

# Cool Link (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8491

**2019**

**INTERIM REPORT**

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The board (the “Board”) of Directors of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months and six months ended 30 June 2019, together with the unaudited comparative figures for the corresponding period in 2018 as set out below:

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2019

	Notes	Three months ended 30 June		Six months ended 30 June	
		2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)	2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
<b>Revenue</b>	4	<b>5,576</b>	6,271	<b>11,278</b>	12,630
Cost of sales		(4,110)	(4,670)	(8,383)	(9,366)
<b>Gross profit</b>		<b>1,466</b>	1,601	<b>2,895</b>	3,264
Other income and (losses)/gains	5	(283)	270	72	427
Selling and distribution costs		(411)	(801)	(931)	(1,551)
Administrative and other operating expenses		(1,157)	(846)	(2,244)	(1,779)
Finance costs	6	(114)	(74)	(208)	(125)
<b>(Loss)/profit before income tax</b>	7	<b>(499)</b>	150	<b>(416)</b>	236
Income tax expense	8	(2)	(54)	(34)	(96)
<b>(Loss)/profit and total comprehensive income for the period</b>		<b>(501)</b>	96	<b>(450)</b>	140
<b>(Loss)/profit and total comprehensive income for the period attributable to:</b>					
Owners of the Company		(504)	89	(457)	138
Non-controlling interests		3	7	7	2
		(501)	96	(450)	140
<b>(Loss)/earnings per share</b>					
Basic and diluted (loss)/earnings (Singapore cents)	9	(0.08)	0.01	(0.08)	0.02

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2019

	Notes	30 June 2019 S\$'000 (unaudited)	31 December 2018 S\$'000 (audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	11	14,919	14,751
Right-of-use assets		643	–
Investment properties		1,642	1,669
Deposits		24	26
Financial assets at fair value through other comprehensive income	18	1,045	–
		<b>18,273</b>	16,446
<b>Current assets</b>			
Inventories		1,908	2,495
Trade receivables	12	5,134	4,993
Deposits, prepayments and other receivables		419	389
Due from the holding company		–	411
Financial assets at fair value through profit or loss	18	102	–
Cash and cash equivalents		7,224	8,023
		<b>14,787</b>	16,311
<b>Current liabilities</b>			
Trade payables	13	1,980	2,360
Accruals, other payables and deposits received		1,176	1,350
Bank borrowings	14	565	629
Finance lease obligations		9	15
Lease liabilities		168	–
Income tax payable		91	171
		<b>3,989</b>	4,525
<b>Net current assets</b>		<b>10,798</b>	11,786
<b>Total assets less current liabilities</b>		<b>29,071</b>	28,232

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 June 2019

	Notes	30 June 2019 S\$'000 (unaudited)	31 December 2018 S\$'000 (audited)
<b>Non-current liabilities</b>			
Deposits received		50	50
Bank borrowings	14	10,180	10,443
Finance lease obligations		47	49
Lease liabilities		484	–
Promissory note		1,070	–
Deferred tax liabilities		121	121
		<b>11,952</b>	10,663
<b>Net assets</b>		<b>17,119</b>	17,569
<b>EQUITY</b>			
Share capital	15	1,038	1,038
Reserves		16,112	16,569
<b>Equity attributable to owners of the Company</b>			
		<b>17,150</b>	17,607
Non-controlling interests		(31)	(38)
<b>Total equity</b>		<b>17,119</b>	17,569

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2019

	Attributable to the owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Other reserve	Retained profits	Subtotal		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2018 (audited)	1,038	8,752	2,490	5,734	18,014	(11)	18,003
Initial application of HKFRS 9	-	-	-	(41)	(41)	(1)	(42)
At 1 January 2018 (restated)	1,038	8,752	2,490	5,693	17,973	(12)	17,961
Loss and total comprehensive income for the period	-	-	-	138	138	2	140
At 30 June 2018 (unaudited)	1,038	8,752	2,490	5,831	18,111	(10)	18,101
At 1 January 2019 (audited)	1,038	8,752	2,490	5,327	17,607	(38)	17,569
Loss and total comprehensive income for the period	-	-	-	(457)	(457)	7	(450)
At 30 June 2019 (unaudited)	1,038	8,752	2,490	4,870	17,150	(31)	17,119

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019	2018
		S\$'000 (unaudited)	S\$'000 (unaudited)
<b>Cash flows from operating activities</b>			
(Loss)/profit before income tax		<b>(416)</b>	236
Adjustments for:			
Interest expense	6	<b>208</b>	125
Depreciation of property, plant and equipment	7	<b>465</b>	269
Depreciation of right-of-use assets	7	<b>86</b>	–
Depreciation of investment properties	7	<b>27</b>	27
Fair value loss on financial assets at fair value through profit or loss		<b>388</b>	–
Gain on disposal of property, plant and equipment		<b>(7)</b>	–
Gain on disposal of financial assets at fair value through profit or loss		<b>(159)</b>	–
Write-off of inventories	7	<b>66</b>	165
<hr/>			
Operating profit before working capital changes		<b>658</b>	822
Decrease in inventories		<b>521</b>	609
(Increase)/decrease in trade receivables		<b>(141)</b>	699
(Increase)/decrease in deposits, prepayments and other receivables		<b>(28)</b>	182
Decrease in trade payables		<b>(380)</b>	(965)
Decrease in accruals, other payables and deposit received		<b>(174)</b>	(456)
<hr/>			
Cash generated from operations		<b>456</b>	891
Income tax paid, net		<b>(114)</b>	(204)
<hr/>			
<b>Net cash from operating activities</b>		<b>342</b>	687

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

For the six months ended 30 June 2019

	Notes	Six months ended 30 June	
		2019	2018
		S\$'000 (unaudited)	S\$'000 (unaudited)
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(633)	(9,024)
Proceeds from disposal of property, plant and equipment		7	–
Decrease in amount due from the holding company		411	–
Deposit paid for purchase of property, plant and equipment		–	(1,218)
Purchases of financial assets at fair value through profit or loss		(781)	–
Proceeds from disposal of financial assets at fair value through profit or loss		450	–
<b>Net cash used in investing activities</b>		<b>(546)</b>	<b>(10,242)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings		–	8,000
Repayments of bank borrowings		(327)	(202)
Capital element of finance lease obligations		(8)	(3)
Interest element on finance lease payments	6	(2)	(1)
Capital element of lease liabilities		(77)	–
Interest element on lease liabilities	6	(20)	–
Interests paid on bank borrowings	6	(161)	(124)
<b>Net cash (used in)/from financing activities</b>		<b>(595)</b>	<b>7,670</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(799)</b>	<b>(1,885)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>8,023</b>	<b>10,289</b>
<b>Cash and cash equivalents at end of the period</b>		<b>7,224</b>	<b>8,404</b>



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

*For the six months ended 30 June 2019*

## 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 with effect from 21 June 2019.

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 six months ended 30 June 2019 have been prepared in accordance with Hong Kong Accounting Standard 34 issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and 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 2018 except for the adoption of the standards, amendments and interpretations issued by the HKICPA mandatory for the annual periods beginning on 1 January 2019.

During the interim period, the Group has adopted all the new and amended Hong Kong Financial Reporting Standards ("HKFRSs") which are first effective for the reporting period and relevant to the Group. The adoption of these new and amended HKFRSs did not result in material changes to the Group's accounting policies and unaudited condensed consolidated interim financial information, except as described in the below paragraph headed "Changes in Accounting Policies and Disclosures".

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. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The impact of the adoption of HKFRS 16 Leases have been summarised in below. The other new or amended HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

#### (i) Impact of the adoption of HKFRS 16

HKFRS 16 brings significant changes in accounting treatment for lease accounting, primarily for accounting for lessees. It replaces HKAS 17 Leases ("HKAS 17"), HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease, HK(SIC)-Int 15 Operating Leases-Incentives and HK(SIC)-Int 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. From a lessee's perspective, almost all leases are recognised in the statement of financial position as right-of-use assets and lease liabilities, with the narrow exception to this principle for leases which the underlying assets are of low-value or are determined as short-term leases. From a lessor's perspective, the accounting treatment is substantially unchanged from HKAS 17. For details of HKFRS 16 regarding its new definition of a lease, its impact on the Group's accounting policies and the transition method adopted as allowed under HKFRS 16, please refer to section (ii) to (iv) of this note.

The Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The following tables summarised the impact of transition to HKFRS 16 on statement of financial position as of 31 December 2018 to that of 1 January 2019 as follows (increase/(decrease)):

<b>Consolidated statement of financial position as at 1 January 2019</b>	<b>SS'000</b> (unaudited)
Right-of-use assets	729
Lease liabilities (current)	162
Lease liabilities (non-current)	567

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as at 1 January 2019:

<b>Reconciliation of operating lease commitments to lease liabilities</b>	<b>SS'000</b> (unaudited)
Operating lease commitments as at 31 December 2018	714
Add: additional lease payments during the period	160
Less: commitments relating to short-term leases	(29)
Less: future interest expenses	(116)
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Total lease liabilities as at 1 January 2019	729

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the statement of financial position as at 1 January 2019 is 6.33%.

**(ii) The new definition of a lease**

Under HKFRS 16, a lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. A contract conveys the right to control the use of an identified asset for a period of time when the customer, throughout the period of use, has both: (a) the right to obtain substantially all of the economic benefits from use of the identified assets and (b) the right to direct the use of the identified asset.

For a contract that contains a lease component and one or more additional lease or non-lease components, a lessee shall allocate the consideration in the contract to each lease component on the basis of the relative standalone price of the lease component and the aggregate stand-alone price of the non-lease components, unless the lessee apply the practical expedient which allows the lessee to elect, by class of underlying asset, not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component.

The Group has elected not to separate non-lease components and account for all each lease component and any associated non-lease components as a single lease component for all leases in which the Group is a lessee.

**(iii) Accounting as a lessee**

Under HKAS 17, a lessee has to classify a lease as an operating lease or a finance lease based on the extent to which risks and rewards incidental to ownership of a lease asset lie with the lessor or the lessee. If a lease is determined as an operating lease, the lessee would recognise the lease payments under the operating lease as an expense over the lease term. The asset under the lease would not be recognised in the statement of financial position of the lessee.

Under HKFRS 16, all leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but HKFRS 16 provides accounting policy choices for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group recognised a right-of-use asset and a lease liability at the date of adoption of HKFRS 16, i.e. 1 January 2019.

#### *Right-of-use asset*

The right-of-use asset should be recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

#### *Lease liability*

The lease liability should be recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group shall use the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, a lessee shall measure the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

(iv) **Transition**

As mentioned above, the Group has applied HKFRS 16 using the cumulative effect approach and recognised the right-of-use asset at the amount equal to the lease liability, adjusted by the amount of any prepayments or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018. The comparative information presented in 2018 has not been restated and continues to be reported under HKAS 17 and related interpretations as allowed by the transition provision in HKFRS 16.

The Group has recognised the lease liabilities at the date of 1 January 2019 for leases previously classified as operating leases applying HKAS 17 and measured those lease liabilities at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2019.

The Group has elected to recognise all the right-of-use assets at 1 January 2019 for leases previously classified operating leases under HKAS 17 as if HKFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. For all these right-of-use assets, the Group has applied HKAS 36 Impairment of Assets at 1 January 2019 to assess if there was any impairment as on that date.

The Group has also applied the follow practical expedients: (i) applied a single discount rate to a portfolio of leases with reasonably similar characteristics; (ii) exclude the initial direct costs from the measurement of the right-of-use asset at 1 January 2019; and (iii) used hindsight in determining the lease terms if the contracts contain options to extend or terminate the leases.

In addition, the Group has also applied the practical expedients such that: (i) HKFRS 16 is applied to all of the Group's lease contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease; and (ii) not to apply HKFRS 16 to contracts that were not previously identified as containing a lease under HKAS 17 and HK(IFRIC)-Int 4.

**4. 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:

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of goods	5,576	6,271	11,278	12,630

5. OTHER INCOME AND (LOSSES)/GAINS

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Bank interest income	38	-	38	-
Rental income from investment properties	44	45	88	85
One-off slotting and marketing fee received	50	214	136	304
Fair value loss on financial assets at fair value through profit or loss	(388)	-	(388)	-
Government grants	4	10	22	35
Gain on disposal of financial assets at fair value through profit or loss	-	-	159	-
Gain on disposal of property, plant and equipment	-	-	7	-
Others	(31)	1	10	3
	(283)	270	72	427

6. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Interest on borrowings	80	73	161	124
Interest on finance leases	1	1	2	1
Interest on lease liabilities	20	-	20	-
Interest on promissory note	13	-	25	-
	114	74	208	125

## 7. (LOSS)/PROFIT BEFORE INCOME TAX

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

	Three months ended 30 June		Six months ended 30 June	
	2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)	2019 S\$'000 (unaudited)	2018 S\$'000 (unaudited)
Auditor's remuneration	30	28	60	57
Cost of inventories recognised as expenses				
– Cost of inventories sold	3,927	4,475	8,048	8,977
– Write-off of inventories	24	77	66	165
	3,951	4,552	8,114	9,142
Depreciation of property, plant and equipment	217	176	465	269
Depreciation of right-of-use assets	44	–	86	–
Depreciation of investment properties	13	13	27	27
Direct operating expenses arising from investment properties that generated rental income	9	11	36	33
Employee benefit expenses (including directors' remuneration)				
– Salaries and welfare	669	788	1,346	1,593
– Defined contributions	49	40	94	89
	718	828	1,440	1,682
Lease payments under operating leases in respect of motor vehicles, machineries, warehouses and rented premises				
– Minimum lease payments	6	102	14	164
– Contingent rents (note)	–	28	36	166
	6	130	50	330
Net foreign exchange loss/(gain)	30	3	(8)	33

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

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax – Singapore income tax				
–Tax for the period	2	54	34	96
Income tax expense	2	54	34	96

## 9. (LOSS)/EARNINGS PER SHARE

	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
<b>(Loss)/earnings</b>				
(Loss)/profit attributable to the owners of the Company	(504)	89	(457)	138
	Three months ended 30 June		Six months ended 30 June	
	2019	2018	2019	2018
	'000	'000	'000	'000
<b>Number of shares</b>				
Weighted average number of ordinary shares	600,000	600,000	600,000	600,000

The calculation of basic (loss)/earnings per share for the six months ended 30 June 2019 is based on the (loss)/profit attributable to owners of the Company of approximately S\$457,000 (2018: S\$138,000) and on the weighted average number of 600,000,000 (2018: 600,000,000) ordinary shares in issue during the period.

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

## 10. DIVIDENDS

The Board does not recommend a payment of any dividend for the six months ended 30 June 2019 (2018: Nil).



## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired property, plant and equipment at a total cost of approximately S\$0.6 million (2018: approximately S\$10.4 million).

## 12. TRADE RECEIVABLES

	<b>30 June 2019 S\$'000 (unaudited)</b>	31 December 2018 S\$'000 (audited)
Trade receivables	5,148	5,007
Less: Loss allowance of trade receivables	(14)	(14)
	<b>5,134</b>	4,993

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 is as follows:

	<b>30 June 2019 S\$'000 (unaudited)</b>	31 December 2018 S\$'000 (audited)
0 to 30 days	1,608	2,155
31 to 90 days	2,962	2,777
91 to 180 days	493	54
Over 180 days	71	7
	<b>5,134</b>	4,993

## 13. TRADE PAYABLES

	<b>30 June 2019 S\$'000 (unaudited)</b>	31 December 2018 S\$'000 (audited)
Trade payables	1,980	2,360

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:

	<b>30 June 2019 S\$'000 (unaudited)</b>	31 December 2018 S\$'000 (audited)
0 to 30 days	901	1,197
31 to 90 days	876	1,017
91 to 180 days	118	121
Over 180 days	85	25
	<b>1,980</b>	<b>2,360</b>

#### 14. BANK BORROWINGS

	<b>30 June 2019 S\$'000 (unaudited)</b>	31 December 2018 S\$'000 (audited)
<b>Current liabilities</b>		
Secured mortgage loans		
– Amounts repayable within one year	565	629
<b>Non-current liabilities</b>		
Secured mortgage loans		
– Amounts repayable after one year	10,180	10,443
Total bank borrowings	<b>10,745</b>	<b>11,072</b>

#### 15. SHARE CAPITAL

	Notes	Number of shares	Amount S\$'000
Authorised:			
Ordinary shares			
At 1 January 2018, 31 December 2018 and 30 June 2019		10,000,000,000	17,337
Issued and fully paid:			
At 1 January 2018, 31 December 2018 and 30 June 2019		600,000,000	1,038

## 16. CAPITAL COMMITMENT

As at 30 June 2019, the Group has the following capital commitments in respect of:

	<b>30 June</b>	31 December
	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(audited)
Commitments for acquisition of:		
Property, plant and equipment	<b>242</b>	782

## 17. RELATED PARTY TRANSACTIONS

### Compensation of key management personnel

The remuneration of directors and other members of key management during the period were as follows:

	<b>Six months ended 30 June</b>	
	<b>2019</b>	2018
	<b>S\$'000</b>	S\$'000
	<b>(unaudited)</b>	(unaudited)
Short-term employee benefits	<b>531</b>	610
Defined contributions	<b>24</b>	27
	<b>555</b>	637

## 18. FAIR VALUE MEASUREMENT

The Group's financial assets measured and recognised at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- (iii) Level 3: unobservable inputs for the asset or liability.

(a) Disclosures of level in fair value hierarchy:

Fair value measurements as at 30 June 2019 using

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities	–	–	1,045	1,045
Financial assets at fair value through profit or loss				
– Listed equity securities in Hong Kong	102	–	–	102

Fair value measurements as at 31 December 2018 using

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through other comprehensive income				
– Unlisted equity securities	–	–	–	–
Financial assets at fair value through profit or loss				
– Listed equity securities in Hong Kong	–	–	–	–

The financial assets at fair value through other comprehensive income represented the acquisition of 15% of the entire issued share capital of an unlisted company principally engaged in dessert catering business (the "Acquisition"). A 5% coupon promissory note was issued in connection with the Acquisition which is payable on maturity in January 2022.

There were no transfers within Level 1, Level 2 and Level 3 during the six months ended 30 June 2019 (30 June 2018: none). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(b) **Reconciliation of assets measured at fair value based on level 3:**

	<b>Financial assets at fair value through other comprehensive income S\$'000</b>
At 1 January 2018, 31 December 2018 and 1 January 2019	–
Additions	1,045
<hr/>	
At 30 June 2019	1,045
<hr/>	

Any gains or losses arising from the measurement of the financial assets at fair value through other comprehensive income are recognised in the condensed consolidated statement of comprehensive income.

(c) **Information about level 3 fair value measurements:**

Description	Valuation techniques	Significant unobservable inputs	Range	Effect on fair value for increase of inputs
Unlisted equity securities	Income-based approach	Risk-adjusted discount rate	12.57%-14.71%	Decrease
		Discount for lack of marketability	15.90%	Decrease

(d) **Fair values of financial assets and liabilities carried at other than fair value**

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair value as at 31 December 2018 and 30 June 2019.

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is principally engaged in food supplies business in Singapore. During the six months ended 30 June 2019, the Group continued to supply food products to ship chandlers, retailers and customers who are in the food service industry.

For the six months ended 30 June 2019, the Group recorded a loss of approximately S\$0.5 million as compared to a profit of approximately S\$0.1 million for the same period in 2018. Despite the decrease in revenue for the six months ended 30 June 2019, 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.

### 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 of a new property in Singapore in March 2018 and subsequently moved into the new property in June 2019, 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\$1.3 million or approximately 10.7% from approximately S\$12.6 million for the six months ended 30 June 2018 to approximately S\$11.3 million for the six months ended 30 June 2019. Such decrease was mainly driven by the decrease in revenue from the ship chandlers due to the intense competition in the market.

### Cost of sales

The Group's cost of sales decreased by approximately S\$1.0 million or approximately 10.5% from approximately S\$9.4 million for the six months ended 30 June 2018 to approximately S\$8.4 million for the six months ended 30 June 2019. Such decrease was primarily due to the decrease in the cost of inventories recognised as expenses for the six months ended 30 June 2019 as compared to the same period in 2018 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\$0.4 million or approximately 11.3% from approximately S\$3.3 million for the six months ended 30 June 2018 to approximately S\$2.9 million for the six months ended 30 June 2019. The Group's overall gross profit margin remained stable at 25.8% and 25.7% for the six months ended 30 June 2018 and 2019 respectively.

### Selling and distribution costs

The Group's selling and distribution costs decreased by approximately S\$0.7 million or approximately 40.0% from approximately S\$1.6 million for the six months ended 30 June 2018 to approximately S\$0.9 million for the six months ended 30 June 2019. The decrease was primarily due to decrease of employee benefit expenses relating to sales and distribution of goods and decrease of rental costs for warehouse.

## **Administrative and other operating expenses**

The Group's administrative and other operating expenses increased by approximately S\$0.4 million or approximately 26.1% from approximately S\$1.8 million for the six months ended 30 June 2018 to approximately S\$2.2 million for the six months ended 30 June 2019. The increase was primarily due to the increase of depreciation of property, plant and equipment and other administrative and operating expenses for the six months ended 30 June 2019.

## **Finance costs**

The Group's finance costs increased by approximately S\$0.1 million or approximately 66.4% from approximately S\$0.1 million for the six months ended 30 June 2018 to approximately S\$0.2 million for the six months ended 30 June 2019. The increase was mainly due to the increase of interest rate on bank borrowings and accrued interest for promissory note issued in January 2019 in relation to the Acquisition as disclosed in note 18 to the unaudited condensed consolidated financial statements of this interim report.

## **(Loss)/profit and total comprehensive income for the period**

As a result of the foregoing, the Group recorded a loss of approximately S\$0.5 million for the six months ended 30 June 2019 as compared to a profit of approximately S\$0.1 million for six months ended 30 June 2018. The loss for the six months ended 30 June 2019 was mainly attributable to (i) the decrease in gross profit by approximately S\$0.4 million driven by the decrease in sales as a result of the intense competition in the market; and (ii) the fair value loss on financial assets at fair value through profit or loss of approximately S\$0.4 million.

## **CAPITAL STRUCTURE**

As at 30 June 2019, the capital structure of the Group consisted of bank borrowings, finance lease obligations and equity of the Group, comprising share capital, share premium, other reserve and retained profits.



## LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2019, the Group's working capital was financed by internal resources, bank borrowings, finance lease obligations and net proceeds from the Share Offer. As at 30 June 2019, the quick ratio of the Group was approximately 3.2 times (31 December 2018: 3.1 times).

### GEARING RATIO

The total borrowings, comprising bank borrowings, finance lease obligations, lease liabilities and promissory note of the Group as at 30 June 2019 were approximately S\$12.5 million (31 December 2018: S\$11.1 million). The Group's gearing ratio as at 30 June 2019 was approximately 73.2% (31 December 2018: 63.4%), 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 promissory note of approximately S\$1.1 million.

### CAPITAL EXPENDITURE

During the six months ended 30 June 2019, the Group invested approximately S\$0.6 million for capital expenditure which was primarily related to our purchases of property, plant and equipment.

### CAPITAL COMMITMENTS

Save as disclosed in note 16 to the unaudited condensed consolidated financial statements of this interim report, as at 30 June 2019, the Group had no significant capital commitments.

### CHARGES ON THE GROUP'S ASSETS

As at 30 June 2019, the Group has pledged its leasehold properties and investment properties with net book value amounted to approximately S\$11.9 million (31 December 2018: S\$12.2 million) and approximately S\$1.6 million (31 December 2018: 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 six months ended 30 June 2019, 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 note 16 to the unaudited condensed consolidated financial statements of this interim report, the Group did not have other future plans for material investments or capital assets.

## **CONTINGENT LIABILITIES**

As at 30 June 2019, 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 (31 December 2018: \$550,000). 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 30 June 2019 and 31 December 2018.

## **INFORMATION ON EMPLOYEES**

As at 30 June 2019, the Group employed 71 employees (31 December 2018: 74) with total staff cost (including directors’ emoluments) of approximately S\$1.4 million incurred for the six months ended 30 June 2019 (six months ended 30 June 2018: S\$1.7 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

According to the Company's announcement dated 5 March 2018, the use of proceeds was revised as follows:

	From 22 September Revised use of net proceeds HK\$'000	From 2017 to 31 December 2017 HK\$'000	For the six months ended 30 June 2018 HK\$'000	For the six months ended 31 December 2018 HK\$'000	For the six months ended 30 June 2019 HK\$'000	For the six months ended 31 December 2019 HK\$'000
Partly fund the expansion of the capacity of the Group's warehouse premises	-	-	-	-	-	-
Expand Hong Kong operations	5,900	-	1,970	1,310	1,310	1,310
Expand new product lines	10,300	-	-	4,660	3,520	2,120
Acquisition of new property	17,400	-	17,400	-	-	-
Working capital	2,000	400	400	400	400	400
	35,600	400	19,770	6,370	5,230	3,830

Up to 30 June 2019, 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	Planned use of revised net proceeds up to 30 June 2019 HK\$'000	Actual use of net proceeds as at 30 June 2019 HK\$'000	Unutilised net proceeds as at 30 June 2019 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	4,590	882	5,018
Expand new product lines	10,300	10,300	8,180	8,180	2,120
Acquisition of new property	-	17,400	17,400	17,400	-
Working capital	2,000	2,000	1,600	1,600	400
	35,600	35,600	31,770	28,062	7,538

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.

The reason for the under-utilisation of net proceeds for expanding Hong Kong operations was mainly due to the slowdown of market demand for ship supply industry.

## OTHER INFORMATION

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

As at 30 June 2019, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Law of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

#### Long positions in shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/interested	Approximate percentage of shareholding
Mr. Tan Seow Gee ("Mr. D Tan")	Interest in controlled corporation/ Interest held jointly with another persons (Note 1)	302,000,000 shares	50.33%
Mr. Gay Teo Siong ("Mr. R Gay")	Interest in controlled corporation/ Interest held jointly with another persons (Note 1)	302,000,000 shares	50.33%

Note:

1. The entire issued share capital of Packman Global Holdings Limited ("Packman Global") is legally and beneficially owned as to approximately 33.3% by Mr. D Tan, Mr. R Gay and Mr. Tan Chih Keong ("Mr. M Tan") respectively. Accordingly, Mr. D Tan, Mr. R Gay and Mr. M Tan are deemed to be interested in 302,000,000 Shares held by Packman Global by virtue of the SFO. Mr. D Tan and Mr. R Gay are executive Directors while Mr. M Tan is one of the senior management. Mr. D Tan, Mr. R Gay and Mr. M Tan are persons acting in concert and accordingly each of them is deemed to be interested in the shares held by the others.

Save as disclosed above, as at 30 June 2019, 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 as is known to the Directors, as at 30 June 2019, the following persons/entities (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

### **Long positions in shares of the Company**

<b>Name</b>	<b>Capacity/ Nature of interest</b>	<b>Number of shares held/interested</b>	<b>Approximate percentage of shareholding</b>
Packman Global	Beneficial owner	302,000,000 shares	50.33%
Mr. M Tan	Interest in controlled corporation/ Interest held jointly with another persons (Note 1)	302,000,000 shares	50.33%
Ms. Fang Yunru Wanda	Interest of spouse (Note 2)	302,000,000 shares	50.33%
Ms. Yeo Poh Choo	Interest of spouse (Note 3)	302,000,000 shares	50.33%
Ms. Chen Feiping	Interest of spouse (Note 4)	302,000,000 shares	50.33%

Name	Capacity/ Nature of interest	Number of shares held/interested	Approximate percentage of shareholding
Kingston Finance Limited	Having a security interest	302,000,000 shares	50.33%
Ample Cheer Limited	Interest in controlled corporation	302,000,000 shares	50.33%
Best Forth Limited	Interest in controlled corporation	302,000,000 shares	50.33%
Mrs. Chu Yuet Wah	Interest in controlled corporation	302,000,000 shares	50.33%
Mr. Zhang Yan	Beneficial owner	35,950,000 shares	5.99%
Mr. Meng Jintao	Beneficial owner	34,665,000 shares	5.78%

Notes:

1. The entire issued share capital of Packman Global is legally and beneficially owned as to approximately 33.3% by Mr. D Tan, Mr. R Gay and Mr. M Tan respectively. Accordingly, Mr. D Tan, Mr. R Gay and Mr. M Tan are deemed to be interested in 302,000,000 Shares held by Packman Global by virtue of the SFO. Mr. D Tan and Mr. R Gay are executive Directors while Mr. M Tan is one of the senior management. Mr. D Tan, Mr. R Gay and Mr. M Tan are persons acting in concert and accordingly each of them is deemed to be interested in the shares held by the others.
2. Ms. Fang Yunru Wanda is the spouse of Mr. D Tan and is therefore deemed to be interested in all the shares that Mr. D Tan is interested in by virtue of SFO.
3. Ms. Yeo Poh Choo is the spouse of Mr. R Gay and is therefore deemed to be interested in all the shares that Mr. R Gay is interested in by virtue of SFO.
4. Ms. Chen Feiping is the spouse of Mr. M Tan and is therefore deemed to be interested in all the shares that Mr. M Tan is interested in by virtue of SFO.

Save as disclosed above, as at 30 June 2019, 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 six months ended 30 June 2019.

## **SHARE OPTION SCHEME**

The Company has adopted the share option scheme (the "Scheme") on 30 August 2017. The purpose of the 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 of the Scheme are summarised in the section headed "Share Option Scheme" in Appendix V to the Prospectus.

As at 30 June 2019, no share option was outstanding under the Scheme. No share option has been granted, exercised, cancelled or lapsed under the Scheme since its adoption.

## **COMPETITION AND CONFLICT OF INTERESTS**

None of the Directors or substantial shareholders of the Company or any of their respective close associates has 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 six months ended 30 June 2019.

## **COMPLIANCE ADVISER'S INTERESTS**

As at 30 June 2019, except for the compliance adviser's agreement dated 24 February 2019 and entered into between the Company and LY Capital Limited, the Company's compliance adviser with effect from 24 February 2019, neither the Company's compliance adviser nor its directors, employees or close associates had any interest in relation to the Company which is required to be notified to the Company pursuant to Rules 6A.32 of the GEM Listing Rules.

## **EVENT AFTER THE REPORTING PERIOD**

The Directors are not aware of any significant event which had material effect on the Group subsequent to 30 June 2019 and up to the date of this interim report.



## 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 six months ended 30 June 2019 to the date of this report.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company 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 regarding Directors' securities transactions in securities of the Company. Having made specific enquiry of all the Directors, all Directors confirmed that they had fully complied with the required standard of dealings and there was no event of non-compliance during the six months ended 30 June 2019.

## 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: Ms. Chan Oi Chong, Ms. Chin Ying Ying (appointed on 14 May 2019), Mr. Choy Wing Hang William (resigned on 4 February 2019), Ms. Luk Huen Ling Claire (appointed on 4 February 2019), Mr. Tam Wai Tak (resigned on 14 May 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 and was resigned on 14 May 2019. Ms. Chin Ying Ying was appointed to serve as the Chairlady of the Audit Committee on 14 May 2019. 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 discussed and reviewed this interim report and the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2019.

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

Hong Kong, 8 August 2019

*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. Cheng King Yip; and the independent non-executive Directors are Ms. Chan Oi Chong, Ms. Chin Ying Ying and Ms. Luk Huen Ling Claire.*

*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 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>.*