# COOL LINK (HOLDINGS) LIMITED

*(Incorporated in the Cayman Islands with limited liability)*
**(Stock code: 8491)**

# ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2018

## 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.**

**Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the "**Directors**") of Cool Link (Holdings) Limited (the "**Company**") 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 announcement 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 announcement misleading.*

**FINANCIAL HIGHLIGHTS**

- Revenue decreased by approximately S$2.2 million or approximately 7.9% from approximately S$27.6 million for the year ended 31 December 2017 ("**FY2017**") to approximately S$25.4 million for the year ended 31 December 2018 ("**FY2018**").

- Gross profit decreased by approximately S$1.7 million or approximately 23.0% from approximately S$7.4 million for FY2017 to approximately S$5.7 million for FY2018. The gross profit margin decreased from approximately 26.8% for FY2017 to approximately 22.4% for FY2018.

- Net loss for FY2018 was approximately S$0.4 million as compared to a net loss of approximately S$1.1 million for FY2017.

- The loss for FY2018 was mainly attributable to (i) the decrease in gross profit by approximately S$1.7 million driven by the decrease in sales as a result of the intense competition in the market; and (ii) an increase in the Group's administrative and other operating expenses (excluding listing expenses) of approximately S$0.6 million for FY2018 as compared to FY2017.

**RESULTS**

The board (the "**Board**") of Directors of the Company announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2018, together with the comparative figures for the previous year as follows:

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
*For the year ended 31 December 2018*

| | *Notes* | **2018** **S$'000** | 2017 S$'000 |
|---|---|---|---|
| **Revenue** | *5(a)* | **25,405** | 27,593 |
| Cost of sales | | **(19,707)** | (20,190) |
| **Gross profit** | | **5,698** | 7,403 |
| Other income and gains | *5(b)* | **598** | 511 |
| Selling and distribution costs | | **(2,295)** | (2,643) |
| Administrative and other operating expenses | | **(3,877)** | (5,752) |
| Finance costs | *6* | **(276)** | (194) |
| **Loss before income tax** | *7* | **(152)** | (675) |
| Income tax expense | *8* | **(250)** | (401) |
| **Loss and total comprehensive income for the year** | | **(402)** | (1,076) |
| **Loss and total comprehensive income for the year attributable to:** | | | |
| Owners of the Company | | **(366)** | (1,066) |
| Non-controlling interests | | **(36)** | (10) |
| | | **(402)** | (1,076) |
| | | ***S cents*** | *S cents* |
| **Loss per share for loss attributable to owners of the Company during the year** | | | |
| – Basic | *10* | **(0.06)** | (0.21) |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*As at 31 December 2018*

| | Notes | 2018<br>*S$'000* | 2017<br>*S$'000* |
|---|---|---|---|
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | **14,751** | 2,860 |
| Investment properties | | **1,669** | 1,723 |
| Deposit paid for purchase of property, plant and equipment | | **–** | 1,295 |
| Deposits | | **26** | 25 |
| | | **16,446** | 5,903 |
| **Current assets** | | | |
| Inventories | | **2,495** | 3,429 |
| Trade receivables | *11* | **4,993** | 6,095 |
| Deposits, prepayments, other receivables and other assets | | **389** | 650 |
| Due from the holding company | | **411** | 411 |
| Cash and cash equivalents | | **8,023** | 10,289 |
| | | **16,311** | 20,874 |
| **Current liabilities** | | | |
| Trade payables | *12* | **2,360** | 2,939 |
| Accruals, other payables and deposits received | | **1,350** | 1,764 |
| Due to non-controlling interests | | **–** | 10 |
| Bank borrowings | | **629** | 178 |
| Finance lease obligations | | **15** | – |
| Income tax payable | | **171** | 406 |
| | | **4,525** | 5,297 |
| **Net current assets** | | **11,786** | 15,577 |
| **Total assets less current liabilities** | | **28,232** | 21,480 |

| | 2018 | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| **Non-current liabilities** | | |
| Deposits received | **50** | 50 |
| Bank borrowings | **10,443** | 3,410 |
| Finance lease obligations | **49** | – |
| Deferred tax liabilities | **121** | 17 |
| | **10,663** | 3,477 |
| **Net assets** | **17,569** | 18,003 |
| **EQUITY** | | |
| Share capital | **1,038** | 1,038 |
| Reserves | **16,569** | 16,976 |
| **Equity attributable to owners of the Company** | **17,607** | 18,014 |
| Non-controlling interests | **(38)** | (11) |
| **Total equity** | **17,569** | 18,003 |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the year ended 31 December 2018*

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share capital** | **Share premium*** | **Other reserve*** | **Retained profits*** | **Sub-total** | **Non-controlling interests** | **Total** |
| | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* | *S$'000* |
| **At 1 January 2017** | – | – | 100 | 6,800 | 6,900 | (1) | 6,899 |
| Arising from group reorganisation | – | – | 2,390 | – | 2,390 | – | 2,390 |
| Issue of shares by placing and public offer, net of share issue expenses | 206 | 9,584 | – | – | 9,790 | – | 9,790 |
| Share capitalisation | 832 | (832) | – | – | – | – | – |
| Loss and total comprehensive income for the year | – | – | – | (1,066) | (1,066) | (10) | (1,076) |
| **At 31 December 2017, as originally presented** | 1,038 | 8,752 | 2,490 | 5,734 | 18,014 | (11) | 18,003 |
| Initial application of HKFRS 9 *(note 2(a)(A)(i))* | – | – | – | (41) | (41) | (1) | (42) |
| **At 1 January 2018, as restated** | 1,038 | 8,752 | 2,490 | 5,693 | 17,973 | (12) | 17,961 |
| Capital injection from non-controlling interests | – | – | – | – | – | 10 | 10 |
| Loss and total comprehensive income for the year | – | – | – | (366) | (366) | (36) | (402) |
| **At 31 December 2018** | 1,038 | 8,752 | 2,490 | 5,327 | 17,607 | (38) | 17,569 |

* *These reserve accounts comprise the consolidated reserves of approximately S$16,569,000 in the consolidated statement of financial position as at 31 December 2018 (2017: S$16,976,000).*

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 January 2017. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 21 Wan Lee Road, Singapore, 627949. The shares of the Company were listed on GEM of the Stock Exchange on 22 September 2017 (the "**Listing**").

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

## 2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

### (a) Adoption of new/revised HKFRSs – effective 1 January 2018

In current year, the Group has applied for the first time the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are relevant to and effective for the Group's consolidated financial statements for the annual year beginning on 1 January 2018.

| | |
|---|---|
| HKFRS 9 | Financial Instruments |
| HKFRS 15 | Revenue from Contracts with Customers |
| Amendments to HKFRS 15 | Revenue from Contracts with Customers (Clarifications to HKFRS 15) |
| Amendments to HKFRS 2 | Classification and Measurement of Share-based Payment Transactions |
| Amendments to Hong Kong Accounting Standard ("**HKAS**") 40 | Transfers of Investment Property |
| HK (IFRIC) Interpretation 22 | Foreign Currency Transactions and Advance Consideration |

#### *(A) HKFRS 9 – Financial Instruments*

*(i) Classification and measurement of financial instruments*

HKFRS 9 replaces HKAS 39 "Financial Instruments: Recognition and Measurement" for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: (1) classification and measurement; (2) impairment and (3) hedge accounting. The adoption of HKFRS 9 from 1 January 2018 has resulted in changes in accounting policies of the Group and the amounts recognised in the consolidated financial statements.

The following tables summarised the impact, net of tax, of transition to HKFRS 9 on the opening balance of retained profits and non-controlling interests as of 1 January 2018 as follows (increase/(decrease)):

| | |
|---|---|
| | *S$'000* |
| **Retained profits as at 31 December 2017** | 5,734 |
| Increase in expected credit losses ("**ECLs**") in trade receivables *(note 2(a)(A)(ii) below)* | (41) |
| **Restated retained profits as at 1 January 2018** | 5,693 |
| **Non-controlling interests as at 31 December 2017** | (11) |
| Increase in ECLs in trade receivables *(note 2(a)(A)(ii) below)* | (1) |
| **Restated non-controlling interests as at 1 January 2018** | (12) |

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at fair value through profit or loss ("**FVTPL**"), where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities. However, it eliminates the previous HKAS 39 categories for financial assets of held to maturity financial assets, loans and receivables and available-for-sale financial assets. The adoption of HKFRS 9 has no material impact on the Group's accounting policies related to financial liabilities and derivative financial instruments. The impact of HKFRS 9 on the Group's classification and measurement of financial assets is set out below.

Under HKFRS 9, except for certain trade receivables (that the trade receivables do not contain a significant financing component in accordance with HKFRS 15), an entity shall, at initial recognition, measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. A financial asset is classified as: (i) financial assets at amortised cost ("**amortised cost**"); (ii) financial assets at fair value through other comprehensive income ("**FVOCI**"); or (iii) FVTPL (as defined in above). The classification of financial assets under HKFRS 9 is generally based on two criteria: (i) the business model under which the financial asset is managed and (ii) its contractual cash flow characteristics (the "**solely payments of principal and interest**" criterion, also known as "**SPPI criterion**"). Under HKFRS 9, embedded derivatives is no longer required to be separated from a host financial asset. Instead, the hybrid financial instrument is assessed as a whole for the classification.

A financial asset is measured at amortised cost if both of the following conditions are met and it has not been designated as at FVTPL:

- It is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that meet the SPPI criterion.

The following accounting policies would be applied to the Group's financial assets as follows:

| | |
|---|---|
| Amortised cost | Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss. |

The following table summarises the original measurement categories under HKAS 39 and the new measurement categories under HKFRS 9 for each class of the Group's financial assets as at 1 January 2018:

| **Financial assets** | **Original classification under HKAS 39** | **New classification under HKFRS 9** | **Carrying amount as at 1 January 2018 under HKAS 39** | **Carrying amount as at 1 January 2018 under HKFRS 9** |
|---|---|---|---|---|
| | | | *S$'000* | *S$'000* |
| Trade receivables | Loans and receivables | Amortised cost | 6,095 | 6,053 |
| Deposits and other receivables | Loans and receivables | Amortised cost | 548 | 548 |
| Due from the holding company | Loans and receivables | Amortised cost | 411 | 411 |
| Cash and cash equivalents | Loans and receivables | Amortised cost | 10,289 | 10,289 |

*(ii) Impairment of financial assets*

The adoption of HKFRS 9 has changed the Group's impairment model by replacing the HKAS 39 "incurred loss model" to the "ECLs model". HKFRS 9 requires the Group to recognise ECL for trade receivables and other financial assets at amortised cost earlier than HKAS 39. Cash and cash equivalents are subject to ECL model but the impairment is immaterial for the current period.

Under HKFRS 9, the losses allowances are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Measurement of ECLs

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group has elected to measure loss allowances for trade receivables using HKFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt financial assets, the ECLs are based on the 12-month ECLs. The 12-month ECLs is the portion of the lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

Presentation of ECLs

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

(a) Impairment of trade receivables

As mentioned above, the Group applies the HKFRS 9 simplified approach to measure ECLs which adopts a lifetime ECLs for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance as at 1 January 2018 was determined for trade receivables as follows:

The increase in loss allowance for trade receivables upon the transition to HKFRS 9 as of 1 January 2018 was approximately S$42,000. The loss allowance decreased by approximately S$28,000 for trade receivables during the year ended 31 December 2018 to approximately S$14,000 at the reporting date.

| | **Expected loss rate** | **Gross carrying amount** | **Loss allowance** |
|---|---|---|---|
| | *%* | *S$'000* | *S$'000* |
| Neither past due nor impaired | 0.1% | 2,029 | 2 |
| 1 to 30 days past due | 0.1% | 2,372 | 2 |
| 31 to 90 days past due | 0.5% | 1,603 | 8 |
| 91 to 180 days past due | 10% | 40 | 4 |
| Over 180 days past due | 50% | 51 | 26 |
| | | 6,095 | 42 |

(b) Impairment of other financial assets at amortised cost

Other financial assets at amortised cost of the Group includes deposits and other receivables, amount due from the holding company and cash and cash equivalents. No additional impairment for these financial assets as at 1 January 2018 and during the year ended 31 December 2018 is recognised as the amount of additional impairment measured under the ECLs model is insignificant.

As a result of the above changes, the impact of the new HKFRS 9 impairment model results in additional impairment allowance as follows:

| | *S$'000* |
|---|---|
| Loss allowance as at 1 January 2018 under HKAS 39 | – |
| Additional impairment recognised for trade receivables | 42 |
| Loss allowance as a 1 January 2018 under HKFRS 9 | 42 |

*(iii) Transition*

The Group has applied the transitional provision in HKFRS 9 such that HKFRS 9 was generally adopted without restating comparative information. The reclassifications and the adjustments arising from the new ECLs rules are therefore not reflected in the consolidated statement of financial position as at 31 December 2017, but are recognised in the consolidated statement of financial position on 1 January 2018. This means that differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not reflect the requirements of HKFRS 9 but rather those of HKAS 39.

The assessment of the determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application of HKFRS 9.

***(B) HKFRS 15 – Revenue from Contracts with Customers***

HKFRS 15 supersedes HKAS 11 "Construction Contracts", HKAS 18 "Revenue" and related interpretations. HKFRS 15 has established a five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at the amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted HKFRS 15 using the cumulative effect method without practical expedients. The Group has recognised the cumulative effect of initially applying HKFRS 15 as an adjustment to the opening balance of retained profits at the date of initial application (i.e., 1 January 2018). As a result, the financial information presented for 2017 has not been restated.

The transition to HKFRS 15 had no impact on the opening balances of retained profits.

The following tables summarised the impact of adopting HKFRS 15 on the Group's consolidated statement of financial position as at 31 December 2018 and its consolidated statement of comprehensive income for the year ended 31 December 2018. There was no material impact on the Group's consolidated statement of cash flows for the year ended 31 December 2018.

**Impact on the consolidated statement of financial position as at 31 December 2018 (increase/(decrease)):**

| | *S$'000* |
|---|---:|
| **ASSETS** | |
| **Current assets** | |
| Inventories | (5) |
| Deposits, prepayments, other receivables and other assets | 5 |
| **Total current assets** | – |
| **Total assets** | – |
| **LIABILITIES** | |
| **Current liabilities** | |
| Accruals, other payables and deposits received | |
| – Refund liabilities | 133 |
| – Accruals | (133) |
| **Total current liabilities** | – |
| **Total liabilities** | – |

**Impact on the consolidated statement of comprehensive income for the year ended 31 December 2018 (increase/(decrease)):**

| | *S$'000* |
|---|---|
| Revenue | (177) |
| Selling and distribution costs | (177) |

Details of the new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Group's sales of goods are set out below:

| **Nature of the goods or services, satisfaction of performance obligations and payment terms** | **Nature of change in accounting policy and impact on 1 January 2018** |
|---|---|
| Customers obtain control of the goods when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the goods. There is generally only one performance obligation. Invoices are usually payable within 60 days.<br><br>Right of return<br><br>Some of the Group's contracts with customers from the sales of goods provides customers a right of return (a right to be refunded in cash). | Right of return<br><br>Under HKAS 18, revenue for these contracts was recognised when a reasonable estimate of the returns could be made, provide that all other revenue recognition criteria are met. If a reasonable estimate could not be made, such revenue would be deferred until the return period lapsed or a reasonable estimate could be made.<br><br>Under HKFRS 15, right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability and a right of return asset are recognised.<br><br>Impact<br><br>As at 1 January 2018, the adoption of HKFRS 15 resulted in an increase in refund liabilities included in "accruals, other payables and deposits received" of approximately S$5,000, an increase in right of return assets included in "deposits, prepayments, other receivables and other assets" of approximately S$4,000, a decrease in accruals included in "accruals, other payables and deposits received" of approximately S$5,000 and a decrease in inventories of approximately S$4,000.<br><br>As at 31 December 2018, the adoption of HKFRS 15 resulted in an increase in refund liabilities included in "accruals, other payables and deposits received" of approximately S$6,000, an increase in right of return assets included in "deposits, prepayments, other receivables and other assets" of approximately S$5,000, a decrease in accruals included in "accruals, other payables and deposits received" of approximately S$6,000 and a decrease in inventories of approximately S$5,000. |

| **Nature of the goods or services, satisfaction of performance obligations and payment terms** | **Nature of change in accounting policy and impact on 1 January 2018** |
|---|---|
| Volume rebate | Volume rebate |
| Some of the Group's contracts with customers from the sales of goods provides customers a volume rebate if the customers purchase more than certain volume of goods in a calendar year. | Under HKAS 18, the Group estimated the expected volume rebates using the probability-weighted amount of rebates approach and recognised as a reduction of revenue as the sales are recognised. A provision for rebate was recognised in "accruals, other payables and deposits received".<br><br>Under HKFRS 15, volume rebates give rise to variable consideration. The Group applies the most likely amount method to estimate the variable consideration. A refund liability would be recognised based on the estimate of the expected to be paid to customer's volume-based rebates.<br><br>Impact<br><br>As at 1 January 2018, the adoption of HKFRS 15 resulted in an increase in refund liabilities included in "accruals, other payables and deposits received" of approximately S$202,000 and a decrease in accruals included in "accruals, other payables and deposits received" of approximately S$202,000.<br><br>As at 31 December 2018, the adoption of HKFRS 15 resulted in an increase in refund liabilities included in "accruals, other payables and deposits received" of approximately S$127,000 and a decrease in accruals included in "accruals, other payables and deposits received" of approximately S$127,000. |
| Payment to customers | Payment to customers |
| The Group makes payments to customers for slotting fee and promotion activities. | Under HKAS 18, the Group recognised the payment to customers for slotting fee and promotion activities as selling and distribution costs.<br><br>Under HKFRS 15, consideration payable to a customer is recorded as a reduction of the arrangement's transaction price, thereby reducing the amount of revenue recognised, unless the payment is for a distinct good or service received from the customer.<br><br>Impact<br><br>The adoption of HKFRS 15 resulted in a decrease in revenue of approximately S$177,000 and a decrease in selling and distribution costs of approximately S$177,000 for the year ended 31 December 2018. |

***Amendments HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)***

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

The adoption of these amendments has no impact on these financial statements as the Group had not previously adopted HKFRS 15 and took up the clarifications in this, its first, year.

***Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions***

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The adoption of these amendments has no impact on these financial statements as the Group does not have any cash-settled share-based payment transaction and has no share-based payment transaction with net settlement features for withholding tax.

***Amendments to HKAS 40 – Transfers of Investment Property***

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

The adoption of these amendments has no impact on these financial statements as the clarified treatment is consistent with the manner in which the Group has previously assessed transfers.

***HK (IFRIC) Interpretation 22 – Foreign Currency Transactions and Advance Consideration***

The interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The interpretation specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The adoption of this interpretation has no impact on these financial statements as the Group has not paid or received advance consideration in a foreign currency.

**(b) New/revised HKFRSs that have been issued but are not yet effective**

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

| | |
|---|---|
| Annual Improvements to HKFRSs 2015-2017 Cycle | Amendments to HKFRS 3, Business Combinations[1] |
| Annual Improvements to HKFRSs 2015-2017 Cycle | Amendments to HKAS 12, Income Taxes[1] |
| Annual Improvements to HKFRSs 2015-2017 Cycle | Amendments to HKAS 23, Borrowing Costs[1] |
| Amendments to HKFRS 3 | Definition of a Business[3] |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation[1] |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material[2] |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement[1] |
| HKFRS 16 | Leases[1] |
| HK (IFRIC) Interpretation 23 | Uncertainty over Income Tax Treatments[1] |

1 Effective for annual periods beginning on or after 1 January 2019

2 Effective for annual periods beginning on or after 1 January 2020

3 Effective for business combinations and asset acquisitions which the acquisition date is on or after the beginning annual period beginning on or after 1 January 2020

***Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3, Business Combinations***

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

***Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12, Income Taxes***

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

***Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs***

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

***Amendments to HKFRS 3 – Definition of a Business***

The amendments clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

***Amendments to HKFRS 9 – Prepayment Features with Negative Compensation***

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at FVOCI if specified conditions are met – instead of at FVTPL.

***Amendments to HKAS 1 and HKAS 8 – Definition of Material***

The amendments provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

***HKFRS 16 – Leases***

HKFRS 16, which upon the effective date will supersede HKAS 17 "**Leases**" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2018, the Group, as the lessee, has non-cancellable operating lease commitments of approximately S$714,000. The application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that the commitments due after 31 December 2019 will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

***HK (IFRIC) Interpretation 23 – Uncertainty over Income Tax Treatments***

The interpretation supports the requirements of HKAS 12 "Income Taxes" by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

Except for the above, the Directors anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's future financial statements.

## 3. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, HKASs and Interpretations and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the GEM Listing Rules.

The consolidated financial statements are presented in Singapore Dollar ("**S$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand except when otherwise indicated.

## 4. SEGMENT INFORMATION

### (i) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. There is only one business component in the internal reporting to the executive directors, which is the food supplies business. The Group's assets and capital expenditure are principally attributable to this business component.

### (ii) Geographical segment information

The Group's revenue from external customers is divided into the following geographical areas:

| | **Revenue from external customers** | |
|---|---|---|
| | **2018** | 2017 |
| | ***S$'000*** | *S$'000* |
| Singapore | **25,330** | 27,501 |
| Indonesia | **75** | 79 |
| Others | **–** | 13 |
| | **25,405** | 27,593 |

Geographical location of customers is based on the location at which the goods are delivered.

No geographical location of non-current assets is presented as all of the Group's non-current assets are physically based in Singapore.

### (iii) Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Customer A | **3,006** | 3,354 |

## 5. REVENUE AND OTHER INCOME AND GAINS

(a) Revenue from contracts with customers within the scope of HKFRS 15 recognised is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Sales of goods | **25,405** | 27,593 |

The following table provides information about disaggregation of revenue from contracts with customers:

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| **Product type** | | |
| Dry | **13,911** | 14,713 |
| Chilled | **4,999** | 5,858 |
| Frozen | **6,495** | 7,022 |
| | **25,405** | 27,593 |
| **Customer type** | | |
| Ship supply customers | **23,378** | 25,874 |
| Retail and food service customers | **2,027** | 1,719 |
| | **25,405** | 27,593 |
| **Timing of revenue recognition** | | |
| At a point in time | **25,405** | 27,593 |

The following table provides information about trade receivables from contracts with customers:

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Trade receivables | **4,993** | 6,095 |

(b) An analysis of the Group's other income and gains is as follows:

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Rental income from investment properties | **172** | 160 |
| One-off slotting and marketing fee received | **297** | 311 |
| Government grants *(note)* | **48** | 39 |
| Gain on disposal of financial assets at FVTPL | **22** | – |
| Net foreign exchange gain | **11** | – |
| Gain on disposal of property, plant and equipment | **3** | – |
| Others | **45** | 1 |
| | **598** | 511 |

*Note:* Government grants comprised unconditional cash subsidies from government for subsidising the Group's operation.

## 6. FINANCE COSTS

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Interest on borrowings | **274** | 172 |
| Interest on finance leases | **2** | 22 |
| | **276** | 194 |

## 7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging/(crediting):

| | **2018** | 2017 |
|---|---|---|
| | ***S$'000*** | *S$'000* |
| Auditor's remuneration | **119** | 114 |
| Cost of inventories recognised as expenses | | |
| – Cost of inventories sold | **18,489** | 19,428 |
| – Write-off of inventories | **716** | 173 |
| | **19,205** | 19,601 |
| Depreciation of property, plant and equipment | | |
| – Owned | **694** | 350 |
| – Held under finance lease | **12** | 29 |
| | **706** | 379 |
| Depreciation of investment properties | **54** | 55 |
| Direct operating expenses arising from investment properties that generated rental income | **47** | 56 |
| Employee benefit expenses (including directors' remuneration) | | |
| – Salaries and welfare | **3,120** | 3,232 |
| – Defined contributions | **189** | 192 |
| | **3,309** | 3,424 |
| Expected credit losses on financial assets | **6** | – |
| Lease payments under operating leases in respect of motor vehicles, machineries, warehouses and rented premises | | |
| – Minimum lease payments | **327** | 358 |
| – Contingent rents (note) | **122** | 321 |
| | **449** | 679 |
| Listing expenses | **–** | 2,485 |
| Net foreign exchange (gain)/loss | **(11)** | 206 |

*Note:* Contingent rents represent lease payments of warehouses which are charged based on the volume of inventories handled in the warehouses.

## 8. INCOME TAX EXPENSE

| | 2018<br>*S$'000* | 2017<br>*S$'000* |
|---|---|---|
| Current tax – Singapore income tax | | |
| – Tax for the year | **125** | 406 |
| – Under/(over)-provision in respect of prior years | **21** | (5) |
| | **146** | 401 |
| Deferred tax | | |
| – Current year | **104** | – |
| Income tax expense | **250** | 401 |

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any taxation under the jurisdictions of the Cayman Islands. Singapore income tax has been provided at the rate of 17% on the estimated assessable profits for the year.

## 9. DIVIDENDS

No dividend has been paid or declared by the Company since its date of incorporation.

## 10. LOSS PER SHARE

| | 2018<br>*S$'000* | 2017<br>*S$'000* |
|---|---|---|
| **Loss** | | |
| Loss attributable to owners of the Company | **(366)** | (1,066) |

| | 2018<br>*'000* | 2017<br>*'000* |
|---|---|---|
| **Number of shares** | | |
| Weighted average number of ordinary shares | **600,000** | 513,205 |

The calculation of basic loss per share for the year ended 31 December 2018 is based on the loss attributable to owners of the Company of approximately S$366,000 (2017: S$1,066,000) and on the weighted average number of 600,000,000 (2017: 513,205,479) ordinary shares in issue during the year.

Dilutive loss per share is the same as the basic loss per share because the Group has no dilutive potential shares during the years ended 31 December 2018 and 2017.

## 11. TRADE RECEIVABLES

| | 2018 *S$'000* | 2017 *S$'000* |
|---|---|---|
| Trade receivables | **5,007** | 6,095 |
| Less: Loss allowance for trade receivables | **(14)** | – |
| | **4,993** | 6,095 |

The credit period is generally ranging from cash on delivery to 60 days.

Based on invoices date, ageing analysis of the Group's trade receivables (net of loss allowance) is as follows:

| | 2018 *S$'000* | 2017 *S$'000* |
|---|---|---|
| 0 to 30 days | **2,155** | 2,015 |
| 31 to 90 days | **2,777** | 3,739 |
| 91 to 180 days | **54** | 288 |
| Over 180 days | **7** | 53 |
| | **4,993** | 6,095 |

## 12. TRADE PAYABLES

| | 2018 *S$'000* | 2017 *S$'000* |
|---|---|---|
| Trade payables | **2,360** | 2,939 |

The credit period is generally ranging from cash on delivery to 60 days.

Based on invoices date, ageing analysis of the Group's trade payables is as follows:

| | 2018 *S$'000* | 2017 *S$'000* |
|---|---|---|
| 0 to 30 days | **1,197** | 1,613 |
| 31 to 90 days | **1,017** | 1,205 |
| 91 to 180 days | **121** | 82 |
| Over 180 days | **25** | 39 |
| | **2,360** | 2,939 |

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a Singapore-based importer of food products with over 17 years of experience in the ship supply industry in Singapore. The Group's customers include ship chandlers in Singapore and to a lesser extent, trading companies in the Asia Pacific region, such as Cambodia, the Philippines and Indonesia ("**Ship Supply Customers**") and customers who are in the food service industry ("**Retail and Food Service Customers**").

For the year ended 31 December 2018, the Group recorded a net loss of approximately S$0.4 million as compared to a net loss of approximately S$1.1 million for the same period in 2017. The Directors are of the view that the decrease of net loss during the year was mainly attributable to the non-recurring listing expenses of approximately S$2.5 million for the year ended 31 December 2017. Set aside the listing expenses, the Group's net profit for the year ended 31 December 2017 would be approximately S$1.4 million. Despite the decrease in revenue for the year ended 31 December 2018, in view of the latest negotiations with existing and potential new customers, there has been no fundamental deterioration in the commercial and operational viability in the Group's business.

During the year ended 31 December 2018, the Group acquired a new property in Singapore amounted to approximately S$10.3 million (the "**Acquisition**") and utilised part of the net proceeds from the public offer and the placing of shares of the Company (the "**Shares**") in relation to the Listing of Shares on GEM of the Stock Exchange (the "**Share Offer**") for partial settlement of the Acquisition. For more details of the Acquisition and the change in use of proceeds, please refer to the circular of the Company dated 26 March 2018.

### OUTLOOK

Due to fierce market competition in the industry and the international trading market, the Group anticipates a forthcoming challenging year. 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.

Furthermore, with the expansion of the warehouse and manufacturing facilities of the Group through the Acquisition, the Group believes it assists in sourcing new business opportunities for launching new product lines and minimising the rental cost of third-party warehouses, which can improve the Group's financial performance and increasing its shareholders' value in long term.

## FINANCIAL REVIEW

### Revenue

The Group's revenue decreased by approximately S$2.2 million or approximately 7.9% from approximately S$27.6 million for the year ended 31 December 2017 to approximately S$25.4 million for the year ended 31 December 2018. Such decrease was mainly driven by the decrease of revenue from Ship Supply Customers by approximately S$2.5 million due to the intense competition in the market.

### Cost of Sales

The Group's cost of sales decreased by approximately S$0.5 million or approximately 2.4% from approximately S$20.2 million for year ended 31 December 2017 to approximately S$19.7 million for year ended 31 December 2018. Such decrease was primarily due to the decrease in the cost of inventories recognised as expenses for the year ended 31 December 2018 as compared to the same period in 2017 and was in line with the decrease in revenue.

### Gross Profit and Gross Profit Margin

The Group's overall gross profit decreased by approximately S$1.7 million or approximately 23.0% from approximately S$7.4 million for the year ended 31 December 2017 to approximately S$5.7 million for the year ended 31 December 2018. The Group's overall gross profit margin decreased from approximately 26.8% for the year ended 31 December 2017 to approximately 22.4% for the year ended 31 December 2018, which was mainly due to the change in customers' demand that resulted in lower sales of chilled products with higher gross profit margins.

### Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately S$0.3 million or approximately 13.2% from approximately S$2.6 million for the year ended 31 December 2017 to approximately S$2.3 million for the year ended 31 December 2018. The decrease was primarily due to decrease of rental costs for warehouses.

### Administrative and Other Operating Expenses

The Group's administrative and other operating expenses decreased by approximately S$1.9 million or approximately 32.6% from approximately S$5.8 million for the year ended 31 December 2017 to approximately S$3.9 million for the year ended 31 December 2018. The decrease was primarily due to the recognition of non-recurring listing expenses for the year ended 31 December 2017 amounted to approximately S$2.5 million.

### Finance Costs

The Group's finance costs increased by approximately S$82,000 or approximately 42.3% from approximately S$194,000 for the year ended 31 December 2017 to approximately S$276,000 for the year ended 31 December 2018. The increase was mainly due to the increase of bank borrowings during the year as a result of the Acquisition.

**Income Tax Expense**

The Group's income tax expense decreased from approximately S$401,000 for the year ended 31 December 2017 to approximately S$250,000 for the year ended 31 December 2018, which was mainly due to the decrease in taxable profit from the Group's operation in Singapore.

**Loss and Total Comprehensive Income for the Year**

As a result of the foregoing, the Group recorded loss and total comprehensive income for the year which was decreased by approximately S$0.7 million or approximately 62.6% from approximately S$1.1 million for the year ended 31 December 2017 to approximately S$0.4 million for the year ended 31 December 2018. The Group would have recorded a profit of approximately S$1.4 million for the year ended 31 December 2017 should the expenses related to the Listing be excluded. The loss for year ended 31 December 2018 was mainly attributable to (i) the decrease in gross profit by approximately S$1.7 million driven by the decrease in sales as a result of the intense competition in the market; and (ii) an increase in the Group's administrative and other operating expenses (excluding listing expenses) of approximately S$0.6 million for the year ended 31 December 2018 as compared to the year ended 31 December 2017.

## CAPITAL STRUCTURE

The Group regularly reviews and manages its capital structure to ensure that the Group will be able to continue as a going concern while maximizing the return to its shareholders through optimisation of the debt and equity balance.

As at 31 December 2018, the capital structure of the Group consisted of bank borrowings and equity of the Group, comprising share capital, share premium, other reserve and retained profits.

## LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2018, the Group's working capital was financed by internal resources and bank borrowings. The quick ratio of the Group was approximately 3.1 times (2017: 3.3 times). The decrease was mainly due to the decrease of current assets (excluding inventories) by approximately 20.8% which was offset by the decrease of current liabilities by approximately 14.6%.

## GEARING RATIO

The total borrowings, comprising bank borrowings and finance lease obligations, of the Group as at 31 December 2018 were approximately S$11.1 million (2017: S$3.6 million). The Group's gearing ratio as at 31 December 2018 was approximately 63.4% (2017: 19.9%), which is calculated as the Group's total borrowings over the Group's total equity. The increase in gearing ratio was mainly due to the increase of bank borrowings of approximately S$8.0 million as a result of the Acquisition.

## FOREIGN EXCHANGE RISK

The Group's business is principally denominated in Singapore dollars. As certain bank deposits denominated in Hong Kong dollars and trade payables denominated in other foreign currencies, such as Euro, Malaysia Ringgit and United State dollars, therefore, the Group is exposed to foreign currency exchange risk. No currency hedging arrangement had been made by the Group during the year ended 31 December 2018. The Directors have positive attitude to regular monitor the exposure to foreign exchange so as to reduce the foreign exchange rate risk to minimal.

## CAPITAL EXPENDITURE

During the year ended 31 December 2018, the Group invested approximately S$12.6 million for capital expenditure which was primarily related to the Group's purchases of property, plant and equipment.

## CAPITAL COMMITMENTS

Save as the capital commitment of approximately S$0.8 million in relation to the acquisition of property, plant and equipment as at 31 December 2018, the Group had no significant capital commitments.

## CHARGES ON THE GROUP'S ASSETS

As at 31 December 2018, the Group has pledged its leasehold properties and investment properties with net book value amounted to approximately S$12.2 million (2017: S$2.5 million) and approximately S$1.7 million (2017: S$1.7 million), respectively, for certain banking facilities granted to the Group.

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

During the year ended 31 December 2018, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 12 September 2017 (the "**Prospectus**") and the capital commitment in relation to the acquisition of property, plant and equipment as mentioned above, the Group did not have other future plans for material investments or capital assets as at 31 December 2018.

## CONTINGENT LIABILITIES

As at 31 December 2018, 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$550,000 (2017: S$400,000). The guarantees in respect of performance bonds issued by bank are secured by leasehold properties and investment properties of the Group and corporate guarantee of the Company as at 31 December 2018 and 2017.

## INFORMATION ON EMPLOYEES

As at 31 December 2018, the Group employed 74 employees (2017: 86) with total staff cost (including directors' emoluments) of approximately S$3.3 million incurred for the year ended 31 December 2018 (2017: S$3.4 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. In addition, the Group also provides various training courses to enhance the employees' skills and capabilities in all aspects.

## USE OF PROCEEDS

Up to 31 December 2018, the net proceeds from the Share Offer had been applied as follows:

| | **Original use of net proceeds** *HK$'000* | **Revised use of net proceeds** *HK$'000* | **Utilised amount as at 31 December 2018** *HK$'000* | **Unutilised amount as at 31 December 2018** *HK$'000* |
|---|---|---|---|---|
| Partly fund the expansion of the capacity of the Group's warehouse premises | 17,400 | – | – | – |
| Expand Hong Kong operations | 5,900 | 5,900 | 600 | 5,300 |
| Expand new product lines | 10,300 | 10,300 | 4,660 | 5,640 |
| Acquisition of new property | – | 17,400 | 17,400 | – |
| Working capital | 2,000 | 2,000 | 1,200 | 800 |
| | 35,600 | 35,600 | 23,860 | 11,740 |

The future plans and use of proceeds as stated in the Prospectus were based on the best estimation and assumption of future market conditions made by the Group at the time of preparing the Prospectus. The actual use of proceeds was applied in accordance with the actual development of the Group's business and the industry conditions.

## 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 year ended 31 December 2018.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed minimum public float under the GEM Listing Rules during the year ended 31 December 2018 and thereafter up to the date of this announcement.

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as 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 year ended 31 December 2018.

## CORPORATE GOVERNANCE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. During the year ended 31 December 2018, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

## 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 comprises three independent non-executive Directors and a non-executive Director: Mr. Tam Wai Tak Victor, Ms. Chan Oi Chong, Mr. Choy Wing Hang William (resigned on 4 February 2019), Ms. Luk Huen Ling Claire (appointed on 4 February 2019) and Mr. Cheng King Yip (appointed on 12 February 2019). Mr. Tam Wai Tak Victor was appointed to serve as the Chairman of the Audit Committee. 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.

During the year, the Audit Committee reviewed and discussed the relevant quarterly, interim and annual financial statements, results announcements and reports of the Group. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2018 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

## SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2018 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

## PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.coollink.com.sg). The annual report of the Company for the year ended 31 December 2018 containing all the information required by the GEM Listing Rules shall be despatched to the shareholders of the Company and made available on the aforesaid websites in due course.

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

Hong Kong, 26 March 2019

*As at the date of this announcement, the executive Directors are Mr. Tan Seow Gee and Mr. Gay Teo Siong; the non-executive Director is Cheng King Yip; and the independent non-executive Directors are Ms. Chan Oi Chong, Ms. Luk Huen Ling Claire and Mr. Tam Wai Tak Victor.*