

Cool Link (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8491

2021

FIRST QUARTERLY REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

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This report, for which the directors (the “Directors”) of Cool Link (Holdings) Limited (the “Company” and together with its subsidiaries, the “Group”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

The board (the “**Board**”) of Directors is pleased to announce the unaudited condensed consolidated results of the Group for the three months ended 31 March 2021, together with the unaudited comparative figures for the corresponding period in 2020 as set out below:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2021

		For the three months ended 31 March	
	Notes	2021 S\$'000 (unaudited)	2020 S\$'000 (unaudited)
Revenue	3	7,160	6,573
Cost of sales		(5,437)	(4,902)
Gross profit		1,723	1,671
Other income and gains	4	1,324	169
Selling and distribution costs		(505)	(431)
Administrative and other operating expenses		(1,591)	(1,196)
Share of results of associates		104	—
Finance costs	5	(140)	(165)
Profit before income tax		915	48
Income tax expense	6	(31)	(29)
Profit and total comprehensive income for the period		884	19
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		885	23
Non-controlling interests		(1)	(4)
		884	19
Earnings per share attributable to owners of the Company during the period			
Basic and diluted earnings (Singapore cents)	7	0.14	0.004

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2021

	Attributable to the owners of the Company							
	Share capital S\$'000	Share premium S\$'000	Other reserve S\$'000	Financial assets at fair value through other comprehensive reserve (non-recycling) S\$'000	Retained profits S\$'000	Sub-total S\$'000	Non-controlling interests S\$'000	Total S\$'000
At 1 January 2020 (audited)	1,038	8,752	2,490	(1,028)	4,460	15,712	(54)	15,658
Profit and total comprehensive income for the period	–	–	–	–	23	23	(4)	19
At 31 March 2020 (unaudited)	1,038	8,752	2,490	(1,028)	4,483	15,735	(58)	15,677
At 1 January 2021 (audited)	1,038	8,752	2,490	(1,045)	4,112	15,347	(15)	15,332
Placing of new shares	208	1,266	–	–	–	1,474	–	1,474
Profit and total comprehensive income for the period	–	–	–	–	885	885	(1)	884
At 31 March 2021 (unaudited)	1,246	10,018	2,490	(1,045)	4,997	17,706	(16)	17,690

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 31 March 2021

1. CORPORATE INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 January 2017 under the Companies Law, Cap. 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 33 Chin Bee Crescent, Singapore 619901.

The principal activity of the Company is investment holding while the Group is principally engaged in food supplies business.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021 have been prepared in accordance with all the applicable Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and interpretations (hereinafter collectively referred to as the "HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Companies Ordinance. In addition, the unaudited condensed consolidated financial statements also comply with the applicable disclosure requirements under the GEM Listing Rules.

The accounting policies and the method of computation used in the preparation of the unaudited condensed consolidated financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2020 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 January 2021. The effect of the adoption of these standards, amendments and interpretations was not material on the Group's results of operations and financial position.

The unaudited condensed consolidated financial statements are presented in Singapore dollars ("S\$") which is also the functional currency of the Company. All values are rounded to the nearest thousands except when otherwise indicated.

3. REVENUE

Revenue represents the net invoiced value of goods sold, net of returns, rebates, discounts and sales related tax, where applicable. Revenue recognised during the respective periods are as follows:

	For the three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Sales of goods	7,160	6,573

4. OTHER INCOME (LOSS) AND GAINS

	For the three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Bank interest income	7	5
Rental income from investment properties	119	80
Government grants	56	13
Gain on disposal of investment property	1,145	—
Loss on disposal of financial assets at fair value through profit or loss	(4)	—
Net foreign exchange gain	1	59
Others	—	12
	1,324	169

5. FINANCE COSTS

	For the three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Interest on bank borrowings	50	105
Finance charges on lease liabilities	11	47
Interest on promissory note	79	13
	140	165

6. INCOME TAX EXPENSE

	For the three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Current tax — Singapore income tax:		
Tax for the period	31	29
	31	29

7. EARNINGS PER SHARE

	For the three months ended 31 March	
	2021	2020
	S\$'000	S\$'000
	(unaudited)	(unaudited)
Profit		
Profit attributable to the owners of the Company	885	23

	For the three months ended 31 March	
	2021	2020
	'000	'000
Number of shares		
Weighted average number of ordinary shares	610,667	600,000

The calculation of basic earnings per share for the three months ended 31 March 2021 is based on the profit attributable to owners of the Company of approximately S\$885,000 (2020: S\$23,000) and on the weighted average number of 610,666,667 (2020: 600,000,000) ordinary shares in issue during the period.

Diluted earnings per share is the same as basic earnings per share because the Group has no dilutive potential shares during the respective periods.

8. DIVIDENDS

The Board does not recommend a payment of any dividend for the three months ended 31 March 2021 (2020: Nil).

9. CONTINGENT LIABILITIES

As at 31 March 2021, the Group had contingent liabilities in respect of performance bonds issued in favour of certain suppliers in its ordinary course of business amounting to S\$925,000 (2020: S\$550,000).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in food supplies business in Singapore. During the three months ended 31 March 2021, the Group continued to supply food products to ship chandlers, retailers and customers who are in the food service industry.

For the three months ended 31 March 2021, the revenue and gross profit increased by approximately S\$0.6 million and S\$0.1 million respectively as compared to the three months ended 31 March 2020. For the three months ended 31 March 2021, the Group recorded a profit of approximately S\$0.9 million as compared to approximately S\$19,000 for the same period in 2020. The increase in profit was mainly attributable to the gain on sales of investment property.

OUTLOOK

The future prospect of the Group is full of challenges with the global economy being affected by the global widespread outbreak of coronavirus disease (“COVID-19”) and international trade conflicts. However, the Group will continue its effort to promote its brand as well as to provide quality products and seize business opportunities in various regions.

The widespread outbreak of COVID-19 has occurred globally, including Singapore and Hong Kong. The consequence and impact of this outbreak is still manifesting not only in the loss of human lives but in the potential disruption to economic and social activities in the markets that the Group operates in. In light of the outbreak of COVID-19, the Group has also explored new business opportunities to maximize the interest of the Company and its shareholders (the “Shareholders”) as a whole and shoulder its corporate social responsibilities on contributing the society as well as fighting the COVID-19. Reference is made to the Company’s announcement dated 5 February 2020, the acquisition of the entire equity interest in a company engaging in distribution of disinfectant and antiseptic products at the consideration of HK\$45 million (equivalent to approximately S\$7.8 million) was completed on 15 January 2021. The Group looks forward to leveraging on its networks developed in its food supplies business to tap into a new business area which can increase and widen its source of revenue.

In addition, the Group is taking necessary actions to ensure the impact to our core businesses is minimized, our employees and associates are safe and that our valued customers continue to be served as best as we can.

FINANCIAL REVIEW

Revenue

The Group's revenue increased by approximately S\$0.6 million or approximately 8.9% from approximately S\$6.6 million for the three months ended 31 March 2020 to approximately S\$7.2 million for the three months ended 31 March 2021. Such increase was mainly driven by the introduction of more products and increased demand from customers.

Cost of sales

The Group's cost of sales increased by approximately S\$0.5 million or approximately 10.9% from approximately S\$4.9 million for the three months ended 31 March 2020 to approximately S\$5.4 million for the three months ended 31 March 2021. Such increase was in line with the increase in revenue.

Gross profit and gross profit margin

The Group's overall gross profit increased by approximately S\$52,000 or approximately 3.1% from approximately S\$1.67 million for the three months ended 31 March 2020 to approximately S\$1.72 million for the three months ended 31 March 2021. The Group's overall gross profit margin remained stable at 25.4% and 24.1% for the three months ended 31 March 2020 and 2021 respectively.

Selling and distribution costs

The Group's selling and distribution costs increased by approximately S\$0.1 million or approximately 17.2% from approximately S\$0.4 million for the three months ended 31 March 2020 to approximately S\$0.5 million for the three months ended 31 March 2021. The increase was in line with the increase in revenue.

Administrative and other operating expenses

The Group's administrative and other operating expenses increased by approximately S\$0.4 million or approximately 33.0% from approximately S\$1.2 million for the three months ended 31 March 2020 to approximately S\$1.6 million for the three months ended 31 March 2021. The increase was primarily due to the increase of salaries and operating expenses for the expansion.

Finance Costs

The Group's finance costs decreased by approximately S\$25,000 or approximately 15.2% from approximately S\$165,000 for the three months ended 31 March 2020 to approximately S\$140,000 for the three months ended 31 March 2021. The decrease was mainly due to the decrease in interest expenses on bank borrowings.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, the Group recorded a profit of approximately S\$884,000 for the three months ended 31 March 2021 as compared to a profit of approximately S\$19,000 for the three months ended 31 March 2020. The increase in profit was mainly attributable to the gain on sales of investment property.

CAPITAL STRUCTURE

The change of capital structure of the Group during the three months ended 31 March 2021 are summarised as below:

Issue of Placing Shares

On 24 March 2021, an aggregate of 120,000,000 new shares of the Company (the "Shares") were successfully placed to not less than six placees at a price of HK\$0.071 each (the "Placing") under a general mandate granted by the Shareholders at its annual general meeting held on 12 May 2020. The net proceeds from the Placing (after deducting related placing commissions and related expenses) were approximately HK\$8.3 million and the Company intended to repay the interest-bearing promissory notes. Details of the Placing were disclosed in the Company's announcements dated 2 March 2021 and 24 March 2021.

As at the date of this report, the net proceeds has been fully used as intended.

EVENTS AFTER THE REPORTING PERIOD

On 9 April 2021, the Company has granted a total of 57,600,000 share options to certain directors and employees of the Group at an exercise price of HK\$0.078 pursuant to the share option scheme of the Company, among which 17,600,000 share options have been exercised by the grantees and respective shares have been allotted on 30 April 2021. Please refer to the Company's announcements dated 9 April 2021 and 30 April 2021 for details.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND AFFILIATED COMPANIES

Save as disclosed in this report, during the three months ended 31 March 2021, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2021, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

So far is known to the Directors, as at 31 March 2021, no other interests or short positions in the shares or underlying shares of the Company which were required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO or were recorded in the register required to be kept by the Company under section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2021.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “Share Option Scheme”), which was approved by written resolution passed by the Shareholders on 30 August 2017. The purpose of the Share Option Scheme is to advance the interests of the Company and the Shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons’ contribution to further advance the interests of the Group. The principal terms and details of the Share Option Scheme are set in the section headed “Share Option Scheme” in Appendix V to the prospectus of the Company dated 12 September 2017.

For the three months ended 31 March 2021, no share option was granted, exercised, expired, lapsed or cancelled and there is no outstanding under the Share Option Scheme.

COMPETITION AND CONFLICT OF INTERESTS

To the best of the Directors’ knowledge, none of the Directors or substantial shareholders of the Company or any of their respective associates had engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the three months ended 31 March 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its Shareholders and to enhance corporate value. The Company’s corporate governance practices are based on the principles and code provision as set out in the Corporate Governance Code (“CG Code”) in Appendix 15 to the GEM Listing Rules. The Company had complied with the code provisions in the CG Code during the three months ended 31 March 2021 to the date of this report.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealings, set out in Rules 5.48 to 5.67 of the GEM Listing Rules, as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and the code of conduct for securities transactions by Directors during the three months ended 31 March 2021.

AUDIT COMMITTEE

The Company established an Audit Committee pursuant to a resolution of the Directors passed on 30 August 2017 with written terms of reference revised by the Board with effect from 1 January 2019 in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee currently comprises three independent non-executive Directors and a non-executive Director: Ms. Chan Oi Chong, Mr. Yim Harrison Chun Fung, Ms. Luk Huen Ling Claire and Mr. Choi Wai Tong Winton. Mr. Yim Harrison Chun Fung was appointed to serve as the Chairman of the Audit Committee on 1 May 2021. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the risk management and internal control systems of the Company.

The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the three months ended 31 March 2021.

By order of the Board
Cool Link (Holdings) Limited
Tan Seow Gee
Chairman and Executive Director

Hong Kong, 12 May 2021

As at the date of this report, the executive Directors are Mr. Tan Seow Gee and Mr. Gay Teo Siong; the non-executive Director is Mr. Choi Wai Tong Winton; and the independent non-executive Directors are Ms. Chan Oi Chong, Ms. Luk Huen Ling Claire and Mr. Yim Harrison Chun Fung.

This report will remain on the Stock Exchange's website at <http://www.hkexnews.hk> and, in any case of this report, on the "Latest Listed Company Announcements" page for a minimum period of seven days from the date of its posting. This report will also be published on the Company's website at <http://www.coollink.com.sg>.