Cool Link (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8491

2017

ANNUAL REPORT

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

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

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.

Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.

Content

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Tan Seow Gee *(Chairman)*
Mr. Gay Teo Siong *(Chief Executive Officer)*

Independent non-executive Directors:

Mr. Tam Wai Tak Victor
Ms. Chan Oi Chong
Mr. Choy Wing Hang William

AUDIT COMMITTEE

Mr. Tam Wai Tak Victor *(Chairman)*
Ms. Chan Oi Chong
Mr. Choy Wing Hang William

REMUNERATION COMMITTEE

Ms. Chan Oi Chong *(Chairlady)*
Mr. Choy Wing Hang William
Mr. Tam Wai Tak Victor
Mr. Gay Teo Siong

NOMINATION COMMITTEE

Mr. Choy Wing Hang William *(Chairman)*
Mr. Tam Wai Tak Victor
Ms. Chan Oi Chong
Mr. Gay Teo Siong

COMPLIANCE OFFICER

Mr. Tan Seow Gee

COMPANY SECRETARY

Mr. Lui Wai Sing, HKICPA

AUTHORISED REPRESENTATIVES

Mr. Tan Seow Gee
Mr. Lui Wai Sing

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22 Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre
111 Connaught Road Central
Hong Kong

COMPLIANCE ADVISER

Vinco Capital Limited
Units 4909-4910, 49/F
The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL BANKER

United Overseas Bank Limited
80 Raffles Place, UOB Plaza
Singapore 048624

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

Room 5705, 57th Floor
The Center
99 Queen's Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

No. 21 Wan Lee Road
Singapore 627949

COMPANY'S WEBSITE

http://www.coollink.com.sg

STOCK CODE

8491

Chairman's Statement

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Cool Link (Holdings) Limited (the "Company"), I am pleased to present the first annual report of the Company and its subsidiaries (collectively the "Group") since its listing on GEM of the Stock Exchange by way of public offer and placing (the "Listing") on 22 September 2017 (the "Listing Date").

Successful listing enables the Company to set foot on international capital platform and turn a new page in business development. With the capital raised by the support of the shareholders, the Listing provides a great platform for the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the supply of food products industry.

For the year ended 31 December 2017, the Group recorded total revenue of approximately S$27.6 million, attaining a comparable result with the previous financial year. The Group recorded a loss of approximately S$1.1 million for the year ended 31 December 2017 as compared to a profit of approximately S$1.2 million for the year ended 31 December 2016. Such loss was mainly attributable to (i) the recognition of non-recurring listing expenses in the Group's consolidated statement of comprehensive income amounting to approximately S$2.5 million for the year ended 31 December 2017; and (ii) an increase in the Group's administrative and other operating expenses (excluding listing expenses) by approximately S$0.5 million for the year ended 31 December 2017 as compared with the previous financial year.

Going forward, we will continuously focus our efforts to expand our business by broadening the customer base and cultivate new clients for long term growth. We will also put in place sound corporate governance and effective cost controls to maximise the return to our shareholders.

On behalf of the Board, I would like to express my sincere gratitude to the relentless support of all our valuable shareholders, investors, suppliers, business partners and customers. The management team and all staff members of the Group will continue striving for better results for the Group and bringing returns to the shareholders.

Tan Seow Gee
Chairman and Executive Director

Hong Kong, 29 March 2018

Management Discussion and Analysis

BUSINESS REVIEW

The Group is a Singapore-based importer of food products with over 16 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 2017, the Group recorded a net loss of approximately S$1.1 million as compared to net profit of approximately S$1.2 million for the same period in 2016. The Directors are of the view that the net loss was mainly attributable to the non-recurring listing expenses. Set aside the listing expenses of approximately S$2.5 million (2016: S$0.7 million), the Group's net profit for year ended 31 December 2017 would be approximately S$1.4 million, compared to approximately S$1.9 million for the same period in 2016. Despite the decrease in revenue for the year ended 31 December 2017 as compared to the same period in 2016, in view of the latest negotiations with existing and potential new customers, the Directors are of the opinion that there has been no fundamental deterioration in the commercial and operational viability in the Group's business.

OUTLOOK

The shares of the Company were listed on GEM on 22 September 2017 by way of Share Offer. The Directors believe that the Listing is strategic to the Group's entrance into the Hong Kong ship supply industry, and will raise the profile and visibility of the Group and strengthen the Group's competitiveness among the competitors, in the hope of leading to an increase in market share. In addition, the Directors also believe that customers and suppliers may prefer to work with listed companies given their reputation, listing status, public financial disclosures and general regulatory supervision by the relevant regulatory bodies. The net proceeds from the Share Offer will provide financial resources to the Group to meet and achieve its business opportunities and strategies which will further strengthen the Group's market position in the food supply industry.

The Group is in the course of negotiations with existing customers and potential new customers, including groups with scalable size of operations, expressing intentions for inviting us to expand the existing supply scope.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately S$0.6 million or approximately 2.1% from approximately S$28.2 million for the year ended 31 December 2016 to approximately S$27.6 million for the year ended 31 December 2017. Such decrease was mainly driven by the decrease of revenue from Ship Supply Customers by approximately S$1.2 million due to the slowdown of market demand, which was offset by the increase of revenue from the Retail and Food Service Customers of approximately S$0.6 million as a result of which the Group has commenced the supply of food products to one of the supermarket chains and a provider of food solutions and gateway services in 2017.

Cost of Sales

The Group's cost of sales decreased by approximately S$0.8 million or approximately 3.9% from approximately S$21.0 million for year ended 31 December 2016 to approximately S$20.2 million for year ended 31 December 2017. Such decrease was primarily due to the decrease in the cost of inventories recognised as expenses for the year ended 31 December 2017 as compared to the same period in 2016 and was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

The Group's overall gross profit increased by approximately S$0.2 million or approximately 3.4% from approximately S$7.2 million for the year ended 31 December 2016 to approximately S$7.4 million for the year ended 31 December 2017. The Group's overall gross profit margin increased from approximately 25.4% for the year ended 31 December 2016 to approximately 26.8% for the year ended 31 December 2017, which was mainly due to improvements in our product mix that resulted in higher sales of our products with higher gross profit margins.

Selling and Distribution Costs

The Group's selling and distribution costs increased by approximately S$0.2 million or approximately 8.1% from approximately S$2.4 million for the year ended 31 December 2016 to approximately S$2.6 million for the year ended 31 December 2017. The increase was primarily due to increase of employee benefit expenses relating to sales and distribution of goods and increase of rental for warehouses.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately S$2.3 million or approximately 65.0% from approximately S$3.5 million for the year ended 31 December 2016 to approximately S$5.8 million for the year ended 31 December 2017. The increase 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 (2016: S$0.7 million).

Management Discussion and Analysis

Finance Costs

The Group's finance costs increased by approximately S$86,000 or approximately 79.6% from approximately S$108,000 for the year ended 31 December 2016 to approximately S$194,000 for the year ended 31 December 2017. The increase was mainly due to the increase of effective interest rate from the range of approximately 1.98% to 3.55% per annum as at 31 December 2016 to the range of approximately 2.83% to 6.50% per annum as at 31 December 2017.

Income Tax Expense

The Group's income tax expense increased from approximately S$341,000 for the year ended 31 December 2016 to approximately S$401,000 for the year ended 31 December 2017. Excluding the non-recurring listing expenses of approximately S$2.5 million incurred for the year ended 31 December 2017 which was non-deductible for tax purpose, the Group's effective tax rate would be approximately 22.2%.

(Loss)/profit and Total Comprehensive Income for the year

As a result of the foregoing, our (loss)/profit and total comprehensive income for the year decreased by approximately S$2.3 million or 188.9% from a profit of approximately S$1.2 million for the year ended 31 December 2016 to a loss of approximately S$1.1 million for the year ended 31 December 2017. The Group would have recorded a profit of approximately S$1.4 million for the year ended 31 December 2017 which is comparable to the year ended 31 December 2016 of approximately S$1.9 million should the expenses related to the Listing be excluded.

CAPITAL STRUCTURE

As at 31 December 2017, 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 2017, the Group's working capital was financed by internal resources, bank borrowings and net proceeds from the Share Offer. The quick ratio of the Group was approximately 3.3 times (2016: 1.4 times). The improvement was mainly due to the increase of cash and cash equivalents amounting to approximately S$6.8 million due to the net proceeds received from the Listing.

GEARING RATIO

The total borrowings, comprising bank borrowings and finance lease obligations, of the Group as at 31 December 2017 were approximately S$3.6 million (2016: S$4.0 million). The Group's gearing ratio as at 31 December 2017 was approximately 19.9% (2016: 57.5%), which is calculated as the Group's total borrowings over the Group's total equity. The decrease in gearing ratio was mainly due to the increase of the Group's total equity of approximately S$11.1 million.

CAPITAL EXPENDITURE

During the year ended 31 December 2017, the Group invested approximately S$0.2 million for capital expenditure which was primarily related to our purchases of property, plant and equipment.

Management Discussion and Analysis

CAPITAL COMMITMENTS

Save as disclosed in note 30 to the consolidated financial statements of this annual report, as at 31 December 2017, the Group had no significant capital commitments.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2017, the Group has pledged its leasehold properties and investment properties with net book value amounted to approximately S$2.5 million (2016: S$2.7 million) and approximately S$1.7 million (2016: S$1.8 million), respectively, for certain banking facilities granted to the Group.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2017, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies save for those reorganisation activities done for the purpose of the Listing as set out in the paragraph headed "Reorganisation" under the section headed "History, Reorganisation and Group Structure" in the prospectus of the Company dated 12 September 2017 (the "Prospectus").

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus and note 30 to the consolidated financial statements of this annual report, the Group did not have other future plans for material investments or capital assets.

CONTINGENT LIABILITIES

As at 31 December 2017, 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$400,000 (2016: $445,000). 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 2017 and personal guarantees of Mr. Gay Teo Siong, Mr. Tan Seow Gee and Mr. Tan Chih Keong as at 31 December 2016.

Management Discussion and Analysis

INFORMATION ON EMPLOYEES

As at 31 December 2017, the Group employed 86 employees (2016: 65) with total staff cost (including directors' emoluments) of approximately S$3.4 million incurred for the year ended 31 December 2017 (2016: S$3.3 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits.

USE OF PROCEEDS

Up to 31 December 2017, the net proceeds from the Share Offer had been applied as follows:

	Planned use of proceeds up to 31 December 2017	**Actual use of proceeds balance up to 31 December 2017**
	HK$'000	HK$'000
Partly fund the expansion of the capacity of the Group's warehouse premises	–	–
Expand Hong Kong operations	–	–
Expand new product lines	–	–
Working capital	400	400
	400	400

As indicated in the Prospectus, the Company intended to use part of the net proceeds from the Share Offer ("Net Proceeds") to partly fund the expansion of the capacity of the Group's current warehouse premises. However, after careful consideration and detailed evaluation of the Company's current operations and in order to enhance the Company's cash management and the utilisation efficiency of the Net Proceeds, the Board resolved to (1) adjust the allocation of the use of the Net Proceeds for the proposed acquisition (the "Acquisition") of the new property located at No. 33 Chin Bee Crescent, Singapore 619901 (the "Property") and (2) utilise part of the Net Proceeds for partial settlement of the Acquisition. For more particulars in relation to the Acquisition of the Property and the transaction contemplated thereunder, please refer to the circular of the Company dated 26 March 2018.

Management Discussion and Analysis

The net proceeds from the listing (after deducting the underwriting commission and expenses relating to the Share Offer borne by the Company) amounted to approximately HK$35.6 million which will be used for the intended purposes as set out in the section headed "Future Plans and Use of Proceeds" to the Prospectus. Set out below is the utilisation of Net Proceeds up to the date of this annual report:

	Original allocation HK$'000	**Utilised amount up to the date of this annual report** HK$'000	**Unutilised amount as at the date of this annual report** HK$'000	**Revised allocation** HK$'000
Partly fund the expansion of the capacity of the Group's warehouse premises	17,400	–	17,400	–
Expand Hong Kong operations	5,900	–	5,900	5,900
Expand new product lines	10,300	–	10,300	10,300
Acquisition	–	–	–	17,400
Working capital	2,000	400	1,600	1,600
	35,600	400	35,200	35,200

Save as the above, the board of Directors confirms that there are no other changes to the use of Net Proceeds.

Save as disclosed, the Company intends to apply the remaining Net Proceeds as set out in the Prospectus.

Report of the Directors

The Directors of the Company presents herewith the annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2017.

GROUP REORGANISATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 27 January 2017. Through a group reorganisation as disclosed in the Company's Prospectus, the Company has since 5 September 2017 become the holding company of the Group. The shares of the Company were listed on GEM of the Stock Exchange on 22 September 2017 through Share Offer.

PRINCIPAL ACTIVITIES

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

The activities of its principal subsidiaries are set out in note 34 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2017 is set out in the section headed "Management Discussion and Analysis" of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 and the state of affairs of the Group as at 31 December 2017 are set forth in the consolidated financial statements on pages 38 to 93 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past 3 years ended 31 December 2017, as extracted from the audited consolidated financial statements in the annual report and the Prospectus, is set out on page 94. This summary does not form part of the consolidated financial statements in the annual report.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 41 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's reserves available for distribution to owners comprising share premium less accumulated losses, amounted to approximately S$5.9 million (2016: Nil).

Report of the Directors

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 14 to the consolidated financial statements of this annual report.

INVESTMENT PROPERTIES

Location	Existing use	Lease term
8A Admiralty Street #03-26 Singapore 757437	Industrial	60 years commencing from 9 October 2000
27 Tuas Bay Walk #04-01 Westview Food Factory, Singapore 637127	Industrial	30 years commencing from 22 July 2013

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in note 27 to the consolidated financial statements of this annual report.

DIRECTORS

The Directors during the year ended 31 December 2017 and up to the date of this report were:

Executive Directors

Mr. Tan Seow Gee *(Chairman)*	(appointed on 27 January 2017)
Mr. Gay Teo Siong *(Chief Executive Officer)*	(appointed on 27 January 2017)

Independent Non-Executive Directors

Mr. Tam Wai Tak Victor	(appointed on 30 August 2017)
Ms. Chan Oi Chong	(appointed on 30 August 2017)
Mr. Choy Wing Hang William	(appointed on 30 August 2017)

In accordance with our articles of association, at each annual general meeting one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election.

Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors, has entered into a service agreement with the Company for a term of three years commencing from the Listing Date and will continue thereafter until terminated in accordance with the terms of the service agreement.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year commencing from the Listing Date and will continue or a term of one year unless terminated earlier in accordance with the terms of their letter of appointment.

Save as aforesaid, none of the Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by the Group within one year without the payment of compensation (other than statutory compensation)).

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors and senior management are disclosed in the section headed "Biographies of Directors and Senior Management" on pages 29 to 32 of this annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors are set out in note 10 to the consolidated financial statements of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors annual written confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures of the Company and its associated corporation" below, at no time during the year was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTEREST IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There has been no transaction, arrangement or contract of significance to which the Company, its holding Company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with the Director is or was materially interested, either directly or indirectly, subsisting during or at the end of the year.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company as disclosed below, no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to the Group's five largest customers accounted for approximately 41.3% and sales to the Group's largest customer amounted to approximately 12.2% of the total sales for the year, respectively. Purchases from the Group's five largest suppliers accounted for approximately 36.7% and purchases from the Group's largest supplier amounted to approximately 11.5% of the total cost of purchases for the year.

To the best knowledge of the Directors, neither the Directors, their close associates, nor any shareholders (which to the knowledge of the Directors) owned more than 5% of the Company's issued shares, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the year are disclosed in note 31 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitutes connected transactions that need to be disclosed under the GEM Listing Rules.

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 2017.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MANAGEMENT CONTRACTS

During the year ended 31 December 2017, the Company did not enter into or have any management and administration contracts in respect of the whole or any substantial part of the business of the Company.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATION

As at 31 December 2017, the interests and short positions of the Directors or chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws 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 Rule 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in shares of the Company

Name	Capacity/ Nature of interest	Number of shares held/interested	Percentage of shareholding
Mr. Tan Seow Gee ("Mr. D Tan")	Interest in controlled corporation/ Interest held jointly with another persons *(Note 1)*	378,000,000 shares	63.00%
Mr. Gay Teo Siong ("Mr. R Gay")	Interest in controlled corporation/ Interest held jointly with another persons *(Note 1)*	378,000,000 shares	63.00%

Notes:

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 378,000,000 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 31 December 2017, 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 AND UNDERLYING SHARES OF THE COMPANY

So far is known to the Directors, as at 31 December 2017, 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

Name	Capacity/ Nature of interest	Number of shares held/interested	Percentage of shareholding
Packman Global	Beneficial owner	378,000,000 shares	63.00%
Mr. M Tan	Interest in controlled corporation/ Interest held jointly with another persons *(Note 1)*	378,000,000 shares	63.00%
Ms. Fang Yunru Wanda	Interest of spouse *(Note 2)*	378,000,000 shares	63.00%
Ms. Yeo Poh Choo	Interest of spouse *(Note 3)*	378,000,000 shares	63.00%
Ms. Chen Feiping	Interest of spouse *(Note 4)*	378,000,000 shares	63.00%
Absolute Elite Limited ("Absolute Elite")	Beneficial owner	72,000,000 shares	12.00%
Mr. Tan Chu En Ian	Interest in controlled corporation *(Note 5)*	72,000,000 shares	12.00%
Ms. Sinta Muchtar	Interest of spouse *(Note 6)*	72,000,000 shares	12.00%

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 378,000,000 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.

5. The entire issued share capital of Absolute Elite is legally and beneficially owned as to 100% by Mr. Tan Chu En Ian. Accordingly, Mr. Tan Chu En Ian is deemed to be interested in all the shares held by Absolute Elite by virtue of the SFO.

6. Ms. Sinta Muchtar is the spouse of Mr. Tan Chu En Ian and is therefore deemed to be interested in all the shares that Mr. Tan Chu En Ian is interested in via Absolute Elite by virtue of SFO.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the "Share Option Scheme"), which was approved by written resolution passed by the shareholders on 30 August 2017. The principal terms and details of the Share Option Scheme are set in the section headed "Statutory and General Information" in Appendix V to the Prospectus and are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

For the year ended 31 December 2017, no share option was granted, exercised, expired or lapsed or cancelled and there is no outstanding share option under the Share Option Scheme.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors or substantial shareholders of the Company or any of their respective 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 year ended 31 December 2017.

NON-COMPETITION UNDERTAKINGS

Mr. D Tan, Mr. M Tan, Mr. R Gay and Packman Global (the "Controlling Shareholders") entered into a deed of non-competition dated 30 August 2017 ("Deed of Non-Competition") in favour of the Company (for itself and as trustee for each of its subsidiaries). For details of the Deed of Non-Competition, please refer to the section headed "Relationship with Controlling Shareholders – Non-competition undertaking" in the Prospectus. Each of the Controlling Shareholders has confirmed that none of them is engaged in, or interested in any business (other than the Group) which, directly or indirectly, competes or may compete with the business of the Group.

The independent non-executive Directors have also reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by each of the Controlling Shareholders since the Listing Date and up to the date of this annual report.

EMOLUMENT POLICY

The remuneration committee will review and determine the remuneration and compensation packages of the Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

The Company has adopted a share option scheme as an incentive to directors and eligible employees, details of the scheme is set out in the paragraph headed "Share Option Scheme" in this annual report.

COMPLIANCE ADVISER'S INTERESTS

As at 31 December 2017, except for the compliance adviser's agreement entered into between the Company and Vinco Capital Limited, the Company's compliance adviser, on 11 September 2017, neither the Company's compliance adviser nor its directors, employees or 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.

CONNECTED TRANSACTIONS

During the year ended 31 December 2017, the Company had not entered into any connected transaction which is subject to the disclosure requirements under the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 21 to 28.

Report of the Directors

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group realises the importance of environmental protection in pursuing a long-term sustainability. In particular, the Group promotes energy saving and recycling of materials in the headquarters such as turning off idle lightings, air-conditioning and electrical appliances and using recycled papers for printing and copying. The Group is committed to improving environmental sustainability and will closely monitor the performance. In accordance with Appendix 27 to the GEM Listing Rules, the Company's Environmental, Social and Governance Report will be available on its website within three months from the publication of this annual report.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year ended 31 December 2017, there was no material breach or non-compliance with the applicable laws and regulations by the Group.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers, customers and other stakeholders to meet its immediate and long-term goals. During the year ended 31 December 2017, there was no material or significant dispute between the Group and its suppliers, customers and/or stakeholders.

PRINCIPAL RISKS AND UNCERTAINTIES

Business Risk

The Group may be unable to retain or replace the Group's major customers. While the Group has good working relationships with the customers, there is no assurance that they will continue to place orders with the Group at all or at current levels in the future. In the event that the Group's major customers significantly reduce their orders with the Group, the business and results of operations of the Group will be adversely affected. As such, the Group is also exposed to inventory risk and stock obsolescence if the Group is unable to predict with certainty the customers' demands.

Economic and Political Risk

Adverse changes in the economic and political environment and government policies may affect our ability to execute our strategies.

Financial Risk

The Group is exposed to financial risks related to foreign currency, interest rate, credit and liquidity in the normal course of business. For details of such financial risks, please refer to note 37 to the consolidated financial statements.

People Risk

Loss of key management personnel may affect the Group's business, prospects and financial performance.

Report of the Directors

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming annual general meeting is scheduled to be held on Friday, 11 May 2018 (the "AGM"). For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 8 May 2018 to Friday, 11 May 2018, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Monday, 7 May 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 since the Listing Date and up to the date of this report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, subject to the applicable laws and regulations, every Director shall be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the year. The Company has arranged appropriate directors' and officers' liability insurance coverage for the directors and officers of the Group.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the note 30 to the consolidated financial statements of this annual report, there is no significant event of the Group after the reporting date.

AUDITOR

The consolidated financial statements for the year ended 31 December 2017 have been audited by BDO Limited. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint BDO Limited as auditor of the Company.

On behalf of the Board
Mr. Tan Seow Gee
Chairman and Executive Director

Hong Kong, 29 March 2018

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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 2017, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Pursuant to code provision A.2.1 of the CG Code, the roles of Chairman and Chief Executive Officer are separate and not performed by the same individual in order to balance the distribution of power. Mr. Tan Seow Gee is currently the Chairman and Mr. Gay Teo Siong is the Chief Executive Officer, they are independent and not connected with each other except for being officers of the Company.

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 2017.

BOARD OF DIRECTORS

Responsibilities

The Board takes the responsibility to oversee all major matters of the Company, including but not limited to formulating and approving the overall strategies and business performance of the Company, monitoring the financial performance and internal control as well as overseeing the risk management system of the Company and monitoring the performance of senior executives. The Board is also responsible for performing the corporate governance duties including the developing and reviewing the Company's policies and practices on corporate governance.

Liability insurance for Directors of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Corporate Governance Report

The Directors who held office during the year ended 31 December 2017 and as at the date of this report are as follows:

Board Composition
Executive Directors

Mr. Tan Seow Gee *(Chairman)*	(appointed on 27 January 2017)
Mr. Gay Teo Siong *(Chief Executive Officer)*	(appointed on 27 January 2017)

Independent Non-Executive Directors

Mr. Tam Wai Tak Victor	(appointed on 30 August 2017)
Ms. Chan Oi Chong	(appointed on 30 August 2017)
Mr. Choy Wing Hang William	(appointed on 30 August 2017)

The biographic details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 29 to 32 of this annual report.

The Company has complied with the requirements under Rule 5.05(1) and (2), and 5.05A of the GEM Listing Rules during the year ended 31 December 2017. All independent non-executive Directors also meet the guidelines for assessment of their independence as set out in Rule 5.09 of the GEM Listing Rules.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

BOARD MEETINGS AND PROCEDURES

Board members were provided with complete, adequate and timely information to allow them to fulfill their duties properly. In compliance with code provision A.1.3 of the CG Code, at least 14 days' notice has been given for a regular Board meeting to give all Directors an opportunity to attend. Notice, agenda and board papers of regular Board meetings are sent to all Directors within reasonable time and at least 3 days prior to the meetings. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions. Full minutes are prepared after the meetings and the draft minutes are sent to all Directors for their comments before the final version of which are endorsed in the subsequent Board meeting.

Details of the attendance of the Board meetings, audit committee (the "Audit Committee") meetings, remuneration committee (the "Remuneration Committee") meetings, nomination committee (the "Nomination Committee") meetings and general meetings of the Company held since the Listing Date to 31 December 2017 are summarised as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	General meeting
Executive Directors					
Mr. Tan Seow Gee	1/1	N/A	N/A	N/A	N/A
Mr. Gay Teo Siong	1/1	N/A	N/A	N/A	N/A
Independent Non-executive Directors					
Mr. Tam Wai Tak Victor	1/1	1/1	N/A	N/A	N/A
Ms. Chan Oi Chong	1/1	1/1	N/A	N/A	N/A
Mr. Choy Wing Hang William	0/1	0/1	N/A	N/A	N/A

For the year ended 31 December 2017, no annual general meeting was held, as the Company was newly listed on 22 September 2017. No Nomination Committee meeting and Remuneration Committee meeting was held since Listing Date to 31 December 2017.

BOARD COMMITTEES

The Board has established specific committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee particular aspects of the Company's affairs. The written terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the respective websites of the Stock Exchange and the Company. All the Board committees should report to the Board on their decisions or recommendations made.

The Board is responsible for performing the functions set out in Code Provision D.3.1. of the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Board reviewed the Company's corporate governance policies and practices, continuous professional development of Directors, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the GEM Listing Rules, and the Company's compliance with the CG Code of the GEM Listing Rules and disclosure in the Corporate Governance Report.

Corporate Governance Report

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 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: Mr. Tam Wai Tak Victor, Ms. Chan Oi Chong and Mr. Choy Wing Hang William. 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 internal control procedures of the Company.

The Group's consolidated financial statements for the year ended 31 December 2017 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2017 comply with applicable accounting standards, GEM Listing Rules and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Company established a Remuneration Committee pursuant to a resolution of the Directors passed on 30 August 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the CG Code. The Remuneration Committee comprises three independent non-executive Directors and an executive Director: Ms. Chan Oi Chong, Mr. Choy Wing Hang William, Mr. Tam Wai Tak Victor and Mr. Gay Teo Siong. Ms. Chan Oi Chong was appointed as the Chairwoman of the Remuneration Committee. The primary functions of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of the Group, review performance-based remuneration and ensure none of the Directors determine their own remuneration.

NOMINATION COMMITTEE

The Company established a Nomination Committee pursuant to a resolution of the Directors passed on 30 August 2017 with written terms of reference in compliance the CG Code. The Nomination Committee comprises three independent non-executive Directors and an executive Director: Mr. Choy Wing Hang William, Mr. Tam Tak Wai Victor, Ms. Chan Oi Chong and Mr. Gay Teo Siong. Mr. Choy Wing Hang William was appointed as the Chairman of the Nomination Committee. The primary functions of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified as potential Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of the independent non-executive Directors; and make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors, in particular that of the Group's Chairman and the chief executive.

DIVERSITY OF THE BOARD

The Group has adopted policy in relation to the diversity of the members of the Board and the summary of the policy is as follows:

(1) selection of Board members will be based on a range of diversity perspectives, which would include but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service; and

(2) the Nomination Committee will monitor the implementation of the diversity policy from time to time to ensure the effectiveness of the diversity policy.

INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors have been appointed for a fixed term. Every Director is subject to re-election on retirement by rotation in accordance with the articles of association of the Company. The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and considers the independent non-executive Directors to be independent as at the date of this annual report.

DIRECTORS' TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT

In compliance with the code provision A.6.5 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors attended a formal directors training session conducted by Robertsons prior to the listing of the Company. The training covered topics including the GEM Listing Rules, the CG Code and the disclosure of inside information.

The Group continuously updates the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, so as to ensure that the Directors are aware of their responsibilities and obligations as well as to maintain good corporate governance practices.

The Company has engaged Vinco Capital Limited as the compliance adviser to advise the Directors on matters relating to the GEM Listing Rules upon Listing.

COMPANY SECRETARY

The company secretary of the Company assists the Board by ensuring the Board policy and procedures are followed. The company secretary is also responsible for advising that Board on corporate governance matters.

Corporate Governance Report

The Company has appointed Mr. Lui Wai Sing ("Mr. Lui") as its company secretary. He has complied with all the required qualifications, experiences and training requirements under the GEM Listing Rules. For the year ended 31 December 2017, Mr. Lui has complied with the GEM Listing Rules by taking not less than 15 hours of relevant professional training. The biographic of Mr. Lui is set out in the section headed "Biographical Details of the Directors and Senior Management" of this report.

AUDITOR'S REMUNERATION

During the year ended 31 December 2017, the Group has engaged its external auditor, BDO Limited. The remuneration paid/payable to the external auditor in respect of audit services and non-audit services in relation to the listing of the Company's shares on the Stock Exchange amounted to HK$668,000 and HK$1,850,000 respectively for the year ended 31 December 2017.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and five highest paid individuals set out in note 10 to the consolidated financial statements.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for overseeing the preparation of the financial statements which give a true and fair view of the state of affairs of the Group. In preparing the financial statements, appropriate accounting policies and standards are selected and applied consistently. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is its duty to monitor the risk management and internal control systems of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness annually.

The Group has yet to establish its internal audit function from the Listing Date and up to 31 December 2017. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the management could provide sufficient risk management and internal control for the Group.

However, the Group engaged an external internal control consultant, Ascenda Cachet Risk Consulting Limited, to conduct a review on the internal control system of the Group during the year ended 31 December 2017. The review covered certain operational procedures and included recommendations for improvement and strengthening of the internal control system of the Group. No significant control failings or weakness have been identified by the internal control consultant during the review.

The Board considered that the risk management and internal control system of the Group are effective and adequate.

SHAREHOLDERS' RIGHT

One of the measures to safeguard the shareholders' interests and rights is to separate resolutions proposed at the shareholders' meetings on each substantial issue, including the election of individual Directors, for shareholders' consideration and voting. All resolutions put forward at the shareholders' meetings will be voted by poll pursuant to the GEM Listing Rules and the poll voting results will be posted on the Stock Exchange's website and the Company's website after the relevant shareholders' meeting.

Extraordinary general meeting may be convened by the Board on requisition of shareholders holding not less than one-tenth of the paid up capital of the Company or by such shareholders who made the requisition (the "Requisitionists") (as the case may be) pursuant to Article 64 of the articles of association. Such requisition must state the object of business to be transacted at the meeting and must be signed by the Requisitionists and deposited at the registered office of the Company or the Company's principal place of business in Hong Kong. Shareholders should follow the requirements and procedures as set out in such Article for convening an extraordinary general meeting. Shareholders may put forward proposals at general meetings by sending the same to the Company at the principal office of the Company in Hong Kong.

Shareholders may send written enquiries or requests in respect of their rights to the Company's principal business address in Hong Kong.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and the public. The Company updates its shareholders on its latest business developments and financial performance through its annual, interim and quarterly reports. The Company's website provides an effective communication platform to the public and the shareholders.

COMMUNICATION WITH SHAREHOLDERS

The AGM provides a useful forum for the shareholders to exchange views with the Board. The chairman as well as chairlady/chairman of the Audit Committee, Remuneration Committee and Nomination Committee are pleased to answer the enquires raised by the shareholders' questions. Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual directors. All the announcements and circulars are published on the Company's website and on the Stock Exchange's website.

CONSTITUTIONAL DOCUMENTS

During the period from the Listing Date to the date of this annual report, there was no significant change in constitutional documents of the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 113 of the Articles, no person (other than a retiring Director) shall be eligible for election to the office of Director at any general meeting unless a notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the head office or at the office of the branch share registrar and transfer office of the Company in Hong Kong no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least 7 days. The procedures for Shareholders to propose a person for election as a Director is posted on the website of the Company.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Tan Seow Gee（陳少義）("Mr. D Tan"), aged 44, is an executive Director and one of the Controlling Shareholders. He was appointed as the Chairman of the Board and compliance officer of the Company on 17 March 2017. He co-founded the Group together with Mr. R Gay in March 2001 and is currently the managing director of the Group. He is responsible for the overall strategic planing, management and operation of the Group. In particular, he is responsible for maintaining and improving profit margins of the Group's business and to source and launch new products and services. He is a managing director of Cool Link & Marketing Pte. Ltd ("Cool Link Marketing") since 27 March 2001. He is also a director of Cool Link Food Supply Pte. Ltd ("Cool Link Supply") since 21 December 2015 and Open Treasure Enterprises Limited ("Open Treasure Enterprises") since 27 December 2016.

Mr. D Tan has not less than 15 years of experience in the distribution industry, primarily focusing on local and overseas business trading including import of supplies and export of product.

Prior to establishing the Group, Mr. D Tan ran a number of partnership businesses, namely Cool Link & Marketing which was in the business of wholesale of ice cream and Jun Chuan Discus Farm which was in the business of operation of fish hatcheries and fish farms. He was also the sole proprietor of Sheng Huat Packing & Transport which was in the business of manufacture of wooden containers. All these business enterprises have been terminated prior to the establishment of the Group.

Mr. Gay Teo Siong（倪朝祥）("Mr. R Gay"), aged 57, is an executive Director and one of our Controlling Shareholders. He is currently the Chief Executive Officer of the Company. He co-founded the Group together with Mr. D Tan in March 2001. He is primarily responsible for the overall management of the Group. He has been a director of Cool Link Marketing since 27 March 2001, Cool Link Supply since 21 December 2015 and Open Treasure Enterprises since 27 December 2016.

Mr. R Gay has over 16 years of experience in the distribution industry, based on his experience in the Group.

Prior to establishing the Group, Mr. R Gay ran a number of partnership businesses. He owned Cool Link & Marketing which was in the business of wholesale of ice cream, Jun Chuan Discus Farm which was in the business of operation of fish hatcheries and fish farms and Rui En which was in the business of providing business support services. Save for Rui En which was terminated in March 2005, all the other business enterprises have been terminated prior to establishing the Group.

Biographies of Directors and Senior Management

Independent non-executive Directors

Mr. Tam Wai Tak Victor (譚偉德) ("Mr. Tam"), aged 40, was appointed as an independent non-executive Director on 30 August 2017. Mr. Tam graduated from the University of Glamorgan (now known as University of South Wales) in June 2001 with a Bachelor of Arts degree in accounting and finance (first class honours). He is a member of Hong Kong Institute of Certified Public Accountants since July 2005 and a fellow member of Association of Chartered Certified Accountants since February 2010. Mr. Tam has over 15 years of experience in audit and accounting fields in Hong Kong.

Mr. Tam's current and past directorships in other listed companies include serving as independent non-executive director of Shun Wo Group Holdings Limited (stock code: 1591) since September 2016, an independent non-executive director of GT Steel Construction Group Limited (stock code: 8402) since June 2017 and an independent non-executive director of Twintek Investment Holdings Limited (stock code: 6182) since December 2017.

Ms. Chan Oi Chong (陳愛莊) ("Ms. Chan"), aged 41, was appointed as an independent non-executive Director on 30 August 2017. Ms. Chan graduated from the Hong Kong University of Science of Technology in November 1998 with Bachelor of Business Administration degree in Accounting. She is a member of the Hong Kong Institute of Certified Public Accountants, a member to the Association of Chartered Certified Accountants in October 2001 and became a fellow of the association in October 2006. Ms. Chan does not have any current or past directorships in any other listed companies.

Mr. Choy Wing Hang William (蔡穎恒) ("Mr. Choy"), aged 40, was appointed as an independent non-executive Director on 30 August 2017. Mr. Choy obtained a bachelor of arts degree from the University of British Columbia (Canada) in May 2002, and a doctor of business administration degree from the California University of Management (USA) in March 2008. He has over 13 years of experience in the manufacturing and trading industry. Mr. Choy's is an independent non-executive director of China Unienergy Group Limited (stock code: 1573) since June 2016.

SENIOR MANAGEMENT

Mr. Tan Chih Keong (陳治樫) ("Mr. M Tan"), aged 43, joined the Group in August 2001 and is the general manager of Cool Link Marketing and a director of Cool Link Marketing and Cool Link Supply since 2 September 2002 and 21 December 2015, respectively. He is primarily responsible for the overseeing the overall financial performance and marketing of the Group, as well as production matters. Mr. M Tan has over 16 years of experience in the distribution industry.

Mr. M Tan has successfully completed the Effective Motivational Leadership (Chinese) programme, the Effective Personal Productivity course and the Dynamic of Successful Management course conducted by Leadership Management Singapore Pte Ltd in March 2016, October 2006 and May 2006, respectively. Mr. M Tan has been awarded the National Technical Certificate Grade Two in Electronics Servicing (Video Technology) from the Institute of Technical Education Singapore in July 1994.

Ms. Yeo Poh Choo (楊寶珠) ("Ms. Yeo"), aged 56, is the account executive of the Group. She joined the Group on 1 July 2004 as an account executive and is also a director of Cool Link Marketing since 1 July 2008. She is the spouse of Mr. R Gay.

Ms. Yeo has over 14 years of experience in managing and overseeing the accounts receivables collection.

Prior to joining the Group, she worked at Asea Brown Boveri Pte Ltd where she received a service award for 15 years of service with Asea Brown Boveri Pte Ltd in November 1996. She owned Rui En which was in the business of business support services which has been terminated in March 2005.

Ms. Yeo has successfully completed the Effective Personal Productivity course in October 2006 conducted by SMI Strategic Management Consultancy Pte Ltd.

Biographies of Directors and Senior Management

Ms. Fang Yunru Wanda（方韵茹）("Ms. Fang"), aged 43, is the account manager of the Group. She joined the Group on 1 August 2001 as an account manager and is also a director of Cool Link Marketing since 1 July 2008. She is the spouse of Mr. D Tan.

Prior to joining the Group, Ms. Fang worked as a purchaser in Pacific Garment Manufacturing Pte Ltd from July 1998 to March 2004. Then, she was employed by Ocean Sky Limited as a purchaser until February 2007. In August 2007, she joined Quality Power Management Pte Ltd until shortly before joining the Group.

Ms. Fang has successfully completed the Industrial Technician Certificate in Mechanical Engineering from Institute of Technical Education Singapore in July 1994. She was awarded the Program Certificate in Purchasing Skills, the Certificate in Purchasing Management and the Diploma in Materials Management all organised by the Singapore Institute of Purchasing & Materials Management in August 1996, March 1999 and November 2000 respectively. Ms. Fang has also successfully completed the course of food and beverage safety and hygiene policies and procedures conducted by Eduquest International Institute Pte. Ltd. in September 2016.

Mr. Lui Wai Sing（呂偉勝）("Mr. Lui"), aged 29, was appointed as the company secretary on 17 March 2017. Mr. Lui joined the Company on 5 January 2017.

Prior to joining the Group, from June 2009 to February 2011, Mr. Lui was employed by Philip Poon & Partners CPA Limited as an audit staff. From June 2011 to January 2015, he worked at BDO Limited in the assurance department where his last position was assistant manager. He joined Deloitte Touche Tohmatsu as a senior from January 2015 to January 2017.

Mr. Lui was admitted as a certified public accountant of the Hong Kong Institute of Certified Public Accountants in September 2013. He received a Bachelor of Business Administration from Lingnan University in October 2009.

COMPANY SECRETARY

Mr. Lui Wai Sing（呂偉勝）is the company secretary of the Company. His biography is set out in the paragraph headed "Senior management" in this section above.

Independent Auditor's Report

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TO THE SHAREHOLDERS OF COOL LINK (HOLDINGS) LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Cool Link (Holdings) Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 38 to 93, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment assessment of trade receivables

Refer to notes 5(iii) and 17 to the consolidated financial statements and the accounting policies in note 4(i)(ii) to the consolidated financial statements

As at 31 December 2017, the Group had trade receivables amounting to approximately S$6,095,000. No impairment provision has been made over these balances.

This conclusion was based on the assessment from the management on the existence of impairment indicators with respect to the specific risks associated with each customer, among others, considering the credit history including default or delay in payments, settlement records, subsequent settlements, ageing analysis of trade receivable and the estimation of the recoverable amount of each customer. These assessments and estimations involved significant management judgement.

We have identified impairment assessment of trade receivables as a key audit matter due to considerable amount of judgement being required in conducting impairment assessment as mentioned in the foregoing paragraph.

Our response:

Our audit procedures in relation to management's impairment assessment on trade receivables included:

- Obtaining an understanding of how impairment is estimated by the management;
- Reviewing the ageing analysis of the trade receivables to understand the settlement patterns by the customers;
- Testing the ageing analysis of the trade receivables, on a sample basis, to the source documents;
- Assessing the reasonableness of management's recoverability assessment of trade receivables with reference to the credit history including default or delay in payments, settlement records, subsequent settlements and ageing analysis of each individual customer; and
- Assessing whether there is evidence of management bias on impairment assessment of trade receivables by considering the consistency of judgement made by the management year on year through discussion with the management to understand their rationale.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited
Certified Public Accountants
Cheung Or Ping
Practising Certificate Number P05412

Hong Kong, 29 March 2018

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2017

	Notes	2017 S$'000	2016 S$'000
Revenue	7(a)	**27,593**	28,177
Cost of sales		**(20,190)**	(21,016)
Gross profit		**7,403**	7,161
Other income and gains	7(b)	**511**	430
Selling and distribution costs		**(2,643)**	(2,446)
Administrative and other operating expenses		**(5,752)**	(3,486)
Finance costs	8	**(194)**	(108)
(Loss)/profit before income tax	9	**(675)**	1,551
Income tax expense	11(a)	**(401)**	(341)
(Loss)/profit and total comprehensive income for the year		**(1,076)**	1,210
(Loss)/profit and total comprehensive income for the year attributable to:			
Owners of the Company		**(1,066)**	1,221
Non-controlling interests		**(10)**	(11)
		(1,076)	1,210
		S cents	S cents
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company during the year			
– Basic	13	**(0.21)**	0.25

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 S$'000	2016 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	**2,860**	3,087
Investment properties	15	**1,723**	1,778
Deposit paid for purchase of property, plant and equipment		**1,295**	–
Deposits	18	**25**	25
		5,903	4,890
Current assets			
Inventories	16	**3,429**	3,017
Trade receivables	17	**6,095**	5,964
Deposits, prepayments and other receivables	18	**650**	599
Due from the holding company	19	**411**	–
Time deposit with original maturity over three months	20	**–**	153
Cash and cash equivalents	20	**10,289**	3,471
		20,874	13,204
Current liabilities			
Trade payables	21	**2,939**	3,178
Accruals, other payables and deposits received	22	**1,764**	2,605
Due to directors	23	**–**	1,028
Due to non-controlling interests	24	**10**	10
Bank borrowings	25	**178**	204
Finance lease obligations	26	**–**	63
Income tax payable		**406**	357
		5,297	7,445
Net current assets		**15,577**	5,759
Total assets less current liabilities		**21,480**	10,649

Consolidated Statement of Financial Position

As at 31 December 2017

	Notes	2017 S$'000	2016 S$'000
Non-current liabilities			
Deposits received	22	**50**	30
Bank borrowings	25	**3,410**	3,565
Finance lease obligations	26	**–**	138
Deferred tax liabilities	11(b)	**17**	17
		3,477	3,750
Net assets		**18,003**	6,899
EQUITY			
Share capital	27	**1,038**	–
Reserves	28	**16,976**	6,900
Equity attributable to owners of the Company		**18,014**	6,900
Non-controlling interests		**(11)**	(1)
Total equity		**18,003**	6,899

On behalf of the directors

Tan Seow Gee
Director

Gay Teo Siong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2017

	Attributable to owners of the Company						
	Share capital S$'000 (note 27)	Share premium* S$'000 (note 28)	Other reserve* S$'000 (note 28)	Retained profits* S$'000	Sub-total S$'000	Non-controlling interests S$'000	Total S$'000
At 1 January 2016	–	–	100	5,579	5,679	–	5,679
Capital injection from non-controlling interests	–	–	–	–	–	10	10
Profit and total comprehensive income for the year	–	–	–	1,221	1,221	(11)	1,210
At 31 December 2016 and 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 (note 27(e))	206	9,584	–	–	9,790	–	9,790
Share capitalisation (note 27(d))	832	(832)	–	–	–	–	–
Loss and total comprehensive income for the year	–	–	–	(1,066)	(1,066)	(10)	(1,076)
At 31 December 2017	1,038	8,752	2,490	5,734	18,014	(11)	18,003

* These reserve accounts comprise the consolidated reserves of approximately S$16,976,000 in the consolidated statement of financial position as at 31 December 2017 (2016: S$6,900,000).

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 S$'000	2016 S$'000
Cash flows from operating activities			
(Loss)/profit before income tax		(675)	1,551
Adjustments for:			
Interest expense	8	194	108
Depreciation of property, plant and equipment	9	379	326
Depreciation of investment properties	9	55	34
Write-off of inventories	9	173	137
Operating profit before working capital changes		126	2,156
Increase in inventories		(585)	(721)
(Increase)/decrease in trade receivables		(131)	127
Increase in deposits, prepayments and other receivables		(51)	(508)
(Decrease)/increase in trade payables		(239)	478
(Decrease)/increase in accruals, other payables and deposits received		(75)	64
Cash (used in)/generated from operations		(955)	1,596
Income tax paid, net		(352)	(321)
Net cash (used in)/from operating activities		(1,307)	1,275
Cash flows from investing activities			
Purchases of an investment property	15, 35(a)(ii)	–	(871)
Purchases of property, plant and equipment	14, 35(a)(i)	(72)	(121)
Deposit paid for purchase of property, plant and equipment		(1,295)	–
Increase in amount due from the holding company		(411)	–
Decrease in time deposit with original maturity over three months		153	–
Net cash used in investing activities		(1,625)	(992)

Consolidated Statement of Cash Flows

For the year ended 31 December 2017

	Notes	2017 S$'000	2016 S$'000
Cash flows from financing activities			
Deposit received from the pre-IPO investor	28(a)	–	746
Capital injection from non-controlling interests		–	10
Proceeds from issue of shares upon group reorganisation	28(a)	1,644	–
Proceeds from issue of new shares by placing and public offer		11,356	–
Share issue expenses		(1,566)	–
Proceeds from bank borrowings		–	736
Repayments of bank borrowings		(181)	(175)
Capital element of finance lease obligations		(281)	(73)
Interest element on finance lease payments	8	(22)	(14)
Decrease in amounts due to directors		(1,028)	(120)
Increase in amount due to non-controlling interests		–	10
Interests paid on bank borrowings	8	(172)	(94)
Net cash from financing activities		9,750	1,026
Net increase in cash and cash equivalents		6,818	1,309
Cash and cash equivalents at beginning of the year		3,471	2,162
Cash and cash equivalents at end of the year		10,289	3,471

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

Cool Link (Holdings) Limited (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 principal activity of the Company is investment holding. Details of the principal activities of the Company's subsidiaries are set out in note 34 to the consolidated financial statements. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

In connection with the listing of the shares of the Company on the GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company underwent a reorganisation (the "Reorganisation") and the Company has become the holding company of its subsidiaries now comprising the Group since 5 September 2017. The shares of the Company were listed on GEM on 22 September 2017.

Details of the Reorganisation are set out in the section headed "History, Reorganisation and Group structure" to the prospectus of the Company dated 12 September 2017.

The Group is regarded as a continuing entity resulting from the Reorganisation since the insertion of certain new holding companies at the top of Cool Link & Marketing Pte Ltd ("Cool Link Marketing") has not resulted in any change in economic substance. Accordingly, the consolidated financial statements were prepared as if the Reorganisation had been completed on 1 January 2016 and the current group structure had always been in existence. The consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended 31 December 2017 and 2016 include the financial performance and cash flows of all companies now comprising the Group, as if the current group structure had been in existence throughout those years, or since their respective dates of incorporation, where this is a shorter period. The consolidated statement of financial position of the Group as at 31 December 2016 have been prepared to present the assets and liabilities of the all companies now comprising the Group as if the current group structure had been in existence as at that date.

In the opinion of the directors, the Company's immediate and ultimate parent is Packman Global Holdings Limited ("Packman Global"), a company incorporated in the British Virgin Islands (the "BVI").

The consolidated financial statements for the year ended 31 December 2017 were approved and authorised for issue by the board of directors on 29 March 2018.

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

(a) Adoption of new/revised HKFRSs – effective 1 January 2017

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 2017.

Amendments to Hong Kong Accounting Standard ("HKAS") 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities

Amendments to HKAS 7 – Disclosure Initiative

The amendments introduce an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The adoption of the amendments has led to the additional disclosure presented in the notes to the consolidated statement of cash flows, note 35(b).

Amendments to HKAS 12 – Recognition of Deferred Tax Assets for Unrealised Losses

The amendments relate to the recognition of deferred tax assets and clarify some of the necessary considerations, including how to account for deferred tax assets related to debt instruments measured of fair value.

The adoption of the amendments has no impact on these financial statements as the Group does not have deferred tax assets.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKFRS 12, Disclosure of Interests in Other Entities

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 12 "Disclosure of Interests in Other Entities" to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

The adoption of the amendments to HKFRS 12 has no impact on these financial statements as the Group does not have interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5.

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

(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.

Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKFRS 3, Business Combinations[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 12, Income Taxes[2]
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendments to HKAS 23, Borrowing Costs[2]
HKFRS 9 (2014)	Financial Instruments[1]
Amendments to HKFRS 9 (2014)	Prepayment Features with Negative Compensation[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15)[1]
HKFRS 16	Leases[2]
HK (IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration[1]
HK (IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019

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

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

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.

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.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 (2014) introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at fair value through other comprehensive income ("FVTOCI") if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at fair value through profit and loss ("FVTPL").

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

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

HKFRS 9 (2014) – Financial Instruments *(Continued)*

HKFRS 9 (2014) includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at 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 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

Amendments to HKFRS 9 (2014) – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

The directors of the Company have reviewed the Group's financial assets as at 31 December 2017 and anticipate that the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group's financial assets measured at amortised cost. Despite that the new impairment model may result in an earlier recognition of credit losses, based on the current assessment, the directors of the Company do not anticipate the adoption of HKFRS 9 in the future will have significant impact on the amounts reported, including the measurement and disclosures in respect of the Group's financial assets and liabilities based on an analysis of the Group's existing financial instruments.

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

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

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and related interpretations.

HKFRS 15 requires the application of a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments to 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 Group has performed a preliminary assessment of potential impact of the adoption of HKFRS 15 on the Group. Based on the preliminary assessment, the directors of the Company anticipate that the adoption of HKFRS 15 in the future is not likely to have significant impact on the amounts reported but may result in more disclosures made to the financial statements related to revenue.

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

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

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 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 2017, the Group, as the lessee, has non-cancellable operating lease commitments of approximately S$777,000 as disclosed in note 29(b). 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 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.

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

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

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 of the Company 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

(a) Basis of compliance

The 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 Rules Governing the Listing of Securities on GEM of the Stock Exchange.

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis.

(c) Functional and presentation currency

The 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. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: (i) power over the investee, (ii) exposure, or rights, to variable returns from the investee, and (iii) the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(c) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs, such as repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) Property, plant and equipment *(Continued)*

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Leasehold properties	18 years
Computers	4 years
Furniture and fittings	4 – 5 years
Kitchen equipment	4 years
Machinery and equipment	4 years
Motor vehicles	6 years
Renovation	3 – 5 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(d) Investment property

Investment property is property held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment property net of expected residual value over the estimated useful life using straight-line method. The useful life, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(i) Sales of goods are recognised upon on transfer of risks and rewards of ownership, which is at the time of delivery and the title is passed to customer.

(ii) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

(g) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(h) Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

For loans and receivables

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, accruals, other payables and deposits received, amounts due to directors/non-controlling interests, bank borrowings and finance lease obligations, are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(i) Financial Instruments *(Continued)*

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefit, to the extent that they are incremental costs directly attributable to the equity transaction.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(j) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Income taxes *(Continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates expected to apply in the period when the liability is settled or the asset is realised based on tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(k) Foreign currency

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Foreign currency *(Continued)*

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. S$) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Payments made to the Central Provident Fund in Singapore, which is a defined contribution retirement plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(m) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- investment properties; and
- deposit paid for purchase of property, plant and equipment

If the recoverable amount (i.e. the greater of the fair value less costs to sell and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

(n) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(o) Government grants

Government grants are recognised when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which will probably result in an outflow of economic benefits that can be reasonably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(q) Related parties

(1) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Related parties *(Continued)*

(2) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

(r) Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these financial statements, other key sources estimation uncertainty that have a significant risk of resulting a material adjustment to the carrying amounts of assets and liabilities within next financial period are as follows:

(i) Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and residual values for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will increase the depreciation charge where useful lives are less than previously estimated lives. It will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives; actual residual values may differ from estimated residual values. Periodic review could result in a change in depreciable lives and residual values and therefore depreciation expense in the future periods. The carrying amount of property, plant and equipment is disclosed in note 14.

(ii) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Inventory value is reduced when the decision to markdown below cost is made. Management reassesses the estimations at the reporting date. The carrying amount of inventories is disclosed in note 16.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(iii) Impairment of trade and other receivables

The Group's management assesses the collectibility of trade and other receivables on a regular basis to determine if any provision for impairment is necessary. This estimate is based on, where appropriate, the evaluation of collectibility and ageing analysis of the receivables and on the management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these outstandings, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of the Group's debtors were to deteriorate, resulting in an impairment of their ability to make payments, provision for impairment may be required. Management reassesses the provision for impairment at the reporting date. The carrying amounts of trade and other receivables are disclosed in notes 17 and 18, respectively.

(iv) Income taxes

The Group is subject to income taxes in Singapore. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which ultimate tax determination is uncertain during the ordinary course of business. The Group recognised liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax and deferred tax provision in the period in which such determination is made. The carrying amount of income tax payable amounted to approximately S$406,000 as at 31 December 2017 (2016: S$357,000). The carrying amount of deferred tax liabilities is disclosed in note 11(b).

(v) Provision for sales rebates

The Group offers sales rebates to customers when the customers achieve or exceed a certain target amount pre-agreed and settle invoices in accordance with the credit terms offered. The provision for sales rebates is made based on sales to customers and after taking into account that customer's historical settlement record. The estimation basis is revised on an on-going basis and revised where appropriate.

6. 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	
	2017	2016
	S$'000	S$'000
Singapore	**27,501**	27,980
Indonesia	**79**	100
Philippines	**–**	65
Others	**13**	32
	27,593	28,177

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:

	2017	2016
	S$'000	S$'000
Customer A	**3,354**	3,065
Customer B	**N/A**	3,299

N/A Transactions during the year did not exceed 10% of the Group's revenue

7. REVENUE AND OTHER INCOME AND GAINS

(a) Revenue represents the net invoiced value of goods sold, net of returns, rebates, discounts and sales related tax, where applicable. Revenue recognised is as follows:

	2017 S$'000	2016 S$'000
Sales of goods	27,593	28,177

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

	2017 S$'000	2016 S$'000
Rental income from investment properties	160	129
One-off slotting and marketing fee received	311	198
Government grants (note)	39	84
Others	1	19
	511	430

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

8. FINANCE COSTS

	2017 S$'000	2016 S$'000
Interest on borrowings	172	94
Interest on finance leases	22	14
	194	108

9. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2017 S$'000	2016 S$'000
Auditor's remuneration	114	17
Cost of inventories recognised as expenses		
– Cost of inventories sold	19,428	20,399
– Write-off of inventories	173	137
	19,601	20,536
Depreciation of property, plant and equipment		
– Owned	350	271
– Held under finance lease	29	55
	379	326
Depreciation of investment properties	55	34
Direct operating expenses arising from investment properties that generated rental income	56	58
Employee benefit expenses (including directors' remuneration (note 10))		
– Salaries and welfare	3,232	3,140
– Defined contributions	192	197
	3,424	3,337
Lease payments under operating leases in respect of motor vehicles, machineries, warehouses and rented premises		
– Minimum lease payments	358	201
– Contingent rents (note)	321	419
	679	620
Listing expenses	2,485	668
Net foreign exchange loss	206	53

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

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Directors' remuneration is disclosed as follows:

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Discretionary bonuses S$'000	Defined contributions S$'000	Total S$'000
Year ended 31 December 2017					
Executive directors (note (i)):					
Mr. Tan Seow Gee ("Mr. D Tan")	6	262	10	14	292
Mr. Gay Teo Siong ("Mr. R Gay")	6	324	10	10	350
Independent non-executive directors (note (ii)):					
Mr. Tam Wai Tak Victor	6	–	–	–	6
Ms. Chan Oi Chong	6	–	–	–	6
Mr. Choy Wing Hang William	6	–	–	–	6
Total	30	586	20	24	660
Year ended 31 December 2016					
Executive directors (note (i)):					
Mr. D Tan	187	133	20	17	357
Mr. R Gay	187	179	20	14	400
Independent non-executive directors (note (ii)):					
Mr. Tam Wai Tak Victor	–	–	–	–	–
Ms. Chan Oi Chong	–	–	–	–	–
Mr. Choy Wing Hang William	–	–	–	–	–
Total	374	312	40	31	757

Notes:

(i) Mr. D Tan and Mr. R Gay were appointed as the executive directors of the Company on 27 January 2017.

(ii) Mr. Tam Wai Tak Victor, Ms. Chan Oi Chong and Mr. Choy Wing Hang William were appointed as the independent non-executive directors of the Company on 30 August 2017.

During the year, no director or any of the highest paid individuals waived or agreed to waive any emoluments (2016: Nil). No emoluments were paid by the Group to the directors or any of the highest paid individuals of the Group as an inducement to join or upon joining the Group or as compensation for loss of office as a director of any member of the Group or of any other office in connection with the management of the affairs of any member of the Group (2016: Nil).

10. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS *(Continued)*

(b) Five highest paid individuals

The five highest paid individuals of the Group included two directors (2016: two) for the year, whose emoluments are reflected in note (a).

The analysis of the emolument of the remaining three (2016: three) highest paid non-director individuals for the year, are set out below:

	2017 S$'000	2016 S$'000
Salaries, allowances and benefits in kind	493	508
Discretionary bonuses	26	38
Defined contributions	26	40
	545	586

The emolument paid or payable to each of the above non-director individuals for the year fell within the following band:

	2017 No. of individuals	2016 No. of individuals
Nil to Hong Kong Dollar ("HK$") 1,000,000	2	2
HK$1,500,001 to HK$2,000,000	1	1

11. INCOME TAX EXPENSE

(a) Income tax

The amount of taxation in the consolidated statement of comprehensive income represents:

	2017 S$'000	2016 S$'000
Current tax – Singapore income tax		
– Tax for the year	406	357
– Over-provision in respect of prior years	(5)	(8)
	401	349
Deferred tax		
– Current year	–	(8)
Income tax expense	401	341

11. INCOME TAX EXPENSE *(Continued)*

(a) Income tax *(Continued)*

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.

The income tax expense for the year can be reconciled to the (loss)/profit before income tax per the consolidated statement of comprehensive income as follows:

	2017 S$'000	2016 S$'000
(Loss)/profit before income tax	(675)	1,551
Tax calculated at the statutory rate of 17% (2016: 17%)	(115)	264
Tax effect of revenue not taxable for tax purpose	–	(1)
Tax effect of expenses not deductible for tax purpose*	571	177
Tax effect of temporary differences not recognised	(5)	(21)
Tax effect of tax losses not recognised	18	20
Enhanced tax allowances, exemptions and rebates	(63)	(90)
Over-provision in respect of prior years	(5)	(8)
Income tax expense	401	341

* The amount is mainly arising from listing expenses which are not deductible for tax purpose.

(b) Deferred tax

Details of the deferred tax liabilities recognised and movements during the year are as follows:

	Accelerated tax depreciation S$'000
At 1 January 2016	25
Credited to profit or loss for the year	(8)
At 31 December 2016, 1 January 2017 and 31 December 2017	17

As at 31 December 2017, the Group has estimated unused tax losses of approximately S$224,000 (2016: S$115,000) that are available for offsetting against future taxable profits. The estimated unused tax losses may be carried forward indefinitely. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

12. DIVIDENDS

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

13. (LOSSES)/EARNINGS PER SHARE

	2017 S$'000	2016 S$'000
(Losses)/earnings		
(Loss)/profit attributable to owners of the Company	(1,066)	1,221

	2017 '000	2016 '000
Number of shares		
Weighted average number of ordinary shares	513,205	480,000

The calculation of basic (losses)/earnings per share for the year ended 31 December 2017 is based on the (loss)/profit attributable to owners of the Company of approximately S$1,066,000 (2016: S$1,221,000) and on the weighted average number of 513,205,479 (2016: 480,000,000) ordinary shares in issue during the year.

The weighted average number of 480,000,000 ordinary shares derived for calculation of basic (losses)/earnings per share for the year ended 31 December 2016 represented the number of ordinary shares of the Company are in issue and issuable, in which assuming that 480,000,000 ordinary shares were in issue pursuant to the Reorganisation throughout the year ended 31 December 2016.

Dilutive (losses)/earnings per share is the same as the basic (losses)/earnings per share because the Group has no dilutive potential shares during the years ended 31 December 2017 and 2016.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties S$'000	Computers S$'000	Furniture, and fittings S$'000	Kitchen equipment S$'000	Machinery and equipment S$'000	Motor vehicles S$'000	Renovation S$'000	Total S$'000
At 1 January 2016								
Cost	4,000	117	92	241	140	597	609	5,796
Accumulated depreciation	(1,055)	(74)	(84)	(237)	(128)	(413)	(593)	(2,584)
Net carrying amount	2,945	43	8	4	12	184	16	3,212
Year ended 31 December 2016								
Opening net carrying amount	2,945	43	8	4	12	184	16	3,212
Additions	–	34	11	3	64	84	5	201
Depreciation	(222)	(22)	(5)	(2)	(17)	(55)	(3)	(326)
Closing net carrying amount	2,723	55	14	5	59	213	18	3,087
At 31 December 2016 and 1 January 2017								
Cost	4,000	151	103	244	204	585	614	5,901
Accumulated depreciation	(1,277)	(96)	(89)	(239)	(145)	(372)	(596)	(2,814)
Net carrying amount	2,723	55	14	5	59	213	18	3,087
Year ended 31 December 2017								
Opening net carrying amount	2,723	55	14	5	59	213	18	3,087
Additions	–	35	4	–	–	113	–	152
Depreciation	(223)	(28)	(7)	(3)	(24)	(80)	(14)	(379)
Closing net carrying amount	2,500	62	11	2	35	246	4	2,860
At 31 December 2017								
Cost	4,000	186	107	244	204	698	614	6,053
Accumulated depreciation	(1,500)	(124)	(96)	(242)	(169)	(452)	(610)	(3,193)
Net carrying amount	2,500	62	11	2	35	246	4	2,860

Notes:

(i) As at 31 December 2016, the Group's motor vehicles with an aggregate net carrying amount of approximately S$213,000 were held under finance leases (note 26).

(ii) As at 31 December 2017, the Group's leasehold properties with a net carrying amount of approximately S$2,500,000 (2016: S$2,723,000) were pledged to secure banking facilities granted to the Group (note 25).

15. INVESTMENT PROPERTIES

	S$'000
Cost	
At 1 January 2016	1,014
Additions	920
At 31 December 2016, 1 January 2017 and 31 December 2017	1,934
Accumulated depreciation	
At 1 January 2016	122
Depreciation	34
At 31 December 2016 and 1 January 2017	156
Depreciation	55
At 31 December 2017	211
Net carrying amount	
At 31 December 2017	1,723
At 31 December 2016	1,778
Fair value	
At 31 December 2017	3,430
At 31 December 2016	3,320

The estimated useful life of the investment properties is from 27 to 50 years. The investment properties are stated at cost less accumulated depreciation and any impairment loss.

Fair value is determined by a market comparison method based on market observable transactions of similar properties and adjusted to reflect the conditions and locations of the subject properties. The fair value of the investment properties has been carried out by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties being valued. The fair value disclosed is categorised as Level 3 valuation.

Significant unobservable input used in valuing the investment properties was the price per square meter and taking into account the movement of the industrial property market index in Singapore, location and other individual factors. The highest and best use of the investment properties of the Group does not differ from its current use.

The investment properties were secured for the Group's mortgage loans (note 25).

16. INVENTORIES

	2017 S$'000	2016 S$'000
Inventories for resale	**3,429**	3,017

17. TRADE RECEIVABLES

	2017 S$'000	2016 S$'000
Trade receivables	**6,095**	5,964

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:

	2017 S$'000	2016 S$'000
0 to 30 days	**2,015**	2,472
31 to 90 days	**3,739**	3,205
91 to 180 days	**288**	286
Over 180 days	**53**	1
	6,095	5,964

Ageing analysis of the Group's trade receivables that are not impaired is as follows:

	2017 S$'000	2016 S$'000
Neither past due nor impaired	**2,029**	2,350
1 to 30 days past due	**2,372**	2,289
31 to 90 days past due	**1,603**	1,152
91 to 180 days past due	**40**	172
Over 180 days past due	**51**	1
	6,095	5,964

17. TRADE RECEIVABLES *(Continued)*

At each reporting date, the Group's trade receivables are individually determined for impairment testing. At 31 December 2017, the Group's trade receivables that were neither past due nor impaired for whom there was no recent history of default. The Group's management considers that trade receivables that were past due but not impaired under review are of good credit quality. Based on past experience, the management believes that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are considered fully recoverable. The Group does not hold any collateral in respect of trade receivables past due but not impaired. When the Group is satisfied that recovery of trade receivables is remote, the amount considered irrecoverable is written off against trade receivables directly.

18. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	2017 S$'000	2016 S$'000
Deposits	302	216
Prepayments	127	298
Other receivables	246	110
	675	624
Classified as:		
Non-current assets	25	25
Current assets	650	599
	675	624

19. DUE FROM THE HOLDING COMPANY

	2017 S$'000	2016 S$'000
Packman Global	411	–
Maximum balance due during the year	411	–

Packman Global is owned by Mr. D Tan, Mr. R Gay and Mr. Tan Chih Keong ("Mr. M Tan"), a key management personnel of the Group and a director of the Cool Link Marketing and Cool Link Food Supply Pte. Ltd. ("Cool Link Supply"), subsidiaries of the Company after the Reorganisation, as to one third each.

The balances were unsecured, interest-free and repayable on demand.

20. CASH AND BANK BALANCES

	2017 S$'000	2016 S$'000
Cash at banks and in hand	10,289	3,624
Less: Time deposit with original maturity over three months	–	(153)
Cash and cash equivalents	10,289	3,471

Notes:

(i) Bank balances earn interest at floating rates based on daily bank deposit rates.

(ii) Time deposit was made for 12 months and bore interest rate of 0.00% per annum.

Included in cash and bank balances are the following amounts denominated in currencies other than the functional currency:

	2017 S$'000	2016 S$'000
Euro ("EUR")	–	210
United State Dollar ("US$")	13	14
HK$	8,309	55

21. TRADE PAYABLES

	2017 S$'000	2016 S$'000
Trade payables	2,939	3,178

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:

	2017 S$'000	2016 S$'000
0 to 30 days	1,613	1,681
31 to 90 days	1,205	1,455
91 to 180 days	82	35
Over 180 days	39	7
	2,939	3,178

21. TRADE PAYABLES *(Continued)*

Included in trade payables are the following amounts denominated in currencies other than the functional currencies:

	2017 S$'000	2016 S$'000
EUR	**1,231**	1,129
Malaysia Ringgit ("RM")	**196**	229
US$	**47**	159
Indonesian Rupiah ("IDR")	**–**	41

22. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	2017 S$'000	2016 S$'000
Accruals	**1,320**	1,657
Other payables	**404**	202
Deposits received (note)	**90**	776
	1,814	2,635
Classified as:		
Non-current liabilities	**50**	30
Current liabilities	**1,764**	2,605
	1,814	2,635

Note:

As at 31 December 2016, included in the Group's deposits received are deposit received from a Pre-IPO Investor (defined in note 28), amounting to approximately S$746,000 (equivalent to HK$4,000,000). The balances represented the partial consideration received from the Pre-IPO Investor in advance for the subscription of shares in the share capital of Open Treasure Enterprises Limited ("Open Treasure Enterprises"), a subsidiary of the Company after the Reorganisation (note 28). The issue of shares by Open Treasure Enterprises to the Pre-IPO Investor was executed in January 2017.

Included in accruals and other payables are the following amounts denominated in currencies other than the functional currency:

	2017 S$'000	2016 S$'000
US$	**–**	8
HK$	**250**	77

23. DUE TO DIRECTORS

The balances were unsecured, interest-free and repayable on demand, which have been fully settled in April 2017.

24. DUE TO NON-CONTROLLING INTERESTS

The balances were unsecured, interest-free and repayable on demand.

25. BANK BORROWINGS

	2017 S$'000	2016 S$'000
Current liabilities		
Secured mortgage loans		
– Amounts repayable within one year	178	204
Non-current liabilities		
Secured mortgage loans		
– Amounts repayable after one year	3,410	3,565
Total bank borrowings	3,588	3,769

Notes:

(a) Bank borrowings are interest-bearing at the banks' base lending rate adjusted by certain basis points per annum. As at 31 December 2017, the Group's bank borrowings bore effective interest rate ranging from 2.83% to 6.50% per annum (2016: 1.98% to 3.55%).

(b) Based on the schedule repayment dates set out in the loan agreements, the bank borrowings are repayable as follows:

	2017 S$'000	2016 S$'000
Within one year	178	204
More than one year, but not exceeding two years	188	210
More than two years, but not exceeding five years	636	674
After five years	2,586	2,681
	3,588	3,769

25. BANK BORROWINGS *(Continued)*

(c) The Group's banking facilities are secured by:

(i) the pledge of leasehold properties of the Group with net carrying amount of approximately S$2,500,000 as at 31 December 2017 (2016: S$2,723,000) (note 14);

(ii) the pledge of investment properties of the Group with net carrying amount of approximately S$1,723,000 as at 31 December 2017 (2016: S$1,778,000) (note 15); and

(iii) the personal guarantees by Mr. R Gay and Mr. D Tan, directors of the Company, and Mr. M Tan, a key management personnel of the Group and a director of Cool Link Marketing and Cool Link Supply, as at 31 December 2016. The personal guarantees from Mr. R Gay, Mr. D Tan and Mr. M Tan were released upon listing and replaced by a corporate guarantee by the Company.

(d) The Group's aggregate banking facilities amount to approximately S$6,377,000 (2016: S$6,163,000), of which approximately S$4,127,000 (2016: S$4,258,000) have been utilised as at 31 December 2017.

26. FINANCE LEASE OBLIGATIONS

	2017		2016	
	Minimum lease payments S$'000	**Present values of minimum lease payments S$'000**	Minimum lease payments S$'000	Present values of minimum lease payments S$'000
Within one year	–	–	74	63
In the second to fifth years, inclusive	–	–	157	138
	–	–	231	201
Less: Future finance charges	–	–	(30)	n/a
Present value of lease obligations	–	–	201	201
Less: Amounts due for settlement within 12 months (shown under current liabilities)		–		(63)
Amounts due for settlement after 12 months (shown under non-current liabilities)		–		138

26. FINANCE LEASE OBLIGATIONS *(Continued)*

The Group leases certain motor vehicles under finance leases (note 14). The lease term is ranging from five to seven years. As at 31 December 2016, the effective interest rate is ranging from approximately 5.3% to 6.5% per annum. All the leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payments. The Group's obligations under finance leases are secured by the charge over the leased assets and guaranteed by Mr. D Tan and Mr. M Tan as at 31 December 2016.

During the year, all personal guarantees from Mr. D Tan and Mr. M Tan have been released upon full settlement.

27. SHARE CAPITAL

		Number of shares	Amount
			S$'000
Authorised:			
Ordinary shares			
At 27 January 2017	(a)	38,000,000	71
Increase in authorised share capital upon Reorganisation	(b)	9,962,000,000	17,266
At 31 December 2017		10,000,000,000	17,337
Issued and fully paid:			
At 27 January 2017	(a)	1	–
Issue of shares upon Reorganisation	(c)	99	–
Share capitalisation	(d)	479,999,900	832
Issue of shares by placing and public offer	(e)	120,000,000	206
At 31 December 2017		600,000,000	1,038

27. SHARE CAPITAL *(Continued)*

Notes:

(a) The Company was incorporated in the Cayman Islands on 27 January 2017 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same day, 1 nil-paid share in the share capital of the Company was allotted and issued to Sharon Pierson, the initial subscriber, and transferred to Packman Global, which is owned by Mr. D Tan, Mr. M Tan and Mr. R Gay as to one third each.

(b) Pursuant to the written resolutions of the Company's shareholders passed on 30 August 2017, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares of HK$0.01 each to HK$100,000,000 divided into 10,000,000,000 shares of HK$0.01 each by the creation of additional 9,962,000,000 shares.

(c) A sale and purchase agreement between Packman Global, the Company and the Pre-IPO Investor (as defined in note 28) dated 30 August 2017 pursuant to which Packman Global and the Pre-IPO Investor transferred their respective equity interests in Open Treasure Enterprises to the Company in consideration of (i) the initial share held by Packman Global being credited as fully-paid and the Company allotting and issuing 84 shares to Packman Global credited as fully-paid; and (ii) the Company allotting and issuing 15 shares to the Pre-IPO Investor credited as fully-paid.

(d) Pursuant to the written resolutions of the Company's shareholders passed on 30 August 2017, 479,999,900 ordinary shares of HK$0.01 each were issued at par value by way of capitalisation of HK$4,799,999 (equivalent to approximately S$832,000) from the Company's share premium account.

(e) The shares of the Company were listed on the Stock Exchange on 22 September 2017, as a result of which 120,000,000 shares were issued at HK$0.55 per share on the same day. Net proceeds of approximately S$9,790,000 were raised, comprising share capital of HK$1,200,000 (equivalent to approximately S$206,000) and share premium of HK$64,800,000 (equivalent to approximately S$11,150,000), net of share issue expenses of approximately S$1,566,000.

28. RESERVES

(a) The Group

Details of the movements on the Group's reserves are set out in the consolidated statement of changes in equity.

The following describes the nature and purpose of each reserve within owners' equity:

Share premium

The share premium represents the excess of the proceeds received over the nominal value of the Company's shares issued.

28. RESERVES *(Continued)*

(a) The Group *(Continued)*

Other reserve

The other reserve represents the difference between the investment costs in subsidiaries and the nominal value of the issued share capital of the Group's subsidiaries.

During the year ended 31 December 2016, a pre-IPO investor (the "Pre-IPO Investor") entered into a share subscription agreement with Open Treasure Enterprises pursuant to which the Pre-IPO Investor agreed to subscribe and Open Treasure Enterprises agreed to allot and issue 15 ordinary shares in the share capital of Open Treasure Enterprises to the Pre-IPO Investor for a total cash consideration of HK$13,000,000 (the "Pre-IPO Investment") to Open Treasure Enterprises. During the year ended 31 December 2016, the Pre-IPO Investor has made partial investment of approximately S$746,000 (equivalent to HK$4,000,000) (the "Partial Pre-IPO Investment"). The subscription of shares from the Pre-IPO Investor was not yet completed as at 31 December 2016 and the Partial Pre-IPO Investment of S$746,000 is shown as deposit received (note 22) as at 31 December 2016.

In January 2017, Open Treasure Enterprises issued 15 ordinary shares to the Pre-IPO Investor after the latter fully settled the cash consideration. Accordingly, approximately S$2,390,000 (equivalent to HK$13,000,000) was recorded in the share capital and share premium account of Open Treasure Enterprises.

(b) The Company

	Share premium S$'000	Contributed surplus* S$'000	Accumulated losses S$'000	Total S$'000
At 27 January 2017	–	–	–	–
Arising from Reorganisation	–	10,958	–	10,958
Issue of shares by placing and public offer, net of share issue expenses	9,584	–	–	9,584
Share capitalisation	(832)	–	–	(832)
Loss and total comprehensive income for the period	–	–	(2,864)	(2,864)
At 31 December 2017	8,752	10,958	(2,864)	16,846

* The contributed surplus of the Company represented the difference between the net asset value of the subsidiary acquired and the nominal value of the share capital of the Company issued in exchange thereof pursuant to the Reorganisation.

29. OPERATING LEASE ARRANGEMENT

(a) As lessor

As at 31 December 2017, future minimum lease rental receivables under non-cancellable operating leases of the Group are as follows:

	2017 S$'000	2016 S$'000
Within one year	176	213
In second to fifth year	345	255
	521	468

The Group leases its investment properties under operating leases. The leases run for an initial period of three to four years (2016: one to four years), with options to renew the lease terms upon expiry when all terms are re-negotiated. None of these leases includes any contingent rentals.

(b) As lessee

As at 31 December 2017, future minimum rental payables under non-cancellable operating leases of the Group are as follows:

	2017 S$'000	2016 S$'000
Within one year	223	197
In second to fifth year	553	428
After five years	1	51
	777	676

The Group leases motor vehicles, machineries, warehouses and rented premises under operating leases. The leases run for an initial period of three to seven years (2016: six months to seven years), with options to renew the lease terms upon expiry when all terms are re-negotiated. Contingent rent is charged based on the volume of inventories handled in the warehouses. As the future handling volume of the warehouses could not be estimated reliably, the relevant contingent rent has not been included above and only the minimum lease commitment has been included in the above table.

30. CAPITAL COMMITMENT

As at 31 December 2017, the Group has the following capital commitments in respect of:

	2017 S$'000	2016 S$'000
Commitments for acquisition of:		
Property, plant and equipment (note)	9,000	46

Note:

In December 2017, Cool Link Marketing has entered into acquisition agreement and side letter (collectively the "Acquisition Agreement") with an independent third party in relation to acquisition of a property in Singapore at a consideration of S$10,000,000 (collectively the "Acquisition"), the Acquisition Agreement would be effective on the date of obtaining approval of JTC Corporation in Singapore.

As at 31 December 2017, the Acquisition has not been completed. As of 31 December 2017, the Group has made a deposit of S$1,000,000 in relation to the Acquisition.

The details of the Acquisition are set out in the Company's announcement dated 5 March 2018 and circular dated 26 March 2018.

31. RELATED PARTY TRANSACTIONS

(a) As at 31 December 2016, Mr. R Gay and Mr. D Tan, directors of the Company, and Mr. M Tan, a key management personnel of the Group and a director of Cool Link Marketing and Cool Link Supply, provided personal guarantees as security for the bank borrowings and banking facilities (note 25) and finance lease obligations (note 26) granted to the Group. The release of the above mentioned personal guarantees was executed during the year as set out in notes 25 and 26.

(b) Compensation of key management personnel

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

	2017 S$'000	2016 S$'000
Short-term employee benefits	1,200	1,274
Defined contributions	53	62
	1,253	1,336

32. CONTINGENT LIABILITIES

As at 31 December 2017, 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$400,000 (2016: S$445,000). 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 2017 and personal guarantees of Mr. R Gay, Mr. D Tan and Mr. M Tan as at 31 December 2016.

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2017 S$'000
ASSETS AND LIABILITIES	
Non-current assets	
Investment in a subsidiary	10,958
Current assets	
Prepayments	43
Due from the holding company	411
Due from subsidiaries	3,433
Cash and cash equivalents	3,325
	7,212
Current liabilities	
Accruals and other payables	286
	286
Net current assets	6,926
Total assets less current liabilities	17,884
Net assets	17,884
EQUITY	
Equity attributable to owners of the Company	
Share capital	1,038
Reserves	16,846
Total equity	17,884

On behalf of the directors

Tan Seow Gee
Director

Gay Teo Siong
Director

34. PARTICULARS OF SUBSIDIARIES

Details of subsidiaries as at 31 December 2017 are as follows:

Company name	Place and date of incorporation and form of business structure	Particulars of issued and fully paid up share capital	Attributable equity interest held by the Company		Principal activities	Principal place of operation
			Direct	Indirect		
Open Treasure Enterprises	BVI, 28 June 2016, limited liability company	US$100	100%	–	Investment holding	Singapore
Cool Link Marketing	Singapore, 1 March 2001, limited liability company	S$100,000	–	100%	Food supplies business	Singapore
Cool Link Supply	Singapore, 21 December 2015, limited liability company	S$100,000	–	90%	Food supplies business	Singapore
Cool Link Trading (HK) Limited	Hong Kong, 15 March 2017, limited liability company	HK$100	–	100%	Inactive	Hong Kong

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the Group acquired property, plant and equipment at cost of approximately S$80,000 (2016: S$80,000), which were financed by finance lease arrangement as set out in note 26.

(ii) During the year ended 31 December 2016, deposit of approximately S$49,000 paid for the acquisition of an investment property was capitalised as investment property, upon completion of acquisition.

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

			Non-cash changes			
	As at 1 January 2017 S$'000	Financing cash flow S$'000	Interest expense recognised S$'000	New finance lease S$'000	Issue of shares S$'000	As at 31 December 2017 S$'000
Year ended 31 December 2017						
Deposit received from a Pre-IPO Investor (included in note 22)	746	1,644	–	–	(2,390)	–
Due to directors	1,028	(1,028)	–	–	–	–
Due to non-controlling interests	10	–	–	–	–	10
Bank borrowings	3,769	(353)	172	–	–	3,588
Finance lease obligations	201	(303)	22	80	–	–

36. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2017, the carrying amounts of each of the categories of financial instruments are as follows:

Financial assets

	2017 S$'000	2016 S$'000
Loans and receivables		
Trade receivables	6,095	5,964
Deposits and other receivables	548	326
Due from the holding company	411	–
Time deposit with original maturity over three months	–	153
Cash and cash equivalents	10,289	3,471
	17,343	9,914

36. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

Financial liabilities

	2017 S$'000	2016 S$'000
At amortised cost		
Trade payables	2,939	3,178
Accruals, other payables and deposits received	1,814	1,889
Due to directors	–	1,028
Due to non-controlling interests	10	10
Bank borrowings	3,588	3,769
Finance lease obligations	–	201
	8,351	10,075

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks in the normal course of business. The Group does not have written risk management policies and guidelines. However, the directors meet periodically to analyse and formulate strategies to manage the Group's exposure to market risks (specifically to foreign currency risk and interest rate risk), credit risk and liquidity risk. Generally, the Group utilises conservative strategies on its risk management. The Group's exposure to market risk is kept to minimum. The Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The directors review and agree policies for managing each of these risks and they are summarised below.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Foreign currency risk

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group only operates in Singapore with most of the transactions denominated and settled in S$, RM, US$, EUR, IDR and HK$. No foreign currency risk has been identified for the financial assets and financial liabilities denominated in S$, which is the functional currency of the subsidiaries in Singapore to which these transactions relate.

As at 31 December 2017, the Group's assets and liabilities denominated in other currencies other than S$ are disclosed in notes 20, 21 and 22.

The following table indicates the approximate effect on the result for the year in response to reasonably possible changes in the foreign exchange rates, with all other variables held constant, to which the Group has significant exposure at the end of the reporting period. The appreciation and depreciation of 4% in S$ exchange rate against foreign currencies represents management's assessment of a reasonably possible change in currency exchange rate over the year.

	2017 S$'000	2016 S$'000
RM to S$		
Appreciation by 4%	(7)	(8)
Depreciation by 4%	7	8
US$ to S$		
Appreciation by 4%	(1)	(5)
Depreciation by 4%	1	5
EUR to S$		
Appreciation by 4%	(41)	(30)
Depreciation by 4%	41	30
IDR to S$		
Appreciation by 4%	–	(1)
Depreciation by 4%	–	1
HK$ to S$		
Appreciation by 4%	268	(1)
Depreciation by 4%	(268)	1

The measures to manage foreign currency risk have since prior years and are considered to be effective.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest risk respectively.

Other than cash and bank balances (note 20), bank borrowings (note 25) and finance lease obligations (note 26), the Group does not have any other significant interest-bearing financial assets and liabilities. Any change in the interest rate promulgated by banks from time to time is not considered to have significant impact to the Group.

The Group's interest rate risk arises primarily from the floating rate borrowings whereas its finance lease obligations bore interest at fixed rates. Borrowings at floating rates expose the Group to cash flow interest rate risk.

At 31 December 2017, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's result for the year (through the impact on the Group's bank borrowings which are subject to floating interest rate) by approximately S$15,000 (2016: S$16,000). No impact would be on other components of consolidated equity in response to the general increase/decrease in interest rates.

The sensitivity analysis as above has been determined assuming that the change in interest rates had occurred at the reporting date and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 50 basis point increase or decrease represents the management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date.

The measures to manage interest rate risk have been followed by the Group since prior years and are considered to be effective.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instruments and cause a financial loss to the Group.

The objective of the Group's measures to manage credit risk is to control potential exposure to recoverability problem. Most of the Group's cash and cash equivalents are held in major reputable financial institutions, which management believes are of high credit quality.

The Group has policies in place to ensure that sales of goods are made to customers with an appropriate credit history and the Group assesses the credit worthiness and financial strength of its customers as well as considering prior dealing history with the customers. Generally customers are granted credit terms ranging from cash on delivery to 60 days. Management makes periodic collective assessment as well as individual assessment on the recoverability of trade and other receivables based on historical payment records, the length of the overdue period, the financial strength of the debtors and whether there are any disputes with the debtors. Normally, the Group does not obtain collateral from customers.

The Group has a certain concentration of credit risk with respect to trade receivables. As at 31 December 2017, the Group's trade receivables due from five largest customers amounted to approximately S$2,672,000 (2016: S$2,254,000) and represented 44% (2016: 38%) of trade receivables. These customers have a good settlement record and reputation.

The Group has assessed the recoverability of all overdue receivables. The directors consider that no provision is necessary to cover the credit risk by reference to the counterparty's default history.

The measures to manage credit risk have been followed by the Group since prior years and are considered to be effective.

Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings, also regularly monitor its liquidity requirements, its compliance with lending covenants and its relationship with its bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The Group's liquidity position is monitored on a daily basis by the management.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk *(Continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay.

	Carrying amount S$'000	Total contractual undiscounted cash flow S$'000	Within 1 year or on demand S$'000	More than 1 year but less than 2 years S$'000	More than 2 year but less than 5 years S$'000	Over 5 years S$'000
At 31 December 2017						
Trade payables	2,939	2,939	2,939	–	–	–
Accruals, other payables and deposits received	1,814	1,814	1,814	–	–	–
Due to non-controlling interests	10	10	10	–	–	–
Bank borrowings	3,588	5,178	380	380	1,141	3,277
	8,351	9,941	5,143	380	1,141	3,277

	Carrying amount S$'000	Total contractual undiscounted cash flow S$'000	Within 1 year or on demand S$'000	More than 1 year but less than 2 years S$'000	More than 2 year but less than 5 years S$'000	Over 5 years S$'000
At 31 December 2016						
Trade payables	3,178	3,178	3,178	–	–	–
Accruals, other payables and deposits received	1,889	1,889	1,889	–	–	–
Due to directors	1,028	1,028	1,028	–	–	–
Due to non-controlling interests	10	10	10	–	–	–
Bank borrowings	3,769	4,736	323	323	968	3,122
Finance lease obligations	201	231	74	74	83	–
	10,075	11,072	6,502	397	1,051	3,122

The measures to manage liquidity risk have been followed by the Group since prior years and are considered to be effective.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Fair values

The directors consider that the fair value of financial assets and financial liabilities are not materially different from their carrying amounts.

38. CAPITAL MANAGEMENT

The Group's objective of managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts.

The capital structure of the Group consists of debts, which includes the bank borrowings (note 25), finance lease obligations (note 26), cash and cash equivalents (note 20) and total equity, comprising share capital (note 27), reserves (note 28) and non-controlling interests. The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

	2017 S$'000	2016 S$'000
Bank borrowings	3,588	3,769
Finance lease obligations	–	201
Less: Cash and cash equivalents	(10,289)	(3,471)
Net debt	(6,701)	499
Total equity	18,003	6,899
Net debt to equity ratio	N/A	7%

Financial Summary

RESULTS

	For the year ended 31 December		
	2017	2016	2015
	S$'000	S$'000	S$'000
Revenue	**27,593**	28,177	29,171
Gross profit	**7,403**	7,161	7,108
(Loss)/profit before income tax	**(675)**	1,551	2,062
(Loss)/profit and total comprehensive income for the year	**(1,076)**	1,210	1,710

ASSETS AND LIABILITIES

	As at 31 December		
	2017	2016	2015
	S$'000	S$'000	S$'000
Total assets	**26,777**	18,094	15,108
Total liabilities	**8,774**	11,195	9,429
Total equity	**18,003**	6,899	5,679