



MERCURIUS CAPITAL  
INVESTMENT LIMITED

GROWTH WITH  
**STRENGTH AND**  
**STRATEGY** ANNUAL REPORT 2021



# TABLE OF CONTENTS

IFC CORPORATE PROFILE	01 MESSAGE FROM EXECUTIVE CHAIRMAN & CEO	03 FINANCIAL HIGHLIGHTS	04 FINANCIAL AND OPERATION REVIEW
06 BOARD OF DIRECTORS	09 CORPORATE STRUCTURE	10 CORPORATE INFORMATION	11 CORPORATE SOCIAL RESPONSIBILITY
12 CORPORATE GOVERNANCE REPORT	49 FINANCIAL STATEMENTS	113 STATISTICS OF SHAREHOLDINGS	115 NOTICE OF ANNUAL GENERAL MEETING
			PROXY FORM

## CORPORATE PROFILE

Mercurius Capital Investment Limited (“**Mercurius**” or the “**Company**”, and together with its subsidiaries, the “**Group**”) is an investment holding company listed on the Catalyst board of the Singapore Exchange Securities Trading Limited, principally engaged in property development and property investment, which involves (i) activities such as real estate-related investments and property development activities (including acquisition, development and/or sale of real estate) and holding of investments in real estate and residential, hospitality (including hotels and/or serviced residences), commercial (retail and office), industrial and any other suitable types of properties (including mixed development properties) (“**Property Related Assets**”); and (ii) acquisition and holding of investments in Property Related Assets, as well as trading in and holding the same for long term investment purposes.

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

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

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

# MESSAGE FROM EXECUTIVE CHAIRMAN & CEO

## DEAR SHAREHOLDERS,

Following the year of 2020, the year 2021 had continued to be extremely challenging for the Company, brought about by the spread of the new variants of COVID-19. The Group recorded a net loss of S\$2.27 million due to the absence of revenue generated from the Company's new core business of property development and investment.

The COVID-19 pandemic has continued to affect our joint venture with Apex Development Public Company Limited ("APEX") in Grand Bay Hotel Co., Ltd ("Grand Bay") to jointly develop the Sheraton Phuket Grand Bay Resort (the "Sheraton Resort") in Phuket, Thailand and the efforts to conclude the procurement of construction loans and other viable financing options. With the 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 we shall update the shareholders as soon as there is a meaningful breakthrough in the development on Grand Bay.

## FUTURE PLAN

When the COVID-19 pandemic continued to impact the economic activities in the tourism and hospitality sector, the Board of Directors of the Company (the "Board") had strategised the development of the Company's business and explored other opportunities.

On 12 July 2021, the Board announced that the Company had 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 "Acquisition"). Songmart is a special purpose vehicle that will concurrently acquire the Songmart's grocery



businesses and assets, 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. The Acquisition will be satisfied entirely through the allotment and issuance of 200 million new ordinary shares in the capital of the Company ("Consideration Shares") at an agreed issue price of S\$0.18 per Consideration Share. This strategic acquisition provides a platform for the Group to diversify from our planned hospitality business in Thailand which has been progressing slowly amidst the uncertainties brought about by the COVID-19 pandemic. By diversifying into the more defensive groceries business in Malaysia, we hope to propel and transform the Group towards long-term sustainability. Looking ahead, we are laser-focused on growing our key market of Malaysia, and plan to aggressively expand

# MESSAGE FROM EXECUTIVE CHAIRMAN & CEO

our store network in the next few years. Beyond Malaysia, we plan to open Songmart and Granville stores in Singapore, Indonesia, Thailand and Vietnam, and are actively developing an online platform to complement our physical store strategy. Given the huge size of these markets, we have the ambition of becoming a group and ecosystem of substantial number of stores. We will work with Songmart's management to achieve this in the next 3 years. The Company will be seeking shareholders' approval for the proposed diversification of the Group's business to include the proposed new business of Songmart at the forthcoming extraordinary general meeting, to be held on 26 April 2022.

## ACKNOWLEDGEMENTS

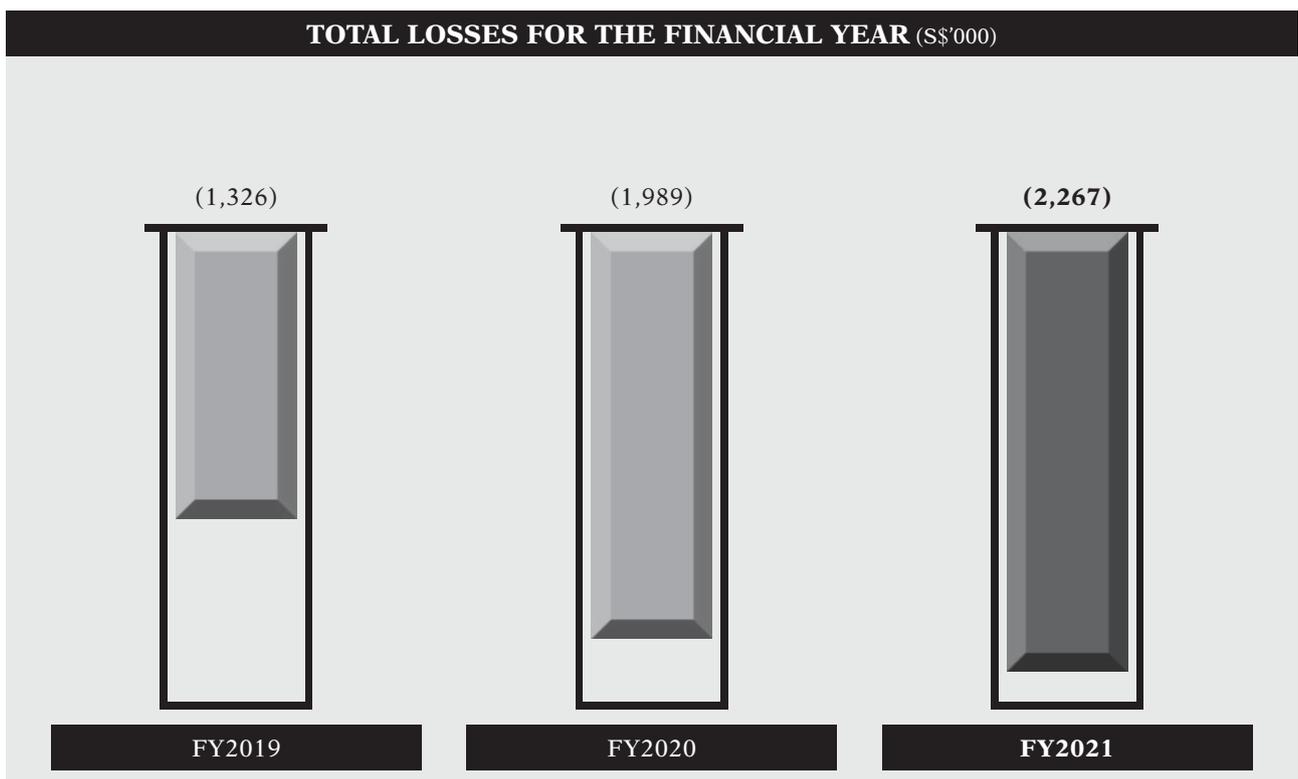
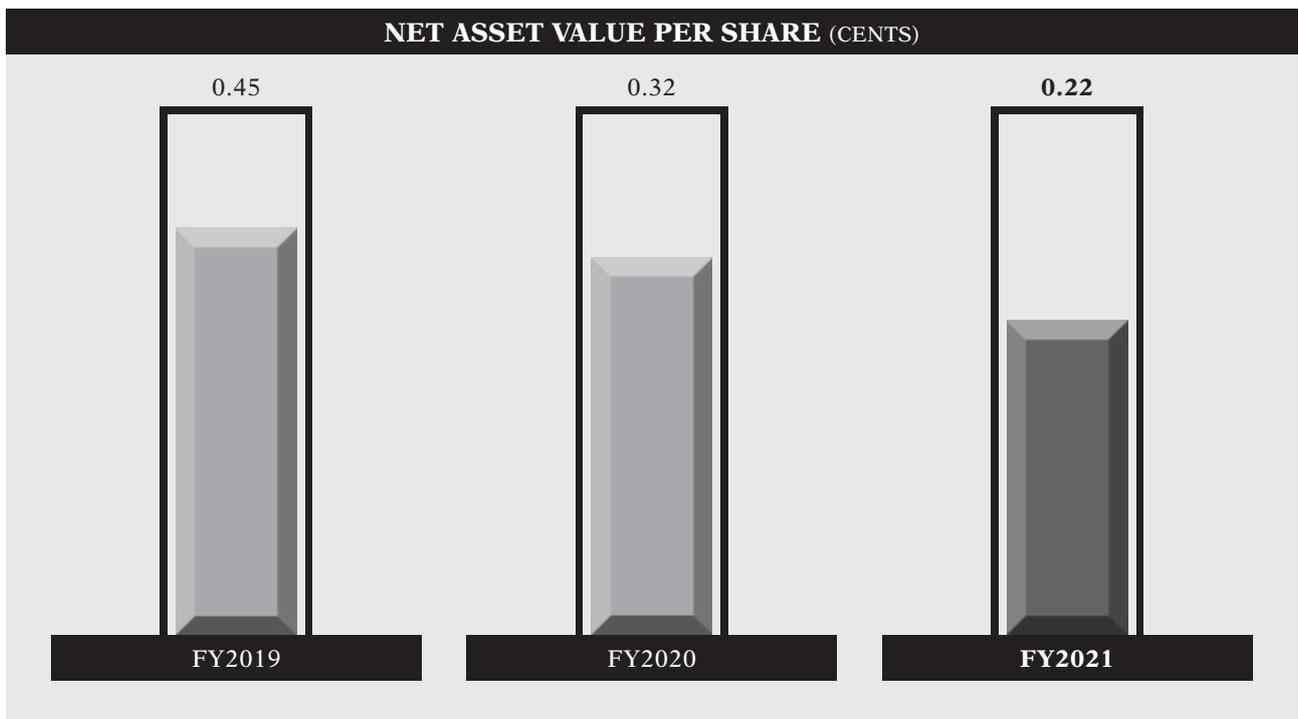
On behalf of the Board and management, we would like to thank our business partners, customers and shareholders for their unwavering support and staunch faith in the Group over the years. We look forward to growing the Group's new business strategically to provide greater value to our shareholders.

## MR CHANG WEI LU

Executive Chairman and Chief Executive Officer  
11 April 2022



# FINANCIAL HIGHLIGHTS



# FINANCIAL AND OPERATION REVIEW

## REVENUE AND GROSS PROFIT

The Group's new business in property development and property investment did not generate any revenue for the Group. As such, the Group did not record any revenue, cost of sales and gross profit for the financial year ended 31 December 2021 ("FY2021").

## OTHER INCOME

Other income decreased from S\$75,000 in the financial year ended 31 December 2020 ("FY2020") to S\$8,000 in FY2021. This is mainly due to the absence of both rental concession and reversal of over-accrual of expenses during FY2021.

## OTHER LOSSES

In FY2021, Other losses is mainly attributable to currency translation losses.

## ADMINISTRATIVE EXPENSES

Administrative expenses decreased from S\$717,000 in FY2020 to S\$691,000 in FY2021. This is mainly due to lower professional fees incurred for printing of annual reports and secretarial fees during FY2021.

## FINANCE COSTS

Finance costs are substantially the accrued interest from the convertible loans procured on 13 December 2019, 23 December 2019 and 3 January 2020. Finance costs decreased from S\$563,000 during FY2020 to S\$441,000 during FY2021 due to lower effective interest rates as a result of the extension of the convertible loans and the repayment of S\$0.25 million for one of the convertible loans.

## SHARE OF LOSS OF JOINT VENTURE

Grand Bay Hotel Co., Ltd ("Grand Bay") in which the Company has a 50% shareholding interest in, recorded a loss of S\$2.24 million in FY2021. Consequently, the Group's share of the losses is S\$1.12 million. The share of losses increased from S\$777,000 during FY2020 to S\$1.12 million in FY2021 due to larger losses incurred by Grand Bay, which is mainly due to higher finance costs incurred during FY2021.

## NET LOSS

As a result of the above, the Group recorded a net loss after tax of S\$2.27 million in FY2021 as compared to a net loss after tax of S\$1.99 million in FY2020.

## FINANCIAL POSITION

The Group's current assets increased from S\$305,000 as at 31 December 2020 to S\$936,000 as at 31 December 2021, mainly due to the increase in cash and cash equivalents. Cash and cash equivalents increased significantly from S\$247,000 as at 31 December 2020 to S\$842,000 as at 31 December 2021, arising mainly from the monies received for share subscription amounting to S\$1.50 million during FY2021.

Non-current assets have decreased from S\$8.49 million as at 31 December 2020 to S\$6.58 million as at 31 December 2021 mainly due to the recognition of share of loss incurred by Grand Bay for FY2021 and currency translation loss of S\$624,000 in the invested amount.

The decrease in property, plant and equipment to S\$21,000 from S\$35,000, and in right-of-use assets to S\$86,000 from S\$234,000 as at 31 December 2021 as compared to 31 December 2020, was due to depreciation charges during the year.

The decrease in lease liabilities, both current and non-current, of S\$125,000 since 31 December 2020 was due to the lease payments made during the year.

The increase in convertible loans from S\$3.81 million as at 31 December 2020 to S\$3.94 million as at 31 December 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 loans.

# FINANCIAL AND OPERATION REVIEW

The Group recorded a negative working capital of S\$3.67 million as at 31 December 2021, as compared to a negative working capital of S\$4.20 million as at 31 December 2020.

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

- An undertaking letter obtained from a director for not demanding for payment of outstanding payables of \$300,000 and any accrued interest for the financial year ending 31 December 2022;
- The supplementary letter signed with all convertible loan holders in respect of convertible loan agreements amounting to S\$3.30 million that the convertible loan holders agreed to extend the maturity date of the agreements to 13 June 2022, 23 June 2022 and 3 July 2022 respectively; and
- 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.

The Group's equity decreased from S\$4.20 million as at 31 December 2020 to S\$2.91 million as at 31 December 2021 due mainly to losses incurred amounting to S\$2.27 million, other comprehensive losses amounting to S\$0.60 million, and partially offset by receipt of share subscription proceeds during FY2021.

## CASH FLOW POSITION

Net cash used in operating activities amounted to S\$491,000 for FY2021, mainly due to operating cash outflows before working capital changes of S\$443,000, net cash used for working capital of S\$41,000 and interest paid of S\$7,000. Net cash used for working capital was mainly a result of payment for outstanding debts and overdue invoices.

Net cash generated from financing activities of S\$1.09 million for FY2021 was mainly due to the receipt of cash for a share subscription, which was slightly offset by the repayment of part of the convertible loans and lease liabilities.

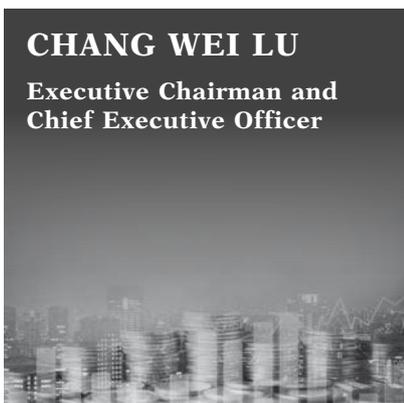
There was no cash used in investing activities during FY2021.

The Group had a net cash inflow of S\$0.60 million during FY2021. The cash and cash equivalents as at 31 December 2021 amounted to S\$0.84 million.

## BOARD OF DIRECTORS

### CHANG WEI LU

Executive Chairman and  
Chief Executive Officer



Mr. Chang was appointed to the Board on 12 May 2014 and was appointed as the Chief Executive Officer of the Company on 21 February 2017. Mr. Chang has extensive business and working experience in hotel management, property investment, food and beverage, and lifestyle management and served as director and Chairman of group of companies in Malaysia in related businesses. Given his relevant experience, Mr. Chang was also appointed as a member of the Remuneration Committee on 1 February 2021 to work with the existing committee members to formulate a remuneration solution that is suitable and relevant to the current business operations of the Group.

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

### CHEW HAI CHIENE HESTER ARTHUR

Lead Independent  
Non-Executive Director



Mr. Chew was appointed to the Board on 25 July 2019. Apart from being the Lead Independent Non-Executive Director, Mr. Chew is also the Chairman of the Audit Committee and a member of the Nominating Committee.

Mr. Chew has over 35 years of experience in the Quick Service Restaurant & Fast-Moving Consumer Goods sectors, operating in South East Asia. Since August 2019, Mr. Chew has been the Vice-Chairman of McThai Co., Ltd (McDonald's Thailand). He was previously the CEO of McThai Co., Ltd, a position that he had held since 2006. Prior to that he was the CEO of Delifrance Asia from 2002 to 2003, and the vice president/managing director of Tricon Indochina from 1988 to 2002, operating KFC, Pizza Hut & Taco Bell in Singapore, Thailand and Indochina.

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

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

## BOARD OF DIRECTORS

### TEO SOON SENG

Non-Independent  
Non-Executive Director



Mr. Teo was appointed to the Board on 28 February 2022 as a Non-Independent Non-Executive Director and a member of the Nominating Committee.

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

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

### WONG LEONG CHUI

Independent  
Non-Executive Director



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

# BOARD OF DIRECTORS

## WONG YEE CHUE

Independent Non-  
Executive Director



Mr. Wong was appointed to the Board on 28 February 2022 as an Independent Non-Executive Director, and a member of the Audit Committee and Remuneration Committee.

Mr. Wong is an experienced lawyer specialising in litigation work. Having obtained a bachelor of law at the University of Malaya and with Second Class (Upper) Honours in the year 1992, he was called to the Bar as an Advocate and Solicitor of the High Court of Malaya in the year 1993.

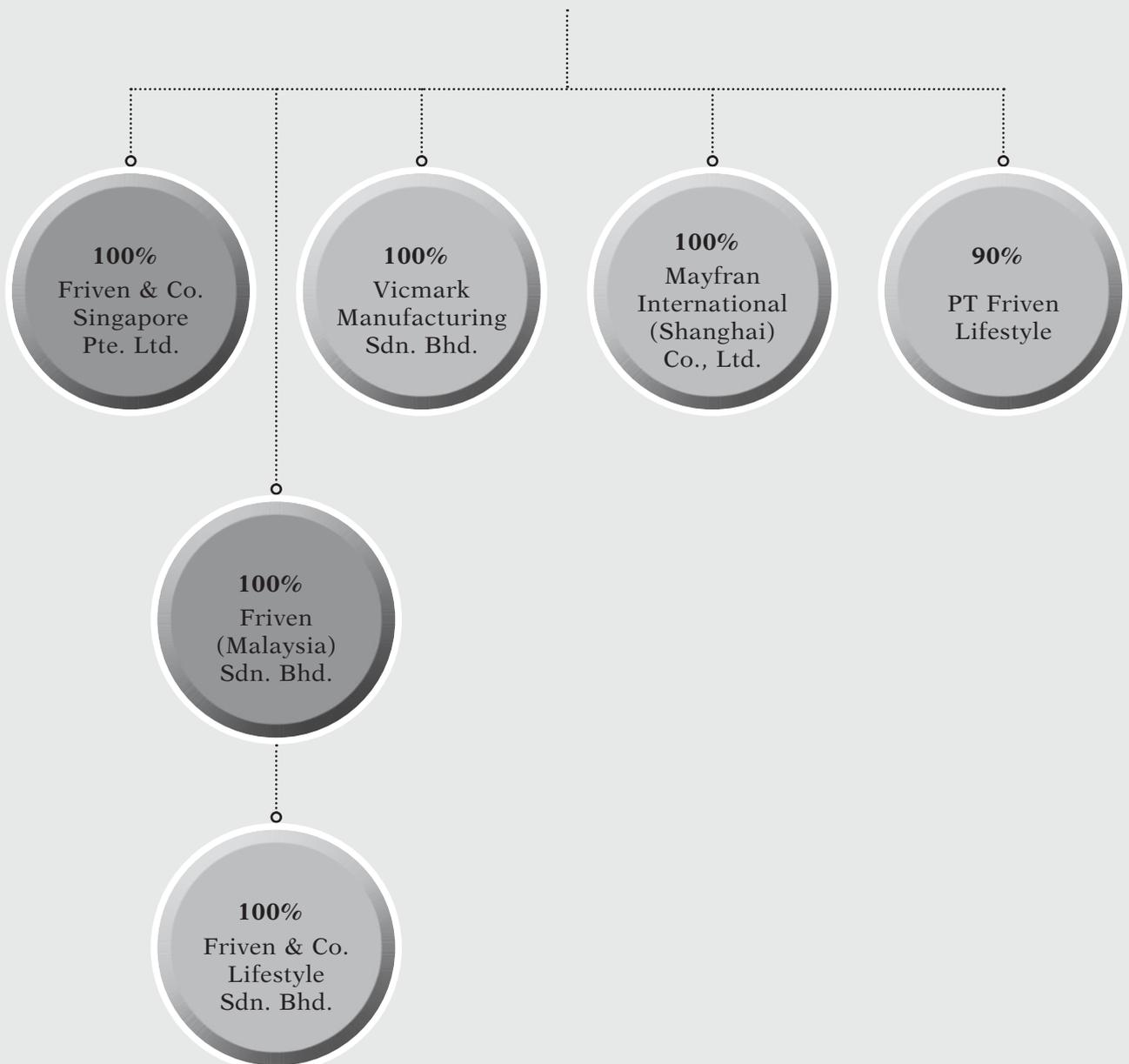
After working and practising in renowned legal firms in Malaysia and having being involved successfully in prominent litigation cases, Mr. Wong founded Messrs. Y.C. Wong, a firm of advocates and solicitors in Malaysia, in the year 2010 and now leads the practice with several branches in Penang, Butterworth and Kuala Lumpur, Malaysia, with strong capabilities in litigation and corporate conveyancing practice, including the legal aspect of development project works.

# CORPORATE STRUCTURE

AS AT 31 DECEMBER 2021



## MERCURIUS CAPITAL INVESTMENT LIMITED



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Mr. Chang Wei Lu** Executive Chairman and Chief Executive Officer

**Mr. Chew Hai Chiene Hester Arthur** Lead Independent Non-Executive Director

**Mr. Wong Leong Chui** Independent Non-Executive Director

**Mr. Wong Yee Chue** Independent Non-Executive Director (Appointed with effect from 28 February 2022)

**Mr. Teo Soon Seng** Non-Independent Non-Executive Director (Appointed with effect from 28 February 2022)

## AUDIT COMMITTEE

**Mr. Chew Hai Chiene Hester Arthur** (Chairman)

**Mr. Wong Leong Chui**

**Mr. Wong Yee Chue**

(Appointed with effect from 28 February 2022)

## REMUNERATION COMMITTEE

**Mr. Wong Leong Chui** (Chairman)

**Mr. Chang Wei Lu**

**Mr. Wong Yee Chue**

(Appointed with effect from 28 February 2022)

## NOMINATING COMMITTEE

**Mr. Wong Leong Chui** (Chairman)

**Mr. Chew Hai Chiene Hester Arthur**

**Mr. Teo Soon Seng**

(Appointed with effect from 28 February 2022)

## COMPANY SECRETARY

**Mr. Chua Kern**

### Registered address

6 Shenton Way

#42-04 OUE Downtown 1

Singapore 068809

Tel: (65) 6816 6768

Email: enquiry@mercuriuscapital.com

## SHARE REGISTRAR AND

## SHARE TRANSFER OFFICE

**B.A.C.S. Private Limited**

77 Robinson Road

#06-03 Robinson 77

Singapore 068896

## SPONSOR

**Novus Corporate Finance Pte. Ltd.**

7 Temasek Boulevard

#18-03B Suntec Tower 1

Singapore 038987

## INDEPENDENT AUDITOR

**Nexia TS Public Accounting Corporation**

80 Robinson Road

#25-00

Singapore 068898

Director-In-Charge:

**Ms. Loh Hui Nee**

(Appointed since the financial year ended

31 December 2021)

## PRINCIPAL BANKERS

**Malayan Banking Berhad**

**The Development Bank of Singapore Ltd**

# CORPORATE SOCIAL RESPONSIBILITY

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

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

We conducted assessments of our joint venture partners for economic, environmental and social compliance, as well as their engagement with local communities, and work with our joint venture partners to ensure that sustainable measures and practices are implemented in the development of Sheraton Resort. We endeavour for the planning and execution of the hotel construction and future operations to take into consideration any negative environmental and social impacts, as well as to take into account aspects of diversity and anti-corruption so as to work towards sustainable targets.

The Company will be issuing its Sustainability Report 2021 by 31 May 2022.

# CORPORATE GOVERNANCE REPORT

## Introduction

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

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

The Board confirms that, for the financial year ended 31 December (“**FY**”) 2021, the Company has generally complied in all material aspects with the principles and guidelines set out in the Code. Where there are deviations from the Code, appropriate explanations have been provided as to how the Company’s practices were consistent with the intent of the Principle in question.

## BOARD MATTERS

### THE BOARD’S CONDUCT OF AFFAIRS

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

#### *Role of the Board*

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

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

# CORPORATE GOVERNANCE REPORT

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

## **Board Processes**

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

The Board conducts regular meetings on a quarterly basis, and additional meetings for particular matters will be convened as and when they are deemed necessary. The attendance of the Directors holding office in FY2021 at the meetings of the Board and Board Committees during FY2021 are set out in the table below:-

	<b>Annual General Meeting</b>	<b>Board</b>	<b>Audit Committee</b>	<b>Nominating Committee</b>	<b>Remuneration Committee</b>
<b>Number of meetings held during the year*</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>
<b>Attendance:</b>					
Chang Wei Lu	1	3	2 <sup>(1)</sup>	1 <sup>(1)</sup>	1 <sup>(1)</sup>
Chew Hai Chiene Hester Arthur	1	4	4	1	1 <sup>(1)</sup>
Wong Leong Chui	1	4	4	1	1
Chieng You Ping <sup>(2)</sup>	0	3	3	1	1

### **Notes:**

- \* Under this row, the number of meetings indicated refers to the total number of meetings held in FY2021.
- (1) Attendance at meetings were "By Invitation".
- (2) Mr Chieng You Ping resigned as Independent Non-Executive Director with effect from 1 December 2021.

# CORPORATE GOVERNANCE REPORT

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

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

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

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

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

The Directors understand the Company's business as well as their directorship duties (including their roles as Executive, Non-Executive and Independent Directors). The Management regularly brief the Directors on the Group's activities to keep them updated on the Group's recent developments. Further, Directors are provided with regular updates on changes in the relevant rules and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. Directors are encouraged to attend courses to update their knowledge and better equip themselves to discharge their duties and such courses may be funded by the Company, subject to the approval of the Chairman. The Company Secretary keep records of the Directors' training on an annual basis. In FY2021, Mr Chew Hai Chiene Hester Arthur, Lead Independent Non-Executive Director, attended the following courses:

13 October 2021	Listed Entity Director Programme (LED) – LED 5 – Audit Committee Essentials	Singapore Institute of Directors (SID)
19 October 2021	Listed Entity Director Programme (LED) – LED 7 – Nominating Committee Essentials	Singapore Institute of Directors (SID)

# CORPORATE GOVERNANCE REPORT

All Directors are also provided with regular updates on developments in financial reporting and governance standards, as well as changes in the relevant laws and regulations to enable them to make well-informed decisions and to ensure that the Directors are competent in carrying out their expected roles and responsibilities. News releases issued by the SGX-ST and the Accounting and Corporate Regulatory Authority (“ACRA”) which are relevant to the Group and/or Directors, are circulated to the Board.

Newly appointed Directors will receive appropriate briefings and an orientation program will be conducted to ensure that they are familiar with the Company’s business and governance practices. A formal letter of appointment will also be sent to any newly appointed Director setting out his/her duties and obligations upon his/her appointment. There was no appointment of new Director in FY2021.

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

## BOARD COMPOSITION AND GUIDANCE

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

As at the date of this report, the Board comprised five members, three of whom are Non-Executive Independent Directors, as follows:

Name of Director	Designation of Board Member	Board Committee Membership		
		Audit Committee	Nominating Committee	Remuneration Committee
Mr. Chang Wei Lu	Executive Chairman and Chief Executive Officer (“CEO”)	–	–	Member
Mr. Chew Hai Chiene Hester Arthur	Lead Independent Non-Executive Director	Chairman	Member	–
Mr. Wong Leong Chui	Independent Non-Executive Director	Member	Chairman	Chairman
Mr. Chieng You Ping <sup>(1)</sup>	Independent Non-Executive Director	Member	Member	Member
Mr. Wong Yee Chue <sup>(2)</sup>	Independent Non-Executive Director	Member	–	Member
Mr. Teo Soon Seng <sup>(3)</sup>	Non-Independent Non-Executive Director	–	Member	–

(1) Mr Chieng You Ping resigned as Independent Non-Executive Director with effect from 1 December 2021.

(2) Mr. Wong Yee Chue was appointed as Independent Non-Executive Director with effect from 28 February 2022.

(3) Mr Teo Soon Seng was appointed as Non-Independent Non-Executive Director with effect from 28 February 2022.

The Board has satisfied the requirement set out under Provisions 2.2 and 2.3 of the Code for Independent Directors to make up majority of the Board where the Chairman is not independent, and for the Non-Executive Directors to make up a majority of the Board. As such, together with the Non-Executive Directors, the Board is able to provide the Management with a diverse and objective perspective on the issues at hand and there is no individual or small group of individuals which dominates the Board’s decision making.

# CORPORATE GOVERNANCE REPORT

The size and composition of the Board and Board Committees are reviewed from time to time by the NC to ensure that the Board and Board Committees have the appropriate balance and mix of skills, knowledge, expertise and experience and other aspects of diversity such as age, so as to avoid groupthink and foster constructive debate, and ensure that the Board collectively possesses the necessary core competencies for effective discussions and decision making. The NC is of the view that the current Board size of five (5) members is appropriate and effective, taking into account the nature and scope of the Group's operations. Further, the NC is satisfied that the Board comprised Directors with a variety of core competencies and expertise necessary to discharge their duties and responsibilities and to provide strategic networking to enhance the business of the Group.

The Company did not have a Board diversity policy in FY2021, but notes that the Board consists of professionals from various disciplines. The Board conducts an annual review to assess if the existing attributes and core competencies of the Board are complementary and contributes to the efficacy of the Board. This enables the Board to maintain or enhance balance and diversity within the Board. Although there is currently no female Director appointed to the Board, the Board is receptive to achieving gender diversity on the Board and appointment of a female Director if a suitable candidate is nominated for the Board's consideration. The Directors believe that board diversity is more than just about gender diversity and embraces other factors such as a need for individuals from all backgrounds, skill-sets, life experiences and abilities.

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

	No. of Directors	Proportion of Board
<b>Core Competencies</b>		
Accounting/Finance/Legal/Corporate governance	2	50%
Industry/Customer based-knowledge or experience	3	75%
Strategic planning experience	3	75%

The independence of each Director is reviewed annually by the NC. The criterion of independence is based on the definition set out in the Code. Each Independent Director has confirmed to the Board that, among others, he does not have any relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company. The Board, based on the review conducted by the NC and guided by the definition of independence under the Code, has determined and confirmed the independence of the Independent Directors. None of the Independent Directors have served in the Board beyond nine (9) years from the date of first appointment.

# CORPORATE GOVERNANCE REPORT

The Non-Executive Directors communicate regularly to discuss matters such as the Group's financial performance and corporate governance measures and provide constructive advice and guidance on directions in relation to the Group's business strategies. They also review the performance of the Management in achieving agreed goals and objectives and monitor the reporting of performance. The Non-Executive Directors and/or Independent Directors, led by the Lead Independent Director, are aware of the guidance for regular meetings to discuss the Group's affairs without the presence of the Management, and for the chairman of such meetings to provide feedback to the Board and/or Chairman as appropriate. As the Group's property development and property investment businesses is still in its early stages in FY2021, the Non-Executive Directors did not meet without the presence of Management during the year under review, but will continue to monitor the need to do so in the upcoming financial year.

With effect from 1 January 2022, Rule 406(3)(d)(iii) of Catalist Rules states that a director will not be independent if he has been a director for an aggregate period of more than 9 years (whether before or after listing) and his continued appointment as an independent director has not been sought and approved in separate resolutions by: (a) all shareholders; and (b) shareholders, excluding the directors and the chief executive officer and associates of such directors and chief executive officer.

No Director has served on the Board for more than nine years.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

Mr. Chang Wei Lu is the Executive Chairman of the Board and the CEO of the Company.

The Group currently has a single leadership structure, where the Chairman and CEO of the Company is the same person. The Board is of the view that it is in the interests of the Group to adopt a single leadership structure, taking into consideration the current status of the Group's business affairs.

The Board establishes and sets out in writing the division of responsibilities between the Chairman and CEO.

As the CEO of the Company, Mr. Chang Wei Lu oversees the management of the Group's business. Mr. Chang Wei Lu has considerable industry experience in business investments and has a wide business network. Further, he has provided the Group with strong leadership and vision. The CEO plays an instrumental role in developing the business of the Group and exercising control over the quality and timeliness of information flow between the Board and the Management.

As the Chairman of the Board, Mr. Chang Wei Lu is responsible for the workings of the Board to ensure its effectiveness on all aspects of its role and sets the agenda for Board meetings in consultation with the Directors. The Chairman will also ensure that the Board members are provided with adequate and timely information prior to Board meetings, and promote a culture of openness and debate at the Board meetings.

# CORPORATE GOVERNANCE REPORT

To promote a high standard of corporate governance as the Chairman and the CEO is the same person, Mr. Chew Hai Chiene Hester Arthur has been appointed as the Lead Independent Director. He provides leadership in situations where the Chairman may be conflicted, and acts as the focal point for the Independent Directors to provide their input to the Executive Chairman and CEO as well as the Management. As the Lead Independent Director, Mr. Chew Hai Chiene Hester Arthur is available to shareholders of the Company (“Shareholders”) where they have concerns and for which contact through the normal channels of the Executive Chairman and CEO has failed to resolve, or where such contact is inappropriate or inadequate. Where necessary, the Independent Directors meet without the presence of the other Directors, and the Lead Independent Director provides feedback to the Executive Chairman and CEO after such meetings, if necessary. There were no queries or requests on any matters which require the Chairman and Independent Directors’ attention received in FY2021.

All the Board Committees are chaired by the Independent Directors and a majority of the Board consists of Independent Directors. The Board is of the view that there are sufficient safeguards and checks to ensure that the process of decision making by the Board is independent and based on collective decisions without any individual or group of individuals exercising any considerable concentration of power or influence.

## BOARD MEMBERSHIP

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

### *Nominating Committee*

In FY2021, the NC comprised three Non-Executive Independent Directors until Mr. Chieng You Ping’s cessation as a director, following which he ceased to be a member of the NC with effect from 1 December 2021. The Lead Independent Director, Mr. Chew Hai Chiene Hester Arthur, is a member of the NC. As at the date of this report, the NC comprises the following members:

Mr. Wong Leong Chui (Chairman)  
Mr. Chew Hai Chiene Hester Arthur  
Mr. Teo Soon Seng (appointed with effect from 28 February 2022)

The NC is scheduled to meet at least once a year and at such other times as may be necessary. In respect of FY2021, one NC meeting was held. The purpose of the meeting was primarily to review the performance of the Board and to confirm matters regarding the re-election of Directors at the forthcoming Annual General Meeting as reported below.

# CORPORATE GOVERNANCE REPORT

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

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

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

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

The NC also determines the independence of each Director on an annual basis, in accordance with the definition set out in the Code. The NC also ensures that new Directors are aware of their duties and obligations. The NC will further decide if a Director is able to and has been adequately carrying out his or her duties as a Director of the Company.

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

# CORPORATE GOVERNANCE REPORT

The Constitution of the Company provides that one-third of the Board shall retire by rotation at every annual general meeting of the Company (“AGM”) and at least once every three years. All newly appointed Directors appointed during the year are required to retire and subject himself or herself for re-election at the next AGM following his appointment. With effect from 1 January 2019, pursuant to Rule 720(4) the Catalist Rules, all Directors (including executive directors) must submit themselves for re-nomination and re-appointment at least once every three years. Within three years of 1 January 2019, a director appointed or re-appointed before 1 January 2019 must submit himself for re-nomination and re-appointment to the Board at a general meeting no later than 31 December 2021.

For the forthcoming AGM, the NC has recommended: –

- Mr. Wong Leong Chui, who will retire pursuant to Article 95(2) of the Company’s Constitution;
- Mr. Teo Soon Seng (appointed on 28 February 2022), who is retiring pursuant to Article 96 of the Company’s Constitution; and
- Mr. Wong Yee Chue (appointed on 28 February 2022), who is retiring pursuant to Article 96 of the Company’s Constitution,

be nominated for re-election.

As Chairman of the NC, Mr. Wong Leong Chui has abstained from voting on any resolutions in respect of the assessment of his own performance for re-appointment as a Director. In making the recommendation, the NC had considered the Directors’ overall contributions and performance. The assessment parameters include attendance record, preparedness, intensity of participation and candour at meetings of the Board and Board Committees as well as the quality of input and contributions. The NC has reviewed and is satisfied that Mr. Wong Leong Chui, Mr. Teo Soon Seng and Mr. Wong Yee Chue being the Directors who are retiring in accordance with the Company’s Constitution at the forthcoming AGM, are properly qualified for re-election by virtue of their skills, experience and contributions. The NC has recommended the re-election of the retiring Directors and the Board has accepted the NC’s recommendation.

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

The Company has not appointed any alternate directors to the Board in FY2021.

Other than the key information regarding the Directors set out below, information pertaining to the Directors’ interests in shares, options and other convertible securities are set out in the section entitled “Directors’ Statement” of this Annual Report, and information in relation to the background and principal commitments of the Directors as at 31 December 2021 are set out under the section entitled “Board of Directors” of this Annual Report.

# CORPORATE GOVERNANCE REPORT

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Directorships both present and held over the preceding three years in other listed companies	Principal Commitments
Chang Wei Lu	Executive Chairman	12 May 2014	25 June 2020	<u>Present Directorships</u> None  <u>Past Directorships</u> None	<ul style="list-style-type: none"> <li>• M.W. Group</li> </ul>
Chew Hai Chiene Hester Arthur	Lead Independent Non-Executive Director	25 July 2019	26 April 2021	<u>Present Directorships</u> None.  <u>Past Directorships</u> None	<ul style="list-style-type: none"> <li>• McThai Co., Ltd.</li> <li>• Hester Chew &amp; Associates Consultancy Pte. Ltd.</li> </ul>
Wong Leong Chui	Independent Non-Executive Director	21 February 2017	25 June 2020	<u>Present Directorships</u> None  <u>Past Directorships</u> None	<ul style="list-style-type: none"> <li>• Chong Tong Construction Pte. Ltd.</li> </ul>
Wong Yee Chue	Independent Non-Executive Director	28 February 2022	Not Applicable	<u>Present Directorships</u> None  <u>Past Directorships</u> None	<ul style="list-style-type: none"> <li>• Y.C. Wong</li> </ul>
Teo Soon Seng	Non-Independent Non-Executive Director	28 February 2022	Not Applicable	<u>Present Directorships</u> None  <u>Past Directorships</u> None	<ul style="list-style-type: none"> <li>• Hirosawa Clean Technic Holdings Pte. Ltd.</li> <li>• MS Global Pte. Ltd.</li> <li>• Mossad Holdings Pte. Ltd.</li> <li>• Mossad Services Pte. Ltd.</li> </ul>

# CORPORATE GOVERNANCE REPORT

Name of Director	Board appointment	Date of first appointment	Date of last re-election	Directorships both present and held over the preceding three years in other listed companies	Principal Commitments
Chieng You Ping  (resigned with effect from 1 December 2021)	Independent Non-Executive Director	5 April 2017	26 April 2021	<u>Present Directorships</u> None  <u>Past Directorships</u> None	<ul style="list-style-type: none"> <li>• Sin Matu Sdn Bhd</li> <li>• Sin Matu Realty Sdn Bhd</li> <li>• Sin Matu Shipyard Sdn Bhd</li> <li>• Panorama Bina Sdn. Bhd.</li> <li>• Top Edge Bricks Factory Sdn.Bhd.</li> </ul>

## BOARD PERFORMANCE

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

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

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

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

# CORPORATE GOVERNANCE REPORT

For FY2021, the Board is satisfied that the Chairman and each individual Director has allocated sufficient time and attention to the affairs of the Company, and is of the view that the effectiveness of the Board as a whole and of each of the Board Committees, as well as the contribution of each Director to the effectiveness of the Board and Board Committees has been satisfactory.

## REMUNERATION MATTERS

### PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

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

#### *Remuneration Committee*

In FY2021, the RC comprised two Non-Executive Independent Directors and one Executive Director. The RC Chairman is an Independent Director. Mr. Chieng You Ping ceased to be a member of the NC with effect from 1 December 2021. As at the date of this report, the RC comprises:

Mr. Wong Leong Chui (Chairman)

Mr. Chang Wei Lu

Mr. Wong Yee Chue (appointed with effect from 28 February 2022)

Pursuant to Provision 6.2 of the Code, the RC should comprise at least three directors and all members of the RC are non-executive directors, the majority of whom, including the RC Chairman, are independent.

While Mr Chang is an executive director of the Company, the Board, having considered the recommendation of the NC and having assessed the qualifications and working experience of Mr Chang, in particular of his business experience in hotel management, property management, food and beverage, and lifestyle management, is of the view that Mr Chang has the related management expertise and experience required as a member of the RC to work with the existing committee members to formulate a remuneration solution that is suitable and relevant to the current business operations of the Group.

The RC meets at least once a year and at such other times as may be necessary. In respect of FY2021, one RC meeting was held. The purpose of the meeting was to review the Directors' fees payable for FY2022 and to consider matters regarding the remuneration policies of the Company as reported in Principle 7 below.

# CORPORATE GOVERNANCE REPORT

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

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

The RC ensures that a formal and transparent procedure is in place for fixing the remuneration packages of each Director and key management personnel. The RC considers all aspects of remuneration including salaries, director's fees, allowances, bonuses, options, share-based incentives, benefits-in-kind and termination terms, to ensure they are fair and avoid rewarding poor performance. The RC's recommendations are submitted for endorsement by the Board. The RC may seek professional advice when necessary on the remuneration of the Directors and key management personnel. No external professional advisers or remuneration consultants were engaged by the RC in FY2021.

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

The RC reviews the fairness and reasonableness of the termination clauses of the service agreements of the Executive Director and key management personnel to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. In FY2017, the RC had reviewed the service agreements of its Executive Chairman and CEO, Mr. Chang Wei Lu and determined that there were no unfair or unreasonable termination clauses which are overly generous. For FY2021, there was no change to the service agreement of the aforementioned personnel since the last review in FY2017 and accordingly, no further review was done on the termination clauses in their service agreements.

## LEVEL AND MIX OF REMUNERATION

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

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

# CORPORATE GOVERNANCE REPORT

Non-Executive Directors receive Directors' fees appropriate to the level of their contributions, taking into account factors such as effort and time spent, and responsibilities of the Directors. Directors' fees are endorsed by the RC and recommended by the Board for Shareholders' approval at the AGM. In respect of FY2021, taking into consideration that no revenue was generated, the RC recommended that, except for Mr. Chew Hai Chiene Hester Arthur, no Directors' fees would be payable to the Directors for FY2021. At the AGM of the Company held in respect of FY2020, the Shareholders had, among others, approved the payment of Director's fees of S\$112,500 to Mr. Chew Hai Chiene Hester Arthur for the period from 25 July 2020 to 31 July 2021 comprising (i) S\$75,150 paid by allotting and issuing 1.67 million new ordinary shares in the capital of the Company at S\$0.045 per share, and (ii) S\$37,350 paid in cash. In FY2021, 1.67 million new ordinary shares in the capital of the Company at S\$0.045 per share were issued to Mr. Chew Hai Chiene Hester Arthur as director fees. In addition, Mr. Chang Wei Lu (Executive Chairman and CEO) has also agreed not to receive any remuneration (including salary, bonus and benefits-in-kind) in respect of FY2021. Please refer to the disclosure under Principle 8 for further details.

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

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

## DISCLOSURE ON REMUNERATION

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

Save for Mr. Chew Hai Chiene Hester Arthur, none of the Directors received any form of remuneration (including Directors' fees, salary, bonus and benefits-in-kind) in FY2021. Mr. Chew's remuneration for the period from 25 July 2020 to 31 July 2021 was S\$112,500, which was paid by the allotment and issuance of 1,670,000 new ordinary shares in the capital of the Company at S\$0.045 per share, and S\$37,350 in cash. Accordingly, on a pro rated basis, Mr. Chew's remuneration for FY2021 in respect of the period from 1 January 2021 to 31 July 2021 was approximately S\$64,113, of which approximately S\$42,827 was paid by way of issuance of new ordinary shares in the capital of the Company at S\$0.045 per share, and approximately S\$21,286 was paid in cash.

The Company will be seeking shareholders' approval to approve the payment of Director's fees of S\$50,000 to Mr. Chew for the period from 1 August 2021 to 31 July 2022 at the forthcoming AGM. If approved by shareholders, Mr. Chew will, on a pro rated basis, receive an additional amount of approximately S\$20,833 in cash for services rendered in FY2021 for the period from 1 August 2021 to 31 December 2021.

Taking into consideration that the Group had not generated any revenue in FY2021, Mr. Chang Wei Lu (Executive Chairman and CEO) has agreed not to receive any remuneration (including salary, bonus and benefits-in-kind) in respect of FY2021.

# CORPORATE GOVERNANCE REPORT

As at the date of this report, the Company has no key management personnel, other than Directors of the Company.

In FY2021, the Company identified the following key management personnel (who is not a Director or the CEO) and the remuneration of the key management personnel is set out below: –

Key Executive	Salary (\$'000)	Bonus (\$'000)	Benefits-in-kind (\$'000)	Total (\$'000)
Below \$250,000				
Mah Seong Kung <sup>(1)</sup>	60	–	–	60

**Note:**

- (1) Mah Seong Kung was appointed as the Group Chief Financial Officer on 25 June 2020 and resigned with effect from 30 September 2021.

There are no termination, retirement and post-employment benefits that were granted to Directors and key management personnel (who are not Directors or the CEO) during FY2021.

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

In FY2021, there were no employees who are substantial shareholders of the Company, or are immediate family members of a Director, CEO or substantial shareholder of the Company.

## ACCOUNTABILITY AND AUDIT

## RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

# CORPORATE GOVERNANCE REPORT

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

Separately, in performing the audit of the financial statements of the Group, the external auditors perform tests over the operating effectiveness of certain controls that they intend to rely on, that are relevant to the preparation of its financial statements. Material non-compliance and internal control weaknesses and recommendations for improvements are noted in their audit report to the AC. The AC has reviewed the effectiveness of the action taken by Management on the recommendations made by the external auditors in this respect. With respect to FY2021, the AC noted that no material non-compliance or internal control weaknesses were identified by the external auditors in their Audit Report.

Given that the Company does not have a chief financial officer and/or a financial controller as at the date of this report, the Executive Chairman and CEO has provided the Board with the management representation letter ("**Management Representation Letter**") in respect of FY2021, that:

- (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- (b) the Group's risk management and internal control systems are adequate and effective.

Based on various management controls put in place by the Management, the Management Representation Letter as well as the reports from the external auditors on follow up actions taken by the Management, the Board, with the concurrence from the AC, is of the opinion that the system of risk management and internal controls maintained by the Group (including financial, operational, information technology and compliance risks of the Group) are adequate and effective as at 31 December 2021. The Board believes that the Group's internal controls provide reasonable, but not absolute assurance against material financial misstatements or losses.

## AUDIT COMMITTEE

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

### *Audit Committee*

The AC comprises three Non-Executive Independent Directors. All the members have recent and relevant accounting or related financial management expertise or experience. Following Mr. Chieng You Ping's cessation as a director of the Company, he ceased to be a member of the AC with effect from 1 December 2021. As at the date of this report, the AC comprises the following members:

Mr. Chew Hai Chiene Hester Arthur (Chairman)

Mr. Wong Leong Chui

Mr. Wong Yee Chue (appointed with effect from 28 February 2022)

# CORPORATE GOVERNANCE REPORT

The Board has reviewed and is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities. The members of the AC are scheduled to meet at least four times a year. In respect of FY2021, four AC meetings were held.

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

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

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

# CORPORATE GOVERNANCE REPORT

The AC has been given full access to and is provided with the cooperation of the Management. In addition, the AC has independent access to the external auditors. To create an environment for open discussion on audit matters, the AC meets with the external auditors without the presence of the Management at least once every financial year to review matters that might be raised privately. In respect of FY2021, the AC and external auditors determined that it was not necessary to meet without the presence of Management as the principal business operations for the Group had yet to commence and the AC was of the view that there were no material concerns with regard to the Group's corporate governance or internal controls.

## *External Audit*

The AC will review the independence of the external auditors annually. There were no non-audit fees paid to the external auditors in FY2021. The AC has reviewed and confirmed the independence and objectivity of the external auditors. The aggregate amount of fees paid or payable by the Group to the external auditors for FY2021 amounted to S\$51,000 for audit services.

The AC is satisfied that the external auditors of the Company, Nexia TS Public Accounting Corporation, which is registered with the Accounting and Corporate Regulatory Authority, are independent and that have also provided a confirmation of their independence to the AC. The AC has assessed the external auditors of the Company based on factors such as performance (taking into consideration the Audit Quality Indicators Disclosure Framework published by the Accounting and Corporate Regulatory Authority), adequacy of resources and experience of their audit engagement partners and audit team assigned to the Group's audit as well as the size and complexity of the Group. Accordingly, the AC is satisfied that Rules 712 and Rule 715 of the Catalist Rules have been complied with and has recommended to the Board the nomination of Nexia TS Public Accounting Corporation for re-appointment as the external auditor for the Company's audit obligations for FY2022, at the forthcoming AGM.

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

# CORPORATE GOVERNANCE REPORT

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

<b>Matters considered</b>	<b>How the AC reviewed these matters and what decisions were made</b>
Going concern issues	<p>The AC considered and assessed the Group's ability to repay its debts as and when they fall due.</p> <p>In assessing the Group's ability to repay its debts, the AC had considered whether the Group's available funds of S\$842,000 as at 31 December 2021 are able to cover the operating costs and liabilities for the next 12 months. The AC had determined the appropriateness of the going concern assumption, taking into consideration (i) the convertible loan agreements entered in FY2019 and January 2020; (ii) the development of Grand Bay; and (iii) the settlement of the Company's liabilities through share-based payment. The AC had determined that the Group's ability to continue as a going concern would depend on additional sources of funding raised from non-related investors during the financial year.</p> <p>The external auditor had expressed that the going concern as the basis of their disclaimer opinion in its audit report for FY2021. Please refer to page 50 of this Annual Report.</p>

## **Whistle-Blowing Policy**

The Company has put in place a whistle-blowing policy. The policy encourages employees and any other person to raise concerns, in confidence, about possible irregularities to the whistle-blowing committee, which comprises the AC. It seeks to provide an avenue for employees and external parties to raise concerns and offer reassurance that they will be protected from reprisals for whistle-blowing in good faith within the limits of the law. Employees of the Company are aware of the whistle-blowing policy and have access to the Lead Independent Non-Executive Director's contact details to provide any feedback. The identity of the whistleblower will be kept confidential. External parties can raise their concerns through the email address, [hesterchew@mercuriuscapital.com](mailto:hesterchew@mercuriuscapital.com).

The AC oversees the administration of the policy and for independent investigations to be carried out, if required, and for the appropriate follow-up action to be taken. Reports, if any, are periodically discussed during the AC meeting(s), or as necessary, stating the number and the nature of complaints received, the results of the investigations, follow-up actions and unresolved complaints. There were no whistleblowing reports received by the AC in FY2021.

# CORPORATE GOVERNANCE REPORT

## *Internal Audit*

The Board is entrusted to review the Group's business and investment activities to identify areas of significant risks as well as appropriate measures to control and mitigate these risks. The Board reviews all significant control policies and procedures and highlights all significant matters to the Management.

The current size of operations of the Group does not warrant the Group having an in-house internal audit function, or to commission an external firm to perform internal audit on the Group. The AC will look into the need for the formation of such internal audit function or the engagement of an external firm to perform internal audit on the Group, as and when the circumstances warrant them. To ensure adequacy of the internal audit function, the AC meets on a regular basis to review this function. In FY2021, the AC had reviewed the audit plans and the findings of the external auditors, which included reviews on the accounting and internal control systems of the operating subsidiaries. The AC will ensure that the Management addresses the management letter points raised, if any, by the external auditors. The AC is generally satisfied with the adequacy of the current arrangement and will continue to assess the adequacy and effectiveness of the internal audit function regularly.

## SHAREHOLDER RIGHTS AND ENGAGEMENT

### SHAREHOLDER RIGHTS AND CONDUCT OF GENERAL MEETINGS

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

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

The annual general meeting of the Company provides a principal forum for dialogue and interaction with Shareholders. Participation of Shareholders is encouraged at the Company's general meetings. Shareholders are informed of general meetings through the Company's announcements and press releases via SGXNET, as well as through reports/circulars sent to all Shareholders. These notices are also published on the Company's corporate website. In 2021, due to the COVID-19 pandemic, the Company's AGM (in respect of FY2020) was held by way of electronic means, through "live webcast" and "audio-only" means. The Company also published a letter to shareholders, together with the Notice of the AGM, detailing the alternative arrangements for the AGM. Voting at the AGM was by proxy only, with Shareholders who wished to vote, appointing the Chairman of the AGM as their proxy. The Company had received several questions from the Securities Investors Association (Singapore) (SIAS) prior to the AGM. The Company had responded to such queries from SIAS via a SGXNET announcement released on 23 April 2021 and the Company's website, together with the minutes of the AGM.

# CORPORATE GOVERNANCE REPORT

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

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

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

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

All Directors, key management personnel, the Company’s external auditors and if necessary, the Company’s lawyers, attend the general meeting of the Company. The respective Chairman of the AC, NC and RC are usually present at such general meetings to address questions relating to the work of their respective Board Committees at general meetings while the external auditors are present to address Shareholders’ queries about the conduct of audit and the preparation and content of the auditor’s report. Save for Mr Chieng You Ping, the rest of the Directors holding office in FY2021 were present virtually at the AGM held on 26 April 2021.

At the AGM, the Shareholders are given the opportunity to express their views and raise any queries regarding the Company. The proceedings of all general meetings including questions and answers exchange between the Company and Shareholders are recorded in the minutes books of the Company. The Company will publish the minutes of general meetings of Shareholders, prepared by the Company Secretary, on SGXNET as well as its corporate website as soon as practicable. The minutes record substantial and relevant comments or queries from Shareholders relating to the agenda of the general meeting, and responses from the Board and Management. In respect of the FY2020 AGM which was held on 26 April 2021, the Company had published the minutes of the FY2020 AGM on its corporate website and the SGXNET within one month from the conclusion of the FY2020 AGM.

The Company does not have a fixed dividend policy. The payment of dividends will be contingent on the Company’s earnings, business and economic prospects, working capital requirements and other factors deemed appropriate by the Directors. The Company will not be declaring dividends as it was not profitable in FY2021.

# CORPORATE GOVERNANCE REPORT

## ENGAGEMENT WITH SHAREHOLDERS

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

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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

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

## MANAGING STAKEHOLDER RELATIONSHIPS

### ENGAGEMENT WITH STAKEHOLDERS

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

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

The Company has arrangements in place to identify and engage with its material stakeholder groups and to manage its relationships with such groups, including engaging with stakeholders via its sustainability reports. Key concerns of stakeholders and the Company's strategy and key areas of focus in relation to the management of stakeholder relationships can be found in the Sustainability Report which will be released by 31 May 2022.

# CORPORATE GOVERNANCE REPORT

## Key Stakeholder Engagement

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

Stakeholders	Areas of Concern	Means of Engagement	Section Reference
Employees	<ul style="list-style-type: none"> <li>Ethics and conduct</li> <li>Remuneration and benefits</li> <li>Training and development</li> </ul>	<ul style="list-style-type: none"> <li>Training needs identification exercise</li> <li>Trainings</li> <li>Performance appraisal</li> <li>Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Corruption</li> <li>Social Topics</li> </ul>
Shareholders and Investors	<ul style="list-style-type: none"> <li>Economic performance</li> <li>Anti-corruption</li> </ul>	<ul style="list-style-type: none"> <li>SGX-ST announcements</li> <li>Annual reports</li> <li>Investor relations management</li> <li>Whistle blowing channels</li> <li>Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Corruption</li> <li>Social Topics</li> <li>Property Development</li> </ul>
Government and regulatory bodies	<ul style="list-style-type: none"> <li>Regulatory and industrial requirements</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability reporting</li> <li>Ongoing dialogues</li> </ul>	<ul style="list-style-type: none"> <li>Social Topics</li> </ul>
Communities	<ul style="list-style-type: none"> <li>Social development</li> </ul>	<ul style="list-style-type: none"> <li>Sustainability reporting</li> </ul>	<ul style="list-style-type: none"> <li>Social Topics</li> </ul>

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

# CORPORATE GOVERNANCE REPORT

## DEALINGS IN SECURITIES

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

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

During the period between August to December 2021, Mr Chang Wei Lu had inadvertently traded during non-permitted trading period details of which could be found in the change of director's shareholding notification announcements dated 3 February 2022 and a replacement announcement dated 7 February 2022. The Company has since reviewed its internal processes and immediately implemented measures to prevent such similar occurrence from happening in the future, and the trading restrictions are to be conveyed to all relevant parties at the start of the non-permitted trading period (A) via email, text message and phone; and (B) for three (3) consecutive days, starting on the first day of the non-permitted trading period, and on the Monday of the following week, prior to the start of trading on SGX-ST.

## INTERESTED PERSON TRANSACTIONS ("IPT")

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

The Group does not have a general mandate from Shareholders for IPTs pursuant to Rule 920(1)(a)(i) of the Catalist Rules. There were no IPTs entered into between the Company or its subsidiary corporations and any of its interested persons exceeding S\$100,000 during FY2021.

## MATERIAL CONTRACTS

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

# CORPORATE GOVERNANCE REPORT

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

## NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsorship fees paid to Novus Corporate Finance Pte. Ltd. in FY2021.

## USE OF PROCEEDS

On 7 July 2021, there was a placement of 27,272,727 new ordinary shares in the share capital of the Company ("Placement"). An update on the utilisation of the net proceeds from the Placement since the most recent update in the Company's announcement dated 28 February 2022 is as follows:

Intended uses	Amount allocated (S\$'000)	Amount utilised (S\$'000)	Balance (S\$'000)
Business acquisition expenses <sup>(1)</sup>	200	112	88
Payment of borrowings <sup>(2)</sup>	800	289	511
General working capital <sup>(3)</sup>	485	485	-
Total	1,485	886	599

### Notes:-

- (1) 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.
- (2) 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 the Placement will not be utilised to make payment to the director's loan, as disclosed in the Company's announcement of 6 July 2021.
- (3) General working capital includes day-to-day operating expenses for the Group such as professional fees, listing fees, staff cost and office expenses.

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.

# CORPORATE GOVERNANCE REPORT

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

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F of the Catalist Rules relating to Mr. Wong Leong Chui, Mr. Teo Soon Seng and Mr. Wong Yee Chue, being the Directors who are retiring in accordance with the Company’s Constitution at the forthcoming AGM, is set out below:

Name of Directors	Mr. Wong Leong Chui ("Mr. Wong LC")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Wong Yee Chue ("Mr. Wong YC")
Date of appointment	21 February 2017	28 February 2022	28 February 2022
Date of last re-appointment (if applicable)	25 June 2020	Not Applicable	Not Applicable
Age	83	71	54
Country of principal residence	Singapore	Singapore	Malaysia
The Board’s comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The re-election of Mr. Wong LC as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Wong LC’s qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Teo as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Teo’s qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.	The re-election of Mr. Wong YC as a Director of the Company was recommended by the NC and the Board has accepted the recommendation, after taking into consideration Mr. Wong YC’s qualifications, skills, expertise, past experiences and overall contribution since he was appointed as a Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No	No	No
Job Title (e.g. Lead ID, AC Chairman, AC member etc.)	Independent Non-Executive Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee.	Non-Independent Non-Executive Director and member of the Nominating Committee	Independent Non-Executive Director and member of the Audit Committee and Remuneration Committee
Professional qualifications	Nil	Nil	University of Malaya – Bachelor of Laws  High Court of Malaya, Practising Certificate

# CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Wong Leong Chui ("Mr. Wong LC")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Wong Yee Chue ("Mr. Wong YC")
Working experience and occupation(s) during the past 10 years	2000 – Current Chong Tong Construction Pte. Ltd., Managing Director	2015 – Current Executive Director, Hirosawa Clean Technic Holdings Pte. Ltd.  December 2013 – July 2017 Independent Director, Four Seasons Capital Pte. Ltd.  2009 – Current Executive Director, MS Global Pte. Ltd.  2006 – Current Executive Director, Mossad Holdings Pte. Ltd.  2003 – Current Executive Director, Mossad Services Pte. Ltd.	2010 – Current Managing Partner, Y.C. Wong
Shareholding interest in the listed issuer and its subsidiaries	No	Yes  Mr. Teo holds 15,500,000 shares, being approximately 1.17% shareholding interest in the Company.  Mr. Teo is deemed interested in 13,000,000 shares that are held by his spouse, being approximately 0.98% shareholding interest in the Company.	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	Mr. Teo had extended a convertible loan of S\$1,000,000 at a simple interest rate of 10% per annum to the Company in December 2019, with an expiry date of 23 June 2022.	No
Conflict of interest (including any competing business)	No	No	No

# CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Wong Leong Chui ("Mr. Wong LC")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Wong Yee Chue ("Mr. Wong YC")
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Past (for the last 5 years)	Nil	December 2013 – July 2017 Independent Director, Four Seasons Capital Pte. Ltd.	Nil
Present	Managing Director, Chong Tong Construction Pte. Ltd.	Executive Director, Hirosawa Clean Technic Holdings Pte. Ltd.  Executive Director, MS Global Pte. Ltd.  Executive Director, Mossad Holdings Pte. Ltd.  Executive Director, Mossad Services Pte. Ltd.	Managing Partner, Y.C. Wong
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

# CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Wong Leong Chui ("Mr. Wong LC")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Wong Yee Chue ("Mr. Wong YC")
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No

# CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Wong Leong Chui ("Mr. Wong LC")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Wong Yee Chue ("Mr. Wong YC")
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No

# CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Wong Leong Chui ("Mr. Wong LC")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Wong Yee Chue ("Mr. Wong YC")
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:-  (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or  (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No	No

# CORPORATE GOVERNANCE REPORT

Name of Directors	Mr. Wong Leong Chui ("Mr. Wong LC")	Mr. Teo Soon Seng ("Mr. Teo")	Mr. Wong Yee Chue ("Mr. Wong YC")
<p>(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or</p> <p>(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,</p> <p>in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?</p>			
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

In the opinion of the directors,

- (a) the statement of financial position of the Company and the consolidated financial statements of the Group as set out on pages 54 to 109 are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and
- (b) at the date of this statement, subject to the going concern assumptions and measures as set out in Note 3 to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## **Directors**

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

Chang Wei Lu

Wong Leong Chui

Chew Hai Chiene Hester Arthur

Teo Soon Seng (Appointed on 28 February 2022)

Wong Yee Chue (Appointed on 28 February 2022)

## **Arrangements to enable directors to acquire shares and debentures**

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Directors' interests in shares or debentures

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

	Holdings registered in name of director	
	<u>At 31.12.2021</u>	<u>At 1.1.2021</u>
<b>The Company</b>		
<b><u>(No. of ordinary shares)</u></b>		
Chang Wei Lu	320,538,834	328,041,534
Chew Hai Chiene Hester Arthur	4,170,000	2,500,000

By virtue of section 7 of Singapore Companies Act 1967, Mr. Chang Wei Lu is deemed to have an interest in the shares of all the Company's subsidiary corporations at the beginning and end of the financial year.

The Directors' interests in the ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

## Share options

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

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

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

## Audit committee

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

- Chew Hai Chiene Hester Arthur (Chairman)
- Wong Leong Chui

All members of the Audit Committee are independent non-executive directors.

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Audit committee (Continued)

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

- The audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- The assistance given by the Company's management to the independent auditor;
- The statement of financial position of the Company and the consolidated financial statements of the Group for the financial year ended 31 December 2021 before their submission to the Board of Directors as well as the independent auditor's report on the statement of financial position of the Company and the consolidated financial statements of the Group;
- Transactions falling within the scope of Chapter 9 of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist ("**Catalist Rules**");
- The quarterly financial results and annual financial statements, results announcements and media releases before submission to the Board of Directors for approval, focusing on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the statutory audit, compliance with accounting standards and compliance with the Catalist Rules and any other relevant statutory or regulatory requirements; and
- The independence and objectivity of the independent auditor.

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

# DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## Independent auditor

The independent auditor, Nexia TS Public Accounting Corporation, has expressed its willingness to accept re-appointment.

On behalf of the directors

.....  
**Chang Wei Lu**  
Director

.....  
**Wong Leong Chui**  
Director

**11 April 2022**

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

## Report on the Audit of the Financial Statements

### *Disclaimer of Opinion*

We were engaged to audit the accompanying consolidated financial statements of Mercurius Capital Investment Limited (the “**Company**”) and its subsidiary corporations (the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

### *Bases for Disclaimer of Opinion*

#### **1. Going concern**

As disclosed in Note 3 to the financial statements, the Group has incurred a net loss of \$2,267,000 for the financial year ended 31 December 2021 and, as of that date, the Group and the Company are in net current liabilities position of \$3,671,000 and \$3,631,000 (2020: \$4,196,000 and \$4,110,000) respectively. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

The directors of the Company believe that the going concern basis of preparation of the financial statements is appropriate, having considered the unrestricted cash balances of the Group and the Company of \$842,000 and \$840,000 (2020: \$247,000 and \$240,000) as at 31 December 2021 respectively. In addition, the Company has obtained an undertaking letter 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 \$300,000 to the said director for the financial year ending 31 December 2022 and the Company has also signed supplementary agreements with all the convertible loan holders to extend the maturity dates of the outstanding principal convertible loan amount of \$3,300,000, to June 2022 and July 2022.

The ability of the Group and the Company to continue as going concerns also depend on the abilities of the Group and the Company to source for additional fund to settle/discharge their remaining current liabilities in the next twelve months from the end of financial year and it is uncertain as to when the Group and the Company will be able to raise further funds through any fund raising exercise.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

## *Bases for Disclaimer of Opinion (Continued)*

### 1. **Going concern** (Continued)

The financial statements have been prepared on the going concern basis of accounting based on the above assumptions which are vastly premised on future events and market conditions, the outcome of which is inherently uncertain. Therefore, we are unable to obtain sufficient audit evidence to be able to form an opinion as to whether the going concern basis of preparation of the accompanying financial statements of the Group and of the Company is appropriate.

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

### 2. **Investment in a joint venture**

The Group accounts for its investment in a joint venture, Grand Bay Hotel Co., Ltd ("**Grand Bay**"), using the equity method as described in Note 2.4(c) to the financial statements.

We were unable to obtain sufficient appropriate audit evidence and all information and explanations, which we considered necessary to provide us with reasonable assurance about whether the unaudited financial statements of Grand Bay, which has been equity accounted for in the consolidated financial statements of the Group for the financial year ended 31 December 2021, as a whole are free from material misstatement, whether due to fraud or error, in all material respects, in accordance with SFRS(I). Accordingly, we are unable to obtain sufficient appropriate audit evidence on the share of losses of Grand Bay amounting to \$1,119,000 (2020: \$777,000) recognised in the consolidated statement of comprehensive income and the carrying amount of the investment in Grand Bay amounting to \$6,476,000 (2020: \$8,219,000) recognised in the consolidated statement of financial position. We are also unable to perform other alternative procedures to satisfy ourselves with respect to the recoverable amount and resultant impairment, if any, on the carrying amount of the investment in joint venture at the reporting date. As a result of the above, we are unable to determine the adjustments, if any and other information to be made and disclosed respectively in the financial statements.

The matters mentioned above have been included in our modified opinion in the independent auditor's report on the consolidated financial statements of the Group for the financial year ended 31 December 2020 dated 30 March 2021.

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

## *Responsibilities of Management and Directors for the Financial Statements*

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

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

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

## *Auditor’s Responsibilities for the Audit of the Financial Statements*

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

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

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MERCURIUS CAPITAL INVESTMENT LIMITED

## **Report on Other Legal and Regulatory Requirements**

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

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

**Nexia TS Public Accounting Corporation**  
*Public Accountants and Chartered Accountants*

**Singapore**

**11 April 2022**

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 \$'000
Other income	6	8	75
Other losses, net	7	(24)	(7)
Expenses:			
– Administrative	4	(691)	(717)
– Finance	8	(441)	(563)
Share of loss of joint venture	14	(1,119)	(777)
<b>Loss before income tax</b>		<b>(2,267)</b>	<b>(1,989)</b>
Income tax expense	9(a)	–	–
<b>Net loss</b>		<b>(2,267)</b>	<b>(1,989)</b>
Other comprehensive loss:			
<b>Items that may be reclassified subsequently to profit or loss:</b>			
– Share of other comprehensive loss of joint venture	21(b)	(624)	(264)
– Currency translation gains/(losses) arising from consolidation	21(b)	24	10
Other comprehensive loss, net of tax		(600)	(254)
<b>Total comprehensive loss</b>		<b>(2,867)</b>	<b>(2,243)</b>
<b>Net loss attributable to:</b>			
Equity holders of the Company		(2,267)	(1,988)
Non-controlling interests		*	(1)
		<b>(2,267)</b>	<b>(1,989)</b>
<b>Total comprehensive loss attributable to:</b>			
Equity holders of the Company		(2,867)	(2,242)
Non-controlling interests		*	(1)
		<b>(2,867)</b>	<b>(2,243)</b>
<b>Losses per share attributable to equity holders of the Company (cents per share)</b>			
Basic and diluted losses per share	10	(0.17)	(0.15)

\* Less than \$1,000

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

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances	11	842	247	840	240
Trade and other receivables	12	93	57	100	107
Income tax recoverable	9(b)	1	1	–	–
		<u>936</u>	<u>305</u>	<u>940</u>	<u>347</u>
<b>Non-current assets</b>					
Investments in subsidiary corporations	13	–	–	–	*
Investment in a joint venture	14	6,476	8,219	9,260	9,260
Property, plant and equipment	15	21	35	21	35
Right-of-use assets	16	86	234	86	234
		<u>6,583</u>	<u>8,488</u>	<u>9,367</u>	<u>9,529</u>
<b>TOTAL ASSETS</b>		<u><b>7,519</b></u>	<u><b>8,793</b></u>	<u><b>10,307</b></u>	<u><b>9,876</b></u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	17	535	525	499	481
Lease liabilities	18(e)	129	163	129	163
Convertible loans	19	3,943	3,813	3,943	3,813
		<u>4,607</u>	<u>4,501</u>	<u>4,571</u>	<u>4,457</u>
<b>Non-current liabilities</b>					
Lease liabilities	18(e)	–	91	–	91
<b>TOTAL LIABILITIES</b>		<u><b>4,607</b></u>	<u><b>4,592</b></u>	<u><b>4,571</b></u>	<u><b>4,548</b></u>
<b>NET ASSETS</b>		<u><b>2,912</b></u>	<u><b>4,201</b></u>	<u><b>5,736</b></u>	<u><b>5,328</b></u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	20	142,852	141,277	142,852	141,277
Other reserves	21	(2,122)	(1,522)	805	805
Accumulated losses		(137,826)	(135,559)	(137,921)	(136,754)
		<u>2,904</u>	<u>4,196</u>	<u>5,736</u>	<u>5,328</u>
<b>Non-controlling interests</b>	13	8	5	–	–
<b>TOTAL EQUITY</b>		<u><b>2,912</b></u>	<u><b>4,201</b></u>	<u><b>5,736</b></u>	<u><b>5,328</b></u>

\* Less than \$1,000

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	← Attributable to equity owners of the Company →			Non-	Total
	Share capital	Other reserves	Accumulated losses	controlling interests	equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>					
<b>2021</b>					
Beginning of financial year	141,277	(1,522)	(135,559)	5	4,201
Loss for the financial year	-	-	(2,267)	*	(2,267)
Other comprehensive loss for the financial year	-	(600)	-	*	(600)
Total comprehensive loss for the financial year	-	(600)	(2,267)	*	(2,867)
Issuance of new ordinary shares (Note 20)	1,500	-	-	-	1,500
Share-based payment (Notes 20 and 21(a))	75	-	-	-	75
Disposal of subsidiary corporation	-	-	-	3	3
End of financial year	<b>142,852</b>	<b>(2,122)</b>	<b>(137,826)</b>	<b>8</b>	<b>2,912</b>

\* Less than \$1,000

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	← Attributable to equity owners of the Company →			Non-	Total
	Share capital	Other reserves	Accumulated losses	controlling interests	equity
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2020</b>					
Beginning of financial year	140,399	(1,135)	(133,571)	6	5,699
Loss for the financial year	-	-	(1,988)	(1)	(1,989)
Other comprehensive loss for the financial year	-	(254)	-	-	(254)
Total comprehensive loss for the financial year	-	(254)	(1,988)	(1)	(2,243)
Issuance of new ordinary shares (Note 20)	500	-	-	-	500
Share-based payment (Notes 20 and 21(a))	378	(206)	-	-	172
Equity components of convertible loans (Note 21(c))	-	73	-	-	73
End of financial year	141,277	(1,522)	(135,559)	5	4,201

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>			
Net loss		(2,267)	(1,989)
Adjustments for:			
– Depreciation of property, plant and equipment	4	14	13
– Depreciation of right-of-use assets	4	148	148
– Interest expense	8	441	563
– Share-based payment expenses	21(a)	75	172
– Rent concession	6	-	(26)
– Share of loss of joint venture	14	1,119	777
– Unrealised currency translation losses		27	10
		(443)	(332)
<b>Change in working capital:</b>			
– Trade and other receivables		(36)	24
– Trade and other payables		(5)	(237)
<b>Cash used in operations</b>		(484)	(545)
Interest paid		(7)	(14)
<b>Net cash used in operating activities</b>		(491)	(559)
<b>Cash flows used in investing activities</b>			
Partial payments for investment in a joint venture		-	(1,679)
<b>Net cash used in investing activities</b>		-	(1,679)
<b>Cash flows from financing activities</b>			
Proceeds from convertible loans	19	-	800
Proceeds from issuance of new ordinary shares	20	1,500	500
Repayment of lease liabilities		(125)	(105)
Repayment of convertible loans	19	(289)	-
<b>Net cash provided by financing activities</b>		1,086	1,195
<b>Net increase/(decrease) in cash and cash equivalents</b>		595	(1,043)
<b>Cash and cash equivalents</b>			
Beginning of financial year		247	1,290
<b>End of financial year</b>	11	842	247

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

*Reconciliation of liabilities arising from financing activities*

	1 January 2021 \$'000	Proceeds received/ (Repayment) \$'000	Principal and interest payment \$'000	← Non-cash movement →			31 December 2021 \$'000
				Rent concession \$'000	Interest expense \$'000	Equity components '000	
Convertible loans	3,813	(289)	-	-	419	-	3,943
Lease liabilities	254	-	(132)	-	7	-	129
	1 January 2020 \$'000	Proceeds received/ (Repayment) \$'000	Principal and interest payment \$'000	← Non-cash movement →			31 December 2020 \$'000
				Rent concession \$'000	Interest expense \$'000	Equity components '000	
Convertible loans	2,537	800	-	-	549	(73)	3,813
Lease liabilities	385	-	(119)	(26)	14	-	254

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

## 1. GENERAL INFORMATION

Mercurius Capital Investment Limited (the “**Company**”) is listed on the Singapore Exchange Securities Trading Limited (the “**Singapore Exchange**” or “**SGX-ST**”) and incorporated and domiciled in Singapore. The address of its registered office is 6 Shenton Way, #42-04 OUE Downtown 1, Singapore 068809.

The principal activities of the Company are property development and property investment. The principal activities of the subsidiary corporations are set out in Note 13 to the financial statements.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

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

The preparation of financial statements in conformity with SFRS(I) requires management to exercise its judgement in the process of applying the Group’s accounting policies. It also requires the use of certain critical accounting estimates and assumptions. 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 Note 3 to the financial statements.

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

### Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) (“**INT SFRS(I)**”) that are mandatory for application for the financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Revenue recognition

Interest income

Interest income is recognised using the effective interest method.

### 2.3 Government grants

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

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

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

### 2.4 Group accounting

(a) Subsidiary corporations

(i) Consolidation

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (a) Subsidiary corporations (Continued)

##### (i) Consolidation (Continued)

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

##### (ii) Acquisitions

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

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

Acquisition-related costs are expensed as incurred.

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

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

Acquisition-related costs are expensed as incurred.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (a) Subsidiary corporations (Continued)

##### (ii) Acquisitions (Continued)

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

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

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

##### (iii) Disposals

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

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

Please refer to the paragraph "Investments in subsidiary corporations and joint venture" for the accounting policy on investments in subsidiary corporations in the separate financial statements of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (b) Transactions with non-controlling interests

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

#### (c) Joint venture

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

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

#### (i) Acquisitions

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

#### (ii) Equity method of accounting

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.4 Group accounting (Continued)

#### (c) Joint venture (Continued)

##### (ii) Equity method of accounting (Continued)

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

##### (iii) Disposals

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

Please refer to the paragraph "Investments in subsidiary corporations and joint venture" for the accounting policy on investment in a joint venture in the separate financial statements of the Company.

### 2.5 Property, plant and equipment

#### (a) Measurement

##### (i) Property, plant and equipment

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

##### (ii) Components of costs

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Property, plant and equipment (Continued)

#### (b) Depreciation

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

	<u>Useful lives</u>
Office equipment	5 years
Renovation	3 years
Office unit	3 years

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

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

#### (c) Subsequent expenditure

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

#### (d) Disposal

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

### 2.6 Borrowing costs

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

### 2.7 Investments in subsidiary corporations and joint venture

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.8 Impairment of non-financial assets

*Property, plant and equipment*

*Right-of-use assets*

*Investments in subsidiary corporations and joint venture*

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

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

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

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease. Please refer to the paragraph "Property, plant and equipment" for the treatment of revaluation decrease.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets

#### (a) Classification and measurement

The Group classifies its financial assets at amortised cost.

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

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

#### *At initial recognition*

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

#### *At subsequent measurement*

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

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

Debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

#### (b) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 24(b) details how the Group determines whether there has been a significant increase in credit risk.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.9 Financial assets (Continued)

#### (c) Recognition and derecognition

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

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

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

### 2.10 Offsetting of financial instruments

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

### 2.11 Trade and other payables

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

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

### 2.12 Convertible loans

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.12 Convertible loans (Continued)

#### (a) Compound financial instruments

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

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

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

#### (b) Equity instruments

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

#### (c) Interest cost

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

### 2.13 Leases

When the Group is the lessee

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Leases (Continued)

When the Group is the lessee (Continued)

#### (i) Right-of-use assets

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

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

#### (ii) Lease liabilities

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

Lease payments include the following:

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.13 Leases (Continued)

When the Group is the lessee (Continued)

#### (ii) Lease liabilities (Continued)

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

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

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

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

#### (iii) Short term and low value leases

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.14 Income taxes

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

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

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

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

Deferred income tax is measured:

- (i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date; and
- (ii) based on the tax consequence that will follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amounts of its assets and liabilities.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.15 Provisions

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

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

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

### 2.16 Employee compensation

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

#### Defined contribution plans

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

### 2.17 Share-based payment

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

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 21(a) to the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. As at each reporting date, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to other reserve.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Currency translation

#### (a) Functional and presentation currency

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

#### (b) Transactions and balances

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the reporting date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the consolidated financial statements, currency translation differences arising from borrowings in foreign currencies and other currency instruments designated and qualifying as net investments hedges and net investment in foreign operations, are recognised in other comprehensive income and accumulated in the currency translation reserve.

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.18 Currency translation (Continued)

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

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

- (i) assets and liabilities are translated at the closing exchange rates at the reporting date;
- (ii) income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income and accumulated in the currency translation reserve. These currency translation differences are reclassified to profit or loss on disposal or partial disposal with loss of control of the foreign operation.

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

### 2.19 Segment reporting

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

### 2.20 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

### 2.21 Share capital

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 3. GOING CONCERN

During the financial year ended 31 December 2021, the Group has incurred a net loss of \$2,267,000 (2020: \$1,989,000). In addition, the Group and the Company are in net current liabilities position of \$3,671,000 and \$3,631,000 respectively as at 31 December 2021 (2020: \$4,197,000 and \$4,110,000). These events or conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's ability to continue as going concerns and discharge their liabilities in the ordinary course of business.

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

- 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 \$300,000 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 loan amount of \$3,300,000, to June 2022 and July 2022 which management is still negotiating to further extend the convertible loan; and
- The ability of the Group and the Company to obtain additional fund through future placement of shares and/or convertible loans to settle/discharge their current liabilities in the next twelve months from the end of financial year ended 31 December 2021.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 4. EXPENSES BY NATURE

	Group	
	2021	2020
	\$'000	\$'000
Audit fee paid/payable to auditors:		
– auditor of the Company	51	51
– other auditors	8	6
Non-audit fee paid/payable to auditors of the Company	–	2
Depreciation of property, plant and equipment (Note 15)	14	13
Depreciation of right-of-use assets (Note 16)	148	148
Employee compensation (Note 5)	53	73
Director's fee (Note 23)	112	63
Office	26	27
Professional fees	271	301
Travelling	*	4
Bad debt written-off	–	17
Other	8	12
Total administrative expenses	<u>691</u>	<u>717</u>

\* Less than \$1,000

## 5. EMPLOYEE COMPENSATION

	Group	
	2021	2020
	\$'000	\$'000
Wages, salaries and short-term benefits	45	63
Employer's contribution to defined contribution plans, including Central Provident Fund	8	10
	<u>53</u>	<u>73</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. OTHER INCOME

	Group	
	2021	2020
	\$'000	\$'000
Government grant	3	13
Other grants	5	–
Rent concession	–	26
Reversal of over accrual in prior year	–	36
	<b>8</b>	<b>75</b>

Government grant of \$3,000 (2020: \$13,000) was recognised during the financial year under the Jobs Support Scheme (the “JSS”). The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

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

## 7. OTHER LOSSES, NET

	Group	
	2021	2020
	\$'000	\$'000
Currency exchange losses, net	<b>(24)</b>	<b>(7)</b>

## 8. FINANCE EXPENSES

	Group	
	2021	2020
	\$'000	\$'000
Interest expense		
– Convertible loans	419	549
– Lease liabilities (Note 18(c))	7	14
– Amount due to director	15	–
	<b>441</b>	<b>563</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 9. INCOME TAXES

### (a) Income tax expense

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

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss before income tax	<b>(2,267)</b>	(1,989)
Share of losses of joint venture (Note 14)	<b>1,119</b>	777
	<b>(1,148)</b>	(1,212)
Tax calculated at tax rate of 17% (2020: 17%)	<b>(195)</b>	(206)
Effects of:		
– Different tax rates in other countries	<b>(1)</b>	(10)
– Expenses not deductible for tax purposes	<b>75</b>	127
– Deferred tax assets not recognised	<b>121</b>	89
	<b>-</b>	-

Deferred income tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profits is probable. The Group has unrecognised tax losses of approximately \$18,012,000 (2020: \$17,299,000) at the reporting date which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses in their respective countries of incorporation. The tax losses have no expiry date.

### (b) Movement in current income tax recoverable:

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning and end of financial year	<b>1</b>	1
Presented as:		
Income tax recoverable	<b>1</b>	1

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. LOSSES PER SHARE

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

	<u>2021</u>	<u>2020</u>
Net loss attributable to equity holders of the Company (\$'000)	<u>(2,267)</u>	<u>(1,988)</u>
Weighted average number of ordinary shares outstanding for basic losses per share ('000)	<u>1,311,399</u>	<u>1,286,204</u>
Basic losses per share (cents)	<u>(0.17)</u>	<u>(0.15)</u>

For the purpose of calculating diluted losses per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. As at 31 December 2021 and 2020, the Company has dilutive potential ordinary shares from convertible loans and share based payments.

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

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

	<u>2021</u>	<u>2020</u>
Net loss attributable to equity holders of the Company (\$'000)	<u>(2,267)</u>	<u>(1,988)</u>
Add back: Interest expense on convertible loans, net of tax (\$'000) (Note 8)	<u>419</u>	<u>549</u>
Net loss used to determine diluted losses per share (\$'000)	<u>(1,848)</u>	<u>(1,439)</u>
Weighted average number of ordinary shares outstanding for basic losses per share ('000)	<u>1,311,399</u>	<u>1,286,204</u>
Adjustments for ('000)		
– Convertible loans (Note 19)	<u>39,591</u>	<u>39,050</u>
– Share based payments (Note 21(a))	<u>10,000</u>	<u>10,000</u>
	<u>1,360,990</u>	<u>1,335,254</u>
Diluted losses per share (cents)	<u>(0.17)*</u>	<u>(0.15)*</u>

\* The diluted loss per share computations have not taken into consideration the effects of the shares to be issued and convertible loans as at 31 December 2021 and 2020, as they were anti-dilutive.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. CASH AND BANK BALANCES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Cash at bank	840	247	838	240
Cash on hand	2	*	2	*
	<b>842</b>	<b>247</b>	<b>840</b>	<b>240</b>

\* Less than \$1,000

## 12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables				
– Non-related parties	20	20	–	–
– Subsidiary corporations	–	–	133	133
	<b>20</b>	<b>20</b>	<b>133</b>	<b>133</b>
Less: Allowance for impairment of trade receivables (Note 24(b))				
– Non-related parties	(20)	(20)	–	–
– Subsidiary corporations	–	–	(133)	(133)
	<b>(20)</b>	<b>(20)</b>	<b>(133)</b>	<b>(133)</b>
Trade receivables – net	–	–	–	–
Other receivables				
– Non-related parties	801	795	801	795
– Subsidiary corporations	–	–	806	850
	<b>801</b>	<b>795</b>	<b>1,607</b>	<b>1,645</b>
Less: Allowance for impairment of other receivables (Note 24(b))				
– Non-related parties	(786)	(786)	(785)	(785)
– Subsidiary corporations	–	–	(800)	(800)
	<b>(786)</b>	<b>(786)</b>	<b>(1,585)</b>	<b>(1,585)</b>
Other receivables – net	15	9	22	60
Deposits	78	48	78	47
	<b>93</b>	<b>57</b>	<b>100</b>	<b>107</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 13. INVESTMENTS IN SUBSIDIARY CORPORATIONS

	Company	
	2021	2020
	\$'000	\$'000
<i>Equity investments at cost</i>		
Beginning and end of financial year	7,560	7,560
<i>Allowance for impairment</i>		
Beginning and end of financial year	7,560	7,560
Net carrying amount	–	*

\* Less than \$1,000

Details of the subsidiary corporations as at 31 December 2021 and 2020 are as follows:

Name of companies	Principal activities	Country of business/ incorporation	Equity interest held by the Group	
			2021	2020
			%	%
<b>Held by the Company:</b>				
Friven & Co. Singapore Pte. Ltd. <sup>(a)(d)</sup>	Dormant	Singapore	100	100
Friven (Malaysia) Sdn. Bhd. <sup>(b)(d)</sup>	Dormant	Malaysia	100	100
Vicmark Manufacturing Sdn. Bhd. <sup>(b)(d)</sup>	Dormant	Malaysia	100	100
Mercurius Capital Sdn. Bhd. <sup>(c)</sup>	Investment holding	Malaysia	–	100
Mayfran International (Shanghai) Co., Ltd. <sup>(d)</sup>	Dormant	People's Republic of China	100	100
PT Friven Lifestyle <sup>(d)</sup>	Dormant	Indonesia	90	90
<b>Held by Friven (Malaysia) Sdn. Bhd.:</b>				
Friven & Co. Lifestyle Sdn. Bhd. <sup>(b)(d)</sup>	Dormant	Malaysia	100	100
<b>Held by Mercurius Capital Sdn. Bhd.:</b>				
Mercurius HM Realty Sdn. Bhd. <sup>(c)</sup>	Property investment and property development	Malaysia	–	60

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

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

(c) Audited by WHLK Chartered Accountants, Malaysia. The respective entities have been struck-off during the current financial year ended 31 December 2021.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 13. INVESTMENTS IN SUBSIDIARY CORPORATIONS (CONTINUED)

### Carrying value of non-controlling interests

	Group	
	2021 \$'000	2020 \$'000
PT Friven Lifestyle	8	8
Mercurius HM Realty Sdn. Bhd.	–	(3)
Total	<b>8</b>	<b>5</b>

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

## 14. INVESTMENT IN A JOINT VENTURE

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Beginning of financial year	<b>8,219</b>	–	<b>9,260</b>	–
Currency translation differences (Note 21(b))	<b>(624)</b>	(264)	–	–
Additions	–	9,260	–	9,260
Share of losses (Note 9(a))	<b>(1,119)</b>	(777)	–	–
End of financial year	<b>6,476</b>	8,219	<b>9,260</b>	9,260

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

Name of companies	Principal activities	Country of business/ incorporation	Equity interest held by the Group	
			2021 %	2020 %
Grand Bay Hotel Co., Ltd <sup>(a)</sup>	Real estate development	Thailand	<b>50</b>	50

(a) Audited by Bunchikij Co., Ltd, Thailand

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. INVESTMENT IN A JOINT VENTURE (CONTINUED)

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

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

### Summarised financial information for joint venture

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

#### Summarised statement of financial position

	Grand Bay Hotel Co., Ltd	
	2021	2020
	\$'000	\$'000
<b>Current assets</b>	<b>14,346</b>	<b>15,693</b>
Includes:		
– Cash and cash equivalents	1	1
<b>Current liabilities</b>	<b>(4,329)</b>	<b>(2,346)</b>
<b>Non-current assets</b>	<b>91</b>	<b>9</b>
<b>Net assets</b>	<b>10,108</b>	<b>13,356</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. INVESTMENT IN A JOINT VENTURE (CONTINUED)

### Summarised financial information for joint venture (Continued)

#### Summarised statement of comprehensive income

	<b>Grand Bay Hotel Co., Ltd</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Interest income</b>	*	*
<b>Expenses</b>	<b>(2,237)</b>	<b>(1,554)</b>
Includes:		
– Interest expense	<b>(2,208)</b>	<b>(1,514)</b>
Loss before income tax	<b>(2,237)</b>	<b>(1,554)</b>
Income tax expense	–	–
<b>Net loss, representing total comprehensive loss</b>	<b>(2,237)</b>	<b>(1,554)</b>

\* Less than \$1,000

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

#### Reconciliation of summarised financial information

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

	<b>Grand Bay Hotel Co., Ltd</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Net assets</b>	<b>10,108</b>	<b>13,356</b>
Group's equity interest	<b>50%</b>	<b>50%</b>
Group's share of net assets	<b>5,054</b>	<b>6,678</b>
Goodwill	<b>1,422</b>	<b>1,541</b>
<b>Carrying value</b>	<b>6,476</b>	<b>8,219</b>

The parcel of land held by Grand Bay is located at Ao Po, Phuket, Thailand and measuring approximately 35.31 Rai, is pending development as the Sheraton Phuket Grand Bay Resort. The tenure of the land is freehold. The fair value of the property is valued at THB564.96 million (approximately S\$22.60 million based on an exchange rate of THB1.00 : S\$0.04 as at 9 April 2022) based on a 2018 valuation commissioned by Grand Bay. The valuation has not been updated as there is currently no progress on the development on the land.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. PROPERTY, PLANT AND EQUIPMENT

	Office equipment \$'000	Renovation \$'000	Total \$'000
<b>Group</b>			
<b>2021</b>			
<i>Cost</i>			
Beginning and end of financial year	<u>80</u>	<u>25</u>	<u>105</u>
<i>Accumulated depreciation</i>			
Beginning of financial year	59	11	70
Depreciation charge (Note 4)	<u>5</u>	<u>9</u>	<u>14</u>
End of financial year	<u>64</u>	<u>20</u>	<u>84</u>
<i>Net book value</i>			
End of financial year	<u>16</u>	<u>5</u>	<u>21</u>
<b>2020</b>			
<i>Cost</i>			
Beginning and end of financial year	<u>80</u>	<u>25</u>	<u>105</u>
<i>Accumulated depreciation</i>			
Beginning of financial year	55	2	57
Depreciation charge (Note 4)	<u>4</u>	<u>9</u>	<u>13</u>
End of financial year	<u>59</u>	<u>11</u>	<u>70</u>
<i>Net book value</i>			
End of financial year	<u>21</u>	<u>14</u>	<u>35</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Office equipment \$'000	Renovation \$'000	Total \$'000
<b>Company</b>			
<b>2021</b>			
<i>Cost</i>			
Beginning and end of financial year	<u>66</u>	<u>25</u>	<u>91</u>
<i>Accumulated depreciation</i>			
Beginning of financial year	45	11	56
Depreciation charge	<u>5</u>	<u>9</u>	<u>14</u>
End of financial year	<u>50</u>	<u>20</u>	<u>70</u>
<i>Net book value</i>			
End of financial year	<u>16</u>	<u>5</u>	<u>21</u>
<b>2020</b>			
<i>Cost</i>			
Beginning and end of financial year	<u>66</u>	<u>25</u>	<u>91</u>
<i>Accumulated depreciation</i>			
Beginning of financial year	41	2	43
Depreciation charge	<u>4</u>	<u>9</u>	<u>13</u>
End of financial year	<u>45</u>	<u>11</u>	<u>56</u>
<i>Net book value</i>			
End of financial year	<u>21</u>	<u>14</u>	<u>35</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 16. RIGHT-OF-USE ASSETS

The Group and Company leases office premise for a contractual period of three years.

	<b>Office unit \$'000</b>
<b>Group and Company</b>	
<b>2021</b>	
<i>Cost</i>	
Beginning and end of financial year	<u>444</u>
<i>Accumulated depreciation</i>	
Beginning of financial year	210
Depreciation charge (Note 4)	<u>148</u>
End of financial year	<u>358</u>
<i>Net book value</i>	
End of financial year (Note 18(a))	<u>86</u>
<b>2020</b>	
<i>Cost</i>	
Beginning and end of financial year	<u>444</u>
<i>Accumulated depreciation</i>	
Beginning of financial year	62
Depreciation charge (Note 4)	<u>148</u>
End of financial year	<u>210</u>
<i>Net book value</i>	
End of financial year (Note 18(a))	<u>234</u>

Lease terms are negotiated on an individual basis. The lease agreements do not impose any covenants. Leased assets may not be used as security for borrowing purposes.

The lease for office premise contains extension option, for which the related lease payments had not been included in lease liabilities as the Group and the Company is not reasonably certain to exercise this extension option. The extension option is exercisable by the Group and the Company and not by the lessor.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade payables				
– Non-related parties	3	3	–	–
– Subsidiary corporations	–	–	1	1
	3	3	1	1
Other payables				
– Non-related parties	110	133	95	110
– Director	300	300	300	300
	410	433	395	410
Accruals for operating expenses				
– Employment compensation	9	9	9	9
– Other operating expenses	113	80	94	61
	122	89	103	70
	<b>535</b>	<b>525</b>	<b>499</b>	<b>481</b>

The other payables to director are unsecured, interest-free and are payable on demand.

## 18. LEASE LIABILITIES – THE GROUP AND THE COMPANY AS A LESSEE

Nature of the Group's and the Company's leasing activities

The leases office space for the purpose of back office operation services.

(a) Carrying amounts

	2021 \$'000	2020 \$'000
Office lease (Note 16)	86	234

(b) Depreciation charge during the year

	2021 \$'000	2020 \$'000
Office lease (Note 4 and 16)	148	148

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 18. LEASE LIABILITIES – THE GROUP AND THE COMPANY AS A LESSEE (CONTINUED)

(c) Interest expense

	2021 \$'000	2020 \$'000
Office lease (Note 8)	<u>7</u>	<u>14</u>

(d) Total cash outflow for the lease was \$132,000 (2020: \$119,000).

(e) Lease liabilities are presented in the statement of financial position as follows:

	2021 \$'000	2020 \$'000
Current	129	163
Non-current	<u>-</u>	<u>91</u>
Total	<u>129</u>	<u>254</u>

## 19. CONVERTIBLE LOANS

On 13 and 23 December 2019, the Company entered into two convertible loan agreements (the “Agreements”) with four non-related investors for loan amounts of \$1,750,000 (“13 Dec 2019 Convertible Loans”) and \$1,000,000 (“23 Dec 2019 Convertible Loan”) respectively, which are subject to annual interest rate of 10%. These convertible loans are convertible up to 17,996,000 and 11,997,000 (2020: 19,250,000 and 11,000,000) respectively total amounting to 29,993,000 (2020: 30,250,000) new ordinary shares (Note 10) 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 annual interest rate of 10%. The convertible loan (included interest) is convertible up to 9,598,000 (2020: 8,800,000) new ordinary shares (Note 10) in the capital of the Company at the option of the investor, subject to the terms and conditions of the Agreements.

The Company repaid \$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 \$1,500,000 accordingly.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 19. CONVERTIBLE LOANS (CONTINUED)

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

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Face value of convertible loans at issuance	<b>3,550</b>	3,550
Equity conversion component on initial recognition (Note 21(c))	<b>(325)</b>	(325)
Liability component on initial recognition	<b>3,225</b>	3,225
Repayment of convertible loan	<b>(289)</b>	–
Accumulated amortisation of interest expenses	<b>1,007</b>	588
Liability component at end of financial year	<b>3,943</b>	3,813

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 20. SHARE CAPITAL

	Group and Company	
	Number of ordinary shares '000	Amount \$'000
<b>2021</b>		
Beginning of financial year	1,297,364	141,277
Issuance of new ordinary shares <sup>(1)</sup>	27,273	1,500
Share-based payment (Note 21(a)) <sup>(2)</sup>	1,670	75
End of the financial year	<b>1,326,307</b>	<b>142,852</b>
<b>2020</b>		
Beginning of financial year	1,276,475	140,399
Issuance of new ordinary shares <sup>(3)</sup>	12,500	500
Shared-based payment (Note 21(a)) <sup>(4)</sup>	8,389	378
End of the financial year	<b>1,297,364</b>	<b>141,277</b>

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.
- (3) On 15 July 2020, the Company issued and allotted 12,500,000 new ordinary shares in the capital of the Company to non-related party for an aggregate subscription amount of \$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 \$0.045 per share as payment for his director's fees of \$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 non-related party for the issuance of 5,000,000 new ordinary shares of the Company at an issue price of \$0.045 per share as payment for his annual remuneration of \$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.

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. OTHER RESERVES

	Group		Company	
	2021 \$'000	2020 \$'000	2020 \$'000	2020 \$'000
Composition:				
Share-based payment (Note (a))	480	480	480	480
Currency translation reserve (Note (b))	(2,927)	(2,327)	-	-
Equity component of convertible loans (Note (c))	325	325	325	325
	<b>(2,122)</b>	<b>(1,522)</b>	<b>805</b>	<b>805</b>

Other reserves are non-distributable.

(a) Share-based payment

	Group and Company	
	2021 \$'000	2020 \$'000
Beginning of financial year	480	686
Granted during the financial year	75	172
Issuance of shares pursuant to share-based payment (Note 20)	(75)	(378)
End of financial year	<b>480</b>	<b>480</b>

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. OTHER RESERVES (CONTINUED)

### (a) Share-based payment (Continued)

- (ii) On 25 July 2019, the Company entered into an agreement with a third party for an aggregate value of \$480,000 via the issuance of 10,000,000 new ordinary shares of the Company at a fair value price of \$0.048 per share as commission for the referral of the joint venture arrangement;
- (iii) On 25 July 2019 and 4 November 2019, the Company entered into a service agreement and a supplement letter respectively with one of the director of the Company for an aggregate value of \$112,500 via the issuance of 2,500,000 new ordinary shares of the Company at a fair value price of \$0.045 per share as director's fee. The shares were issued on 14 July 2020;
- (iv) On 26 July 2019 and 4 November 2019, the Company entered into an agreement and a supplement letter respectively with a third party for an aggregate value of \$225,000 via the issuance of 5,000,000 new ordinary shares of the Company at a fair value price of \$0.045 per share as appointment fee for acting as the advisor and member of the Company's investment committee for the Company's private equity fund. The shares were issued on 14 July 2020; and
- (v) On 27 August 2019 and 4 November 2019, the Company entered into an agreement and a supplement letter respectively with a third party for an aggregate value of \$40,000 via the issuance of 889,000 new ordinary shares of the Company at a fair value price of \$0.045 per share as consultant fee. The shares were issued on 14 July 2020.

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 21. OTHER RESERVES (CONTINUED)

### (b) Currency translation reserve

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>(2,327)</b>	(2,073)
Currency translation gains of financial statements of foreign subsidiary corporations	<b>24</b>	10
Currency translation losses of financial statements of foreign joint venture (Note 14)	<b>(624)</b>	(264)
End of financial year	<b>(2,927)</b>	(2,327)

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

### (c) Equity component of convertible loans

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Beginning of financial year	<b>325</b>	252
Convertible loan – equity component	<b>–</b>	73
End of financial year (Note 19)	<b>325</b>	325

On 3 January 2020, the Company entered into a convertible loan agreement with an investor for a loan amount of \$800,000 which is subject to annual interest rate of 10%. The convertible loan is convertible up to 8,800,000 new ordinary shares in the capital of the Company at the option of the investor, subject to the terms and conditions of the Agreements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 22. ACCUMULATED LOSSES

Movement in accumulated losses of the Company are as follows:

	Company	
	2021 \$'000	2020 \$'000
Beginning of financial year	(136,754)	(135,566)
Net loss	(1,167)	(1,188)
End of financial year	<u>(137,921)</u>	<u>(136,754)</u>

## 23. RELATED PARTY TRANSACTIONS

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

### Key management personnel compensation

	Group	
	2021 \$'000	2020 \$'000
Salaries and short term benefits	45	63
Employer's contribution to defined contribution plans, including Central Provident Fund	8	10
Director's fee (Note 4)	112	63
	<u>165</u>	<u>136</u>
Analysed as:		
Director of the Company	112	63
Other key management personnel	53	73
	<u>165</u>	<u>136</u>

Outstanding balances as at 31 December 2021 and 2020 are unsecured and receivable/payable within 12 months from reporting date and are disclosed in Notes 12 and 17 to the financial statements respectively.

## 24. FINANCIAL RISK MANAGEMENT

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

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

(a) Market risk

(i) *Interest rate risk*

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

The Group's exposure to market risk in interest rates primarily to short-term bank deposits and convertible loans. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. As the amount of short-term bank deposits are not significant and the convertible loans are at fixed interest rate, the Group's income is substantially independent of changes in market interest rates.

(ii) *Price risk*

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

(iii) *Currency risk*

The Group operates in Asia with dominant operations in Singapore and Malaysia. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the United States Dollar ("USD"), Hong Kong Dollar ("HKD") and Malaysia Ringgit ("MYR").

In addition, the Group is exposed to currency translation risk on the net assets of foreign operations in Malaysia. There is no hedging policy with respect to foreign currency exposure. Exposure to currency risk is monitored on an on-going basis and the Group endeavours to keep the net exposure at an acceptable level. The Group currently relies on the natural hedges between such transactions and will consider enter into currency forward contracts when the need arises.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (Continued)

#### (iii) Currency risk (Continued)

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

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

\* Less than \$1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(iii) *Currency risk* (Continued)

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

	<b>SGD</b>	<b>MYR</b>	<b>Others</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2020</b>				
<b>Financial assets</b>				
Cash and bank balances	240	5	2	247
Trade and other receivables	56	1	–	57
Intra-group receivables	50	–	–	50
	<u>346</u>	<u>6</u>	<u>2</u>	<u>354</u>
<b>Financial liabilities</b>				
Trade and other payables	(480)	(29)	(16)	(525)
Lease liabilities	(254)	–	–	(254)
Convertible loans	(3,813)	–	–	(3,813)
Intra-group payables	(50)	–	–	(50)
	<u>(4,597)</u>	<u>(29)</u>	<u>(16)</u>	<u>(4,642)</u>
<b>Net financial liabilities</b>	(4,251)	(23)	(14)	(4,288)
Add: Net financial liabilities denominated in functional currencies	<u>4,251</u>	<u>–</u>	<u>–</u>	<u>4,251</u>
<b>Currency exposure on financial liabilities net of those denominated in the respective entities' functional currencies</b>	<u>–</u>	<u>(23)</u>	<u>(14)</u>	<u>(37)</u>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (Continued)

#### (iii) Currency risk (Continued)

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

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

\* Less than \$1,000

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (a) Market risk (Continued)

#### (iii) Currency risk (Continued)

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

	<b>SGD</b>	<b>MYR</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>2020</b>			
<b>Financial assets</b>			
Cash and bank balances	240	*	240
Trade and other receivables	107	–	107
	<u>347</u>	<u>*</u>	<u>347</u>
<b>Financial liabilities</b>			
Trade and other payables	(481)	–	(481)
Lease liabilities	(254)	–	(254)
Convertible loans	(3,813)	–	(3,813)
	<u>(4,548)</u>	<u>–</u>	<u>(4,548)</u>
<b>Net financial liabilities</b>	(4,201)	*	(4,201)
Less: Net financial liabilities denominated in the Company's functional currency	<u>4,201</u>	<u>–</u>	<u>4,201</u>
<b>Currency exposure on financial assets net of those denominated in the Company's functional currency</b>	<u>–</u>	<u>*</u>	<u>*</u>

\* Less than \$1,000

As at 31 December 2021 and 2020, any reasonably possible change in the exchange rate of the USD, HKD and MYR against the SGD with all other variables including tax rate being held constant, management had assessed that the impact to the profit or loss arising from the currency translation gains/(losses) on the Group's and the Company's financial assets and liabilities denominated in foreign currencies are unlikely to be significant.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk

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

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

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

#### *Trade receivables*

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (b) Credit risk (Continued)

#### *Trade receivables* (Continued)

The movements in credit loss allowance were as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Trade receivables Beginning and end of financial year (Note 12)	<b>20</b>	20	<b>133</b>	133

#### *Cash and cash equivalents*

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

#### *Other receivables*

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

The movements in credit loss allowance were as follows:

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Other receivables Beginning and end of financial year (Note 12)	<b>786</b>	786	<b>1,585</b>	1,585

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk

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

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

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

	<b>Less than 1 year \$'000</b>	<b>Between 1 to 5 years \$'000</b>
<b>Group</b>		
<b>2021</b>		
Trade and other payables	535	-
Lease liabilities	129	-
Convertible loans	3,943	-
	<b>4,607</b>	<b>-</b>
<b>2020</b>		
Trade and other payables	525	-
Lease liabilities	170	92
Convertible loans	3,813	-
	<b>4,508</b>	<b>92</b>

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (c) Liquidity risk (Continued)

	<b>Less than 1 year \$'000</b>	<b>Between 1 to 5 years \$'000</b>
<b>Company</b>		
<b>2021</b>		
Trade and other payables	499	–
Lease liabilities	129	–
Convertible loans	3,943	–
	<b>4,571</b>	<b>–</b>
<b>2020</b>		
Trade and other payables	481	–
Lease liabilities	170	92
Convertible loans	3,813	–
	<b>4,464</b>	<b>92</b>

### (d) Capital risk

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

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

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### (d) Capital risk (Continued)

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

	Group		Company	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Net debt	3,765	4,345	3,731	4,308
Total equity	2,912	4,201	5,736	5,328
Total capital	6,677	8,546	9,467	9,636
Gearing ratio	55.9%	50.8%	39.4%	44.7%

The Group and the Company are not subject to externally imposed capital requirements.

### (e) Fair value measurements

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

### (f) Financial instruments by category

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

	Group \$'000	Company \$'000
<b>2021</b>		
Financial assets, at amortised cost	935	940
Financial liabilities, at amortised cost	4,607	4,571
<b>2020</b>		
Financial assets, at amortised cost	304	347
Financial liabilities, at amortised cost	4,592	4,548

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 25. SEGMENT INFORMATION

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

## 26. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Below are the mandatory standards, amendments and interpretations to existing standards that have been published and are relevant for the accounting periods beginning on or after 1 January 2022 or later periods and which the Group has not early adopted:

**Amendments to SFRS(I) 1-1 Presentation of Financial Statements:** Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Group does not expect any significant impact arising from applying these amendments.

**Amendments to SFRS(I) 1-16 Property, Plant and Equipment:** Proceeds before Intended Use (effective for annual periods beginning on or after 1 January 2022)

The amendment to SFRS(I) 1-16 Property, Plant and Equipment (PPE) prohibits an entity from deducting from the cost of an item of PPE any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment.

Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

The Group does not expect any significant impact arising from applying these amendments.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 26. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS (CONTINUED)

**Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract** (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Group does not expect any significant impact arising from applying these amendments.

## 27. AUTHORISATION OF FINANCIAL STATEMENTS

These consolidated financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Mercurius Capital Investment Limited on 11 April 2022.

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

Issued and fully paid-up capital	:	\$142,851,784
Number of shares issued	:	1,326,306,667
Number of treasury shares	:	Nil
Number of subsidiary holdings	:	Nil
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholding	Number of Shareholders	%	Number of Shares	%
1 – 99	21	1.53	1,108	0.00
100 – 1,000	351	25.60	156,388	0.01
1,001 – 10,000	384	28.01	1,472,365	0.11
10,001 – 1,000,000	541	39.46	77,103,210	5.81
1,000,001 and above	74	5.40	1,247,573,596	94.07
	<b>1,371</b>	<b>100.00</b>	<b>1,326,306,667</b>	<b>100.00</b>

## TWENTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	Number of Shares	%
1.	Chang Wei Lu	320,538,834	24.17
2.	Citibank Nominees Singapore Pte Ltd	176,898,300	13.34
3.	Phillip Securities Pte Ltd	113,391,332	8.55
4.	OCBC Securities Private Ltd	55,991,800	4.22
5.	Goh Tai Siang	55,000,000	4.15
6.	Chieng Lik Ngiong	53,000,000	4.00
7.	Tay Shu Chin (Zheng Shuqin)	42,792,700	3.23
8.	UOB Kay Hian Pte Ltd	34,468,600	2.60
9.	Gwee Sung	27,000,000	2.03
10.	Maybank Securities Pte. Ltd.	26,511,800	2.00
11.	CGS-CIMB Securities (Singapore) Pte Ltd	16,963,600	1.28
12.	Teng Siew Li (Chen Xiuli)	16,091,000	1.21
13.	Teo Soon Seng	15,500,000	1.17
14.	Wong Hock Chung	15,389,100	1.16
15.	Liu Lingyu	14,700,182	1.11
16.	Wang Wai Lian	13,000,000	0.98
17.	Kuo Fong-Yu	12,500,000	0.94
18.	Yang Cheng-Chuan	12,500,000	0.94
19.	Calina Ho Yim Peng	12,500,000	0.94
20.	Chang Hung-Chih	12,500,000	0.94
	Total	<b>1,047,237,248</b>	<b>78.96</b>

# STATISTICS OF SHAREHOLDINGS

AS AT 31 MARCH 2022

## SHAREHOLDING OF THE SUBSTANTIAL SHAREHOLDERS

	<u>Direct Interest</u>	<u>%</u>	<u>Deemed Interest</u>	<u>%</u>
Chang Wei Lu	320,538,834	24.17	–	–

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 31 March 2022, approximately 73.37% of the issued ordinary shares of the Company is held in the hands of the public as defined in the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (the “**Catalist Rules**”). Accordingly, Rule 723 of the Catalist Rules is complied with.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “**AGM**”) of Mercurius Capital Investment Limited (the “**Company**”) will be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on Tuesday, 26 April 2022 at 4:00 p.m., to transact the following business:

## AS ORDINARY BUSINESS

1. To receive and adopt the Directors’ Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Independent Auditors’ Report thereon. **(Resolution 1)**
2. To re-elect Mr. Wong Leong Chui who is retiring pursuant to Article 95(2) of the Company’s Constitution, as a Director of the Company. **(Resolution 2)**  
[See Explanatory Note (i)]
3. To re-elect Mr. Teo Soon Seng who is retiring pursuant to Article 96 of the Company’s Constitution, as a Director of the Company. **(Resolution 3)**  
[See Explanatory Note (ii)]
4. To re-elect Mr. Wong Yee Chue who is retiring pursuant to Article 96 of the Company’s Constitution, as a Director of the Company. **(Resolution 4)**  
[See Explanatory Note (iii)]
5. To approve the payment of Director’s fees of S\$50,000 for the period from 1 August 2021 to 31 July 2022. **(Resolution 5)**  
[See Explanatory Note (iv)]
6. To re-appoint Messrs Nexia TS Public Accounting Corporation as Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**
7. To transact any other ordinary business which may be properly transacted at an AGM.

## AS SPECIAL BUSINESS

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

8. **Authority to allot and issue shares in the capital of the Company**
  - (a) “That pursuant to Section 161 of the Companies Act 1967 (the “**Companies Act**”), the Company’s Constitution, and Rule 806 of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist (“**Catalist Rules**”), authority be and is hereby given to the directors of the Company (“**Directors**”) to:
    - (i) allot and issue shares in the capital of the Company (“**Shares**”) whether by way of rights, bonus or otherwise; and/or

# NOTICE OF ANNUAL GENERAL MEETING

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

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

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares pursuant to any Instruments made or granted by the Directors while this Resolution is in force, provided that:
  - (i) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed one hundred per centum (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company (as calculated in accordance with sub-paragraph (ii) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of the Instruments made or granted pursuant to this Resolution) shall not exceed fifty per centum (50%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) (as calculated in accordance with sub-paragraph (ii) below);
  - (ii) (subject to such manner of calculation as may be prescribed by the SGX-ST), for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (i) above, the percentage of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) shall be calculated based on the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any) at the time of passing of this Resolution, after adjusting for:
    - (a) new Shares arising from the conversion or exercise of the Instruments or any convertible securities outstanding at the time of passing of this Resolution;
    - (b) (where applicable) new Shares arising from the exercise of share options or vesting of awards outstanding or subsisting at the time of passing of this Resolution, provided that such share options or share awards (as the case may be) were granted in compliance with the Catalist Rules; and
    - (c) any subsequent bonus issue, consolidation or sub-division of Shares;
  - (iii) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST), all applicable legal requirements under the Companies Act and the Constitution of the Company; and

# NOTICE OF ANNUAL GENERAL MEETING

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

[See Explanatory Note (v)]

**(Resolution 7)**

By Order of the Board

Chang Wei Lu  
Executive Chairman and Chief Executive Officer  
11 April 2022

Singapore

## Explanatory Notes:

- (i) Mr. Wong Leong Chui will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director, Chairman of the Nominating Committee and Remuneration Committee and a member of the Audit Committee. Detailed information on Mr. Wong Leong Chui is found in the Company's annual report 2021 in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement". The Board of Directors considers Mr. Wong Leong Chui to be independent for the purpose of Rule 704(7) of the Catalyst Rules.
- (ii) Mr. Teo Soon Seng will, upon re-election as a Director of the Company, remain as the Non-Independent Non-Executive Director and a member of the Nominating Committee. Detailed information on Mr. Teo Soon Seng is found in the Company's annual report 2021 in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement".
- (iii) Mr. Wong Yee Chue will, upon re-election as a Director of the Company, remain as the Independent Non-Executive Director and a member of the Audit Committee and Remuneration Committee. Detailed information on Mr. Wong Yee Chue is found in the Company's annual report 2021 in the sections entitled "Board of Directors", "Corporate Governance Report" and "Directors' Statement". The Board of Directors considers Mr. Wong Yee Chue to be independent for the purpose of Rule 704(7) of the Catalyst Rules.
- (iv) The Company will be seeking shareholders' approval to approve the payment of Director's fees of S\$50,000 to Mr. Chew Hai Chiene Hester Arthur for the period from 1 August 2021 to 31 July 2022 at the forthcoming AGM. If approved by shareholders, Mr. Chew Hai Chiene Hester Arthur will, on a pro rated basis, receive an additional amount of approximately S\$20,833 in cash for services rendered in FY2021 for the period from 1 August 2021 to 31 December 2021.
- (v) Ordinary Resolution 7 proposed in item 8 above, if passed, will empower the Directors from the date of the AGM until the conclusion of the next AGM of the Company, or by the date which the next AGM of the Company is required by law to be held or when such authority is varied or revoked by the Company in a general meeting, whichever is earlier, to allot and issue Shares and to make or grant instruments (such as warrants and debentures) convertible into Shares, and to issue Shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued Shares in the capital of the Company (excluding treasury shares and subsidiary holdings, if any), of which up to fifty per centum (50%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings, if any), may be issued other than on a pro-rata basis to the shareholders of the Company.

## NOTES:

1. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting at the AGM of the Company to be held on Tuesday, 26 April 2022 at 4:00 p.m. (the "Meeting" or "AGM") are set out in this Notice of AGM has been made available on SGXNet and the Company's website. The Notice of AGM may be accessed at the URLs <https://www.sgx.com/securities/company-announcements> and <https://www.mercuriuscapital.com/investor-relation.html>.

# NOTICE OF ANNUAL GENERAL MEETING

In particular, as part of the Company's efforts to minimise the risks of community spread of COVID-19, the Meeting will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020 released on 7 April 2020. Members **will not** be able to attend the Meeting in person.

Alternative arrangements have been put in place to allow members to participate at the AGM by:

- (a) observing the proceedings of the AGM via a "live" webcast ("**LIVE WEBCAST**") or listening to these proceedings through a "live" audio feed ("**AUDIO ONLY MEANS**") via telephone;
- (b) submitting questions relating to the resolutions to be tabled at the AGM in advance of the AGM;
- (c) appointing the Chairman of the Meeting as proxy to attend and vote on their behalf at the AGM.

## 2. Registration for the AGM

In order to do so, a member of the Company who wishes to watch the LIVE WEBCAST or listen via the AUDIO ONLY MEANS must register by 4:00 p.m. on 23 April 2022 (being not less than seventy-two (72) hours before the time appointed for holding the Meeting) ("**Registration Deadline**"), at the URL <https://www.bigmarker.com/AAP/Mercurius-Capital-Investment-Limited-AGM-EGM-2022-Shareholder-Registration>, for the Company to authenticate his/her/its status as member.

**Please note that members of the Company may access the URL for registration from 11 April 2022 onwards.**

Following successful authentication of his/her/its status as members of the Company, authenticated members of the Company will receive email instructions ("**Confirmation Email**") on how to access the LIVE WEBCAST and AUDIO ONLY MEANS to observe the proceedings of the Meeting, by 12:00 p.m. on 25 April 2022. Members who have registered by the Registration Deadline but do not receive the Confirmation Email by 12:00 p.m. on 25 April 2022 may contact the Company for assistance at +65 9060 7950 or email [r.chandran@allianceav.com.sg](mailto:r.chandran@allianceav.com.sg).

## 3. Submission of Questions

Members are encouraged to submit questions relating to the resolutions to be tabled for approval at the Meeting in advance of the Meeting. To do so, all questions must be submitted by 18 April 2022 by email to [agm@mercuriuscapital.com](mailto:agm@mercuriuscapital.com). After the cut-off date for the submission of questions, any subsequent clarifications sought or follow-up questions will be addressed at the Meeting.

The Board will endeavour to address all substantial and relevant questions submitted in advance of the Meeting by publishing the responses to such questions on SGXNet and the Company's website at <https://www.mercuriuscapital.com/investor-relation.html>, by 4:00 p.m. on 22 April 2022 (being not less than forty-eight (48) hours prior to the closing date and time for the lodgment of the proxy forms).

Minutes of the Meeting will be published on SGXNet and the Company's website at <https://www.mercuriuscapital.com/investor-relation.html>.

## 4. Voting

Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the Meeting in person.

The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or on his/her attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its common seal or under the hand of its attorney or duly authorised officer, failing which the instrument of proxy may be treated as invalid.

The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy (such as in the case where the appointor submits more than one instrument appointing the Chairman of the Meeting as proxy).

If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the Meeting, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the Meeting. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid. For CPF/SRS investors who have used their CPF/SRS monies to buy Shares in the Company, the proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies and to submit their voting instructions no later than 4.30 p.m. on 14 April 2022 (being seven (7) working days before the AGM) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the Meeting to vote on their behalf by 4:00 p.m. on 24 April 2022.

# NOTICE OF ANNUAL GENERAL MEETING

The proxy form for the Meeting is made available with this Notice of AGM on SGXNet at the URL <https://www.sgx.com/securities/company-announcements> on the same day and can be accessed at the Company's website at the URL <https://www.mercuriuscapital.com/investor-relation.html>.

5. A proxy need not be a member of the Company. The Chairman of the Meeting, as proxy, need not be a member of the Company.
6. The instrument appointing the Chairman of the Meeting as proxy, together with the power of attorney or other authority under which it is signed (if applicable) or a notarial certified copy thereof, must:
  - a) if sent by post, be lodged at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77, Singapore 068896, attention to Mercurius AGM; or
  - b) if submitted by email, be received by the Company's Share Registrar, B.A.C.S. Private Limited at [main@zicoholdings.com](mailto:main@zicoholdings.com),

in either case, by 4:00 p.m. on 24 April 2022 (being not less than forty-eight (48) hours before the time appointed for holding the Meeting) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**

7. The Annual Report for the financial year ended 31 December 2021 which was issued on 11 April 2022 can be accessed at SGXNet at the URL <https://www.sgx.com/securities/company-announcements> and at the Company's website at the URL <https://www.mercuriuscapital.com/investor-relation.html>.

## Personal Data Privacy:

By (a) submitting an instrument appointing a proxy or proxies to vote at the Meeting and/or any adjournment thereof, or (b) submitting details for the registration to observe the proceedings of the Meeting via LIVE WEBCAST or AUDIO ONLY MEANS, or (c) submitting any questions prior to the Meeting in accordance with this Notice of AGM, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the following purposes:

- (i) processing and administration by the Company (or its agents) of proxy forms appointing a proxy or proxies for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof);
- (ii) processing of the registration for purpose of granting access to members (or their corporate representatives in the case of members which are legal entities) to the LIVE WEBCAST or AUDIO ONLY MEANS to observe the proceedings of the Meeting and providing them with any technical assistance where necessary;
- (iii) addressing relevant and substantial questions from members received before the Meeting and if necessary, following up with the relevant members in relation to such questions;
- (iv) preparation and compilation of the attendance list, proxy lists, minutes and other documents relating to the Meeting (including any adjournment thereof); and
- (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines by the relevant authorities.

Photographic, sound and/or video recordings of the Meeting may be made by the Company for record keeping and to ensure the accuracy of the minutes to be prepared for the Meeting. Accordingly, the personal data of a member of the Company (such as his name, his presence at the Meeting and any questions he may raise or motions he propose/second) may be recorded by the Company for such purpose.

**MERCURIUS CAPITAL INVESTMENT LIMITED**  
(Incorporated in the Republic of Singapore)  
(Registration No.: 198200473E)

**PROXY FORM – ANNUAL GENERAL MEETING**  
(Please see notes overleaf before completing this form)

This proxy form has been made available on SGXNet and the Company's website and may be accessed at the URLs:  
<https://www.sgx.com/securities/company-announcements> and  
<https://www.mercuriuscapital.com/investor-relation.html>.  
A printed copy of this proxy form will NOT be despatched to members of the Company.

**IMPORTANT**

- Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or voting by proxy at the AGM (as defined herein) are set out in the Notice of AGM dated 11 April 2022 which has been made available on SGXNet and the Company's website. The Notice of AGM and this proxy form may also be accessed at the URLs <https://www.sgx.com/securities/company-announcements> and <https://www.mercuriuscapital.com/investor-relation.html>.
- A member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
- CPF/SRS investors should contact their respective CPF Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies and to submit their voting instructions no later than 4.00 p.m. on 14 April 2022.
- Please read the notes to this proxy form.

**PERSONAL DATA PRIVACY**

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2022.

\*I/We \_\_\_\_\_ (Name) \_\_\_\_\_

(NRIC/Passport No./Company Registration No.) \_\_\_\_\_

of \_\_\_\_\_ (Address)

being a \*member/members of MERCURIUS CAPITAL INVESTMENT LIMITED (the "**Company**"), and together with its subsidiaries, the "**Group**"), hereby appoints the Chairman of the annual general meeting of the Company (the "**AGM**" or "**Meeting**"), as \*my/our proxy to vote for \*me/us on \*my/our behalf at the AGM to be held by way of electronic means (via LIVE WEBCAST and/or AUDIO ONLY MEANS) on Tuesday, 26 April 2022 at 4:00 p.m. and at any adjournment thereof. \*I/We direct the Chairman of the Meeting to vote for or against, or abstain from voting on the Resolutions to be proposed at the AGM as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the AGM and at any adjournment thereof, the appointment of the Chairman of the Meeting as \*my/our proxy will be treated as invalid.

All resolutions put to the vote at the AGM shall be decided by way of poll.

*If you wish to exercise all your votes "For" or "Against", or "Abstain" in respect of the relevant Resolutions, please mark an "X" in the appropriate box provided. Alternatively, please indicate the number of votes "For" or "Against" or "Abstain" in respect of each Resolution in the boxes provided as appropriate. If you mark an "X" in the abstain box for a particular Resolution, you are directing your proxy, who is the Chairman of the Meeting, not to vote on that Resolution.*

No.	Resolutions relating to:	By way of poll		
		For	Against	Abstain
<b>AS ORDINARY BUSINESS</b>				
1.	Adoption of the Directors' Statement and the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Independent Auditors' Report thereon			
2.	Re-election of Mr. Wong Leong Chui as a Director of the Company			
3.	Re-election of Mr. Teo Soon Seng as a Director of the Company			
4.	Re-election of Mr. Wong Yee Chue as a Director of the Company			
5.	To approve the payment of Director's fees of S\$50,000			
6.	Re-appointment of Messrs Nexia TS Public Accounting Corporation as Independent Auditors of the Company and to authorise the Directors of the Company to fix their remuneration			
<b>AS SPECIAL BUSINESS</b>				
7.	Authority to allot and issue shares in the capital of the Company			

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2022

Total number of Shares held

\_\_\_\_\_  
Signature(s) of member(s) and/or  
Common Seal of corporate member  
\*Delete as appropriate

**IMPORTANT: PLEASE READ NOTES OVERLEAF CAREFULLY BEFORE COMPLETING THIS PROXY FORM**

#### NOTES TO PROXY FORM:

1. Please insert the total number of shares in the capital of the Company (“Shares”) held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members of the Company, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing the Chairman of the Meeting as proxy shall be deemed to relate to all the Shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member of the Company will not be able to attend the AGM in person. If a member of the Company (whether individual or corporate) wishes to exercise his/her/its voting rights at the AGM, he/she/it must appoint the Chairman of the Meeting as his/her/its proxy to vote on his/her/its behalf at the AGM. In appointing the Chairman of the Meeting as proxy, a member of the Company (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in the form of proxy, failing which the appointment will be treated as invalid.
3. The Chairman of the Meeting, as a proxy, need not be a member of the Company.
4. This instrument appointing the Chairman of the Meeting as proxy must:
  - (a) if sent by post, be lodged at the office of the Company’s Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, attention to Mercurius AGM; or
  - (b) if submitted by email, be received by the Company’s Share Registrar, B.A.C.S. Private Limited at [main@zicoholdings.com](mailto:main@zicoholdings.com),  
in either case, by 4:00 p.m. on 24 April 2022 (being not less than forty-eight (48) hours before the time appointed for holding the AGM) (or at any adjournment thereof) and in default the instrument of proxy shall not be treated as valid.

**In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members of the Company to submit completed proxy forms by post, members of the Company are strongly encouraged to submit completed proxy forms electronically via email.**
5. This proxy form must be under the hand of the appointor or of his/her/its attorney duly authorised in writing.
  - (i) Where this proxy form is executed by a corporation, it must be executed either under its common seal (or otherwise in accordance with its constitution) or under the hand of an officer or attorney duly authorised.
  - (ii) Where this proxy form is executed by an attorney on behalf of the appointor, the letter or the power of attorney or a duly certified true copy thereof must be lodged with this proxy form, failing which the instrument of proxy may be treated as invalid.
6. A corporation which is a member of the Company may authorise, by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act 1967 of Singapore, the person so authorised shall upon production of a copy of such resolution certified by a director of the corporation to be a true copy, be entitled to exercise the powers on behalf of the corporation so represented as the corporation could exercise in person if it were an individual.
7. For investors who hold Shares under the Central Provident Fund Scheme and Supplementary Retirement Scheme (“CPF/SRS Investors”), this proxy form is not valid for their use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS Investors who wish to appoint the Chairman of the Meeting to act as their proxy should approach their respective CPF Agent Banks/SRS Operators to submit their votes no later than 4.00 p.m. on 14 April 2022 (being not less than seven (7) working days before the AGM).

#### General:

The Company shall be entitled to reject this proxy form if it is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this proxy form. In addition, in the case of Shares entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have Shares entered against his/her/its name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM (or at any adjournment thereof), as certified by The Central Depository (Pte) Limited to the Company.

#### Personal Data Privacy:

By submitting this proxy form, the member of the Company accepts and agrees to the personal data privacy terms as set out in the Notice of AGM dated 11 April 2022.



## **MERCURIUS CAPITAL INVESTMENT LIMITED**

---

6 Shenton Way ■ OUE Downtown One, #42-04 ■ Singapore 068809

Tel: (65) 6816 6768

Email: [enquiry@mercuriuscapital.com](mailto:enquiry@mercuriuscapital.com)