | |
| Financial assets | |
| Cash and bank balances | 306 |
| Trade and other receivables | 81 |
| | <u>387</u> |
| Financial liabilities | |
| Trade and other payables | 849 |
| Convertible loans | 4,253 |
| | <u>5,102</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 (CONT'D)

| Company | At amortised cost S\$'000 |
|------------------------------|--|
| 30 September 2022 | |
| Financial assets | |
| Cash and bank balances | 303 |
| Trade and other receivables | 91 |
| | <u>394</u> |
| Financial liabilities | |
| Trade and other payables | 799 |
| Convertible loans | 4,253 |
| | <u>5,052</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> |

**MERCURIUS CAPITAL INVESTMENT LIMITED
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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 | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 30/9/2022 S\$'000 | 30/9/2021 S\$'000 | 30/9/2022 S\$'000 | 30/9/2021 S\$'000 |
| | Unaudited | Unaudited | Unaudited | Unaudited |
| Depreciation – Property, plant and equipment | 3 | 4 | 10 | 11 |
| Depreciation – Right-of-use assets | 12 | 37 | 86 | 111 |
| Salaries, bonuses and allowances - Director | | | | |
| - Director | 60 | - | 180 | - |
| - Others | - | 18 | - | 53 |
| Professional fees | 102 | 74 | 406 | 87 |
| Currency translation losses/(gain) | 35 | (8) | 65 | 17 |
| Finance expenses – Lease liability | * | 2 | 2 | 6 |
| Finance expenses – Convertible loan | 115 | 117 | 309 | 302 |
| Finance expenses – accrued interest on the director’s loan | 7 | - | 22 | - |
| | <u>7</u> | <u>-</u> | <u>22</u> | <u>-</u> |

* Amount less than S\$1,000.

7.2 RELATED PARTY TRANSACTIONS

There are no material related party transactions apart from those disclosed in note 7.1 or 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 2022 (“3Q2022”) as the Group had recorded a net loss in 3Q2022.

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

10. NET ASSET VALUE

| | Group | | Company | |
|------------------------------------|------------------|-------------------|------------------|-------------------|
| | 30/9/2022 | 31/12/2021 | 30/9/2022 | 31/12/2021 |
| | SGD Cents | SGD Cents | SGD Cents | SGD Cents |
| | Unaudited | Audited | Unaudited | Audited |
| Net asset value per ordinary share | 0.13 | 0.22 | 0.35 | 0.43 |

The calculation of net asset value per ordinary share was based on 1,326,306,667 shares as at both 30 September 2022 and 31 December 2021.

11. INVESTMENT IN A JOINT VENTURE

| | Group | | Company | |
|--------------------------------------|------------------|-------------------|------------------|-------------------|
| | 30/9/2022 | 31/12/2021 | 30/9/2022 | 31/12/2021 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| | Unaudited | Audited | Unaudited | Audited |
| Cost | | | | |
| Beginning of financial period / year | 6,476 | 8,219 | 9,260 | 9,260 |
| Share of losses | - | (1,119) | - | - |
| Currency translation differences | - | (624) | - | - |
| End of financial period / year | 6,476 | 6,476 | 9,260 | 9,260 |

Set out below is the joint venture of the Group as at 30 September 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> | |
|-------------------------------|----------------------------------|--|---|-------------------|
| | | | 30/9/2022 | 31/12/2021 |
| | | | % | % |
| 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)**

12. PROPERTY, PLANT AND EQUIPMENT

| | Office equipment | Renovation | Total |
|--|-----------------------------|-------------------|---------------|
| | \$'000 | \$'000 | \$'000 |
| Group | | | |
| At 31 December 2021 | | | |
| Cost | 80 | 25 | 105 |
| Accumulated depreciation | 64 | 20 | 84 |
| Net book value | 16 | 5 | 21 |
| For 9 months ended 30 September 2022 | | | |
| Cost | | | |
| At 1 January 2022 and 30 September 2022 | 80 | 25 | 105 |
| Accumulated depreciation | | | |
| At 1 January 2022 | 64 | 20 | 84 |
| Depreciation charge | 5 | 5 | 10 |
| At 30 September 2022 | 69 | 25 | 94 |
| Net book value | | | |
| At 30 September 2022 | 11 | - | 11 |
| Company | | | |
| At 31 December 2021 | | | |
| Cost | 66 | 25 | 91 |
| Accumulated depreciation | 50 | 20 | 70 |
| Net book value | 16 | 5 | 21 |
| For 9 months ended 30 September 2022 | | | |
| Cost | | | |
| At 1 January 2022 and 30 September 2022 | 66 | 25 | 91 |
| Accumulated depreciation | | | |
| At 1 January 2022 | 50 | 20 | 70 |
| Depreciation charge | 5 | 5 | 10 |
| At 30 September 2022 | 55 | 25 | 80 |
| Net book value | | | |
| At 30 September 2022 | 11 | - | 11 |

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**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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13. BORROWINGS

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

| | As at 30/9/2022 | | As at 31/12/2021 | |
|----------------------------------|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Convertible loans ⁽¹⁾ | - | 4,253 | - | 3,943 |
| Director's loan ⁽²⁾ | | 322 | | 300 |
| | - | 4,575 | - | 4,243 |

- Amount repayable after one year

| | As at 30/9/2022 | | As at 31/12/2021 | |
|-------------------|--------------------|----------------------|--------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Convertible loans | - | - | - | - |
| Director's loan | - | - | - | - |
| | - | - | - | - |

Notes:

- (1) 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.
- (2) 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 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.

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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(CONT'D)**

13. BORROWINGS (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 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:

| | <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 | |
|---|--------------------------|-------------------|
| | 30/9/2022 | 31/12/2021 |
| | S\$'000 | S\$'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 | (289) | (289) |
| Accumulated amortisation of interest expenses | 1,317 | 1,007 |
| Liability component at end of financial period/year | <u>4,253</u> | <u>3,943</u> |

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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 |
| 30/9/2022 | | |
| Beginning and end of financial period* | 1,326,307 | 142,852 |
| 31/12/2021 | | |
| Beginning of financial year | 1,297,364 | 141,277 |
| Issuance of new ordinary shares ¹ | 27,273 | 1,500 |
| Share-based payment ² | 1,670 | 75 |
| End of the financial year | 1,326,307 | 142,852 |

*The financial period relates to the period from 1 July 2022 to 30 September 2022 ("3Q2022"). There was no change to the Company's share capital during 3Q2022.

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 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.

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 \$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, 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 30 September 2022, all three convertible loans, inclusive of interest, are convertible up to 46.12 million new ordinary shares of the Company (30 September 2021: 41.93 million) upon maturity. Save for this, the Company does not have any other convertible securities.

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

14. SHARE CAPITAL (CONT'D)

| | As at 30/9/2022 | As at 30/9/2021 |
|--|-----------------|-----------------|
| Shares to be issued on conversion of all outstanding convertibles | 46,119,150 | 41,926,500 |
| Total number of issued shares excluding treasury shares and subsidiary holdings of the issuer | 1,326,306,667 | 1,326,306,667 |
| Shares to be issued upon conversion as a percentage of total number of issued shares excluding treasury shares and subsidiary holdings of the issuer | 3.48% | 3.16% |

The total number of issued shares excluding treasury shares as at 30 September 2022 and 31 December 2021 was 1,326,306,667.

There were no treasury shares or subsidiary holdings as at 30 September 2022 and 30 September 2021.

There was no sale, transfer, cancellation and/or use of treasury shares or subsidiary holdings during, and at the end of, the three months financial period ended 30 September 2022.

15. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

In relation to the proposed acquisition of Songmart Holdings Sdn Bhd, the Company entered into a third supplemental letter to the share sale agreement on 17 October 2022 to:

- (1) Acknowledge that certain conditions had yet to be fulfilled as at the long-stop date of 31 August 2022;
- (2) Notwithstanding the above, deem all the conditions precedent as having been fulfilled on the long-stop date and the parties will proceed with the completion of the proposed acquisition;
- (3) Agree that the unfulfilled conditions are to be fulfilled after completion and before the issuance of the second tranche of consideration shares (or any other period mutually agreed between the parties in writing); and
- (4) Work towards completion by 31 October 2022.

Please refer to the Company's announcement dated 17 October 2022 for more details on the above.

The shares of Songmart Holdings Sdn. Bhd. were transferred to the Company and thus the acquisition of the entire issued share capital of Songmart Holdings Sdn. Bhd was completed on 28 October 2022. In addition, the Company entered into a fourth supplemental agreement to the share sale agreement on 2 November 2022 to amend and vary the share sale agreement such that:

- (1) The receipt by the Company of the SGX-ST's listing and quotation notice in respect of the consideration shares would no longer be a condition precedent to completion of the proposed acquisition; and
- (2) The payment of the tranche 1 of the consideration shares to the vendors will be made within 1 week from the receipt by the Company of the SGX-ST's listing and quotation notice in respect of the consideration shares.

Please refer to the Company's announcement dated 2 November 2022 for more details on the above.

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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 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 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 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**" 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.

The shares of Songmart Holdings Sdn. Bhd were transferred to the Company and thus the acquisition of the entire issued share capital of Songmart Holdings Sdn. Bhd was completed on 28 October 2022.

- (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 year ended 31 December 2021 to equity account for Grand Bay in the consolidated financial statements of the Group. The Group is currently working with the management of the joint venture partner, Apex, to

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address this issue, and there are plans for a board meeting of Grand Bay to take place to discuss and work to resolve the issue. The COVID-19 pandemic has continued to affect the joint venture and their efforts to conclude the procurement of construction loans and other viable financing options. With the roll out of the vaccination program worldwide and in Thailand, business interests in the development of Phuket as a whole has increased which has provided a favourable condition for the discussions with potential and interested parties. The Board shall update shareholders as soon as there is a meaningful breakthrough in the development on Grand Bay.

(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. In addition, although the Group is entitled to the economic benefits of Songmart’s net profits with effect from 1 July 2022 to the Proposed Acquisition’s completion, Songmart recorded a net loss from 1 July 2022 to 30 September 2022. As such, the Group did not record any revenue, cost of sales and gross profit for the third quarter ended 30 September (“**3Q**”) 2022 and the nine-month financial period ended 30 September (“**YTD 9-Mth**”) 2022.

Other Income

Other income decreased from S\$8,000 for YTD 9-Mth 2021 to nil for YTD 9-Mth 2022 due to grants that were received in the prior period, but not in the current period.

Other Gains/(Losses), net

Other gains/(losses), net consisted mainly of currency translation gains/losses. The increase in losses from a gain of S\$8,000 for 3Q2021 to a loss of S\$35,000 for 3Q2022, and from a loss of S\$16,000 for YTD 9-Mth 2021 to a loss of S\$65,000 for YTD 9-Mth 2022 was mainly due to less favourable exchange rates during the current period as compared to the prior period.

Administrative Expenses

Administrative expenses decreased from S\$259,000 for 3Q2021 to S\$212,000 for 3Q2022, mainly due to lower depreciation expenses due to expiry of the lease for the office during the current period. Administrative expenses increased from S\$494,000 for YTD 9-Mth 2021 to S\$799,000 for YTD 9-Mth 2022, mainly due to higher professional fees incurred during the current period.

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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\$119,000 in 3Q2021 to S\$122,000 in 3Q2022 and from S\$308,000 in YTD 9-Mth 2021 to S\$333,000 in YTD 9-Mth 2022 due to compounding of interest on the convertible loans and the charging of interest on the director's loan commencing 1 January 2022.

Net Loss

As a result of the above, the Group recorded a net loss after tax of S\$369,000 and S\$1,197,000 in 3Q2022 and YTD 9-Mth 2022, respectively, as compared to a net loss after tax of S\$370,000 and S\$810,000 in 3Q2021 and YTD 9-Mth 2021, respectively.

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

Current Assets

Current assets decreased from S\$0.94 million as at 31 December 2021 to S\$0.39 million as at 30 September 2022, mainly due to the payment of operating expenses incurred during the period. For more details on the decrease in cash and bank balances from S\$0.84 million as at 31 December 2021 to S\$0.31 million as at 30 September 2022, please refer to the section on "Review of condensed interim consolidated statement of cash flows" below.

Trade and other receivables decreased from S\$93,000 as at 31 December 2021 to S\$81,000 as at 30 September 2022, mainly due to refund of rental deposit as the lease for the office expired during the period.

Non-current Assets

The decrease in property, plant and equipment and right-of-use assets of S\$10,000 and S\$86,000 respectively as at 30 September 2022 as compared to 31 December 2021 was due to depreciation charges during the respective periods.

Liabilities

Trade and other payables increased from S\$0.54 million as at 31 December 2021 to S\$0.85 million as at 30 September 2022, mainly due to accrual of operating expenses incurred during the period.

The decrease in total lease liabilities of S\$129,000 was due to lease payments made during the period.

The increase in convertible loans from S\$3.94 million as at 31 December 2021 to S\$4.25 million as at 30 September 2022 was due to the increase in accrued interest payable on the convertible loans.

Working Capital

The Group recorded a negative working capital of S\$4.72 million as at 30 September 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:

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- An undertaking letter obtained from a director to ascertain the sufficiency of cash balance in the Group and the Company prior to demanding for payment of outstanding payables of S\$300,000 (and any accrued interest) for the financial year ending 31 December 2022;
- The supplementary agreements signed with all the convertible loan holders to extend the maturity dates of the outstanding principal convertible loans amounting to S\$3,300,000 to June 2023 and July 2023; and
- The shares of Songmart Holdings Sdn. Bhd were transferred to the Company and thus the acquisition of the entire issued share capital of Songmart Holdings Sdn. Bhd was completed on 28 October 2022. This will allow the Group to diversify into the more defensive grocery business in Malaysia in 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 decreased from S\$2.91 million as at 31 December 2021 to S\$1.77 million as at 30 September 2022 due mainly to losses incurred during YTD 9-Mth 2022 amounting to S\$1.20 million.

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

Net cash used in operating activities amounted to S\$407,000 for YTD 9-Mth 2022, mainly due to operating cash outflows before working capital changes of S\$711,000, net cash generated from working capital of S\$306,000 and interest paid of S\$2,000. Net cash generated from working capital was mainly a result of accruals of operating expenses incurred during the period.

Net cash used in financing activities was mainly due to lease payments made during the period.

There was no cash used in investing activities in YTD 9-Mth 2022.

The Group had a net cash outflow of S\$0.54 million in YTD 9-Mth 2022. The cash and cash equivalents as at 30 September 2022 amounted to S\$0.31 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.

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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.

As mentioned in the annual report for the financial year ended 31 December 2021, with the roll out of the vaccination program worldwide and in Thailand, the business interests in the development of Phuket as a whole has come back to liveliness which has provided a favourable condition for the discussions with potential and interested parties, and the Company shall update the shareholders as soon as there is a meaningful breakthrough in the development on Grand Bay.

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. Following the transfer of the shares of Songmart Holdings Sdn. Bhd., the Company had completed the acquisition of the entire issued share capital of Songmart Holdings Sdn. Bhd on 28 October 2022. This will allow the Group to diversify into the more defensive grocery business in Malaysia in hopes of achieving long-term sustainability.

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.

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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 3Q2022, as the Group had recorded a net loss for 3Q2022.

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.

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.

The Board wishes to provide an update on the utilisation of the net proceeds from the Placement since its announcement dated 13 October 2022.

Placement dated 7 July 2021

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

Notes:-

- (1) Please refer to the Company's announcement dated 20 July 2022 in respect of the re-allocation of the use of proceeds.
- (2) Business acquisition expenses refer to the expenses to be incurred in relation to the proposed acquisition of the entire issued share capital of Songmart Holdings Sdn Bhd, which relate mainly to professional fees for the conduct of due diligence and associated work.
- (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

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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) Since the Company's announcement on the use of proceeds on 13 October 2022, the Company had utilised an additional S\$97,000. 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.

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 nine-month period ended 30 September 2022 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Chang Wei Lu
Executive Chairman

Chew Hai Chiene Hester Arthur
Chief Executive Officer
and Executive Director

11 November 2022