Cool Link (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8491

2019

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)*

Non-executive Director

Mr. Cheng King Yip (appointed on 12 February 2019)

Independent non-executive Directors

Ms. Chan Oi Chong
Ms. Chin Ying Ying
(appointed on 14 May 2019)
Ms. Luk Huen Ling Claire
(appointed on 4 February 2019)
Mr. Choy Wing Hang William
(resigned on 4 February 2019)
Mr. Tam Wai Tak Victor
(resigned on 14 May 2019)

AUDIT COMMITTEE

Ms. Chin Ying Ying *(Chairlady)*
(appointed on 14 May 2019)
Ms. Chan Oi Chong
Mr. Cheng King Yip
(appointed on 12 February 2019)
Ms. Luk Huen Ling Claire
(appointed on 4 February 2019)
Mr. Choy Wing Hang William
(resigned on 4 February 2019)
Mr. Tam Wai Tak Victor
(resigned on 14 May 2019)

REMUNERATION COMMITTEE

Ms. Chan Oi Chong *(Chairlady)*
Ms. Chin Ying Ying
(appointed on 14 May 2019)
Mr. Cheng King Yip
(appointed on 12 February 2019)
Mr. Gay Teo Siong
Ms. Luk Huen Ling Claire
(appointed on 4 February 2019)
Mr. Choy Wing Hang William
(resigned on 4 February 2019)
Mr. Tam Wai Tak Victor
(resigned on 14 May 2019)

NOMINATION COMMITTEE

Ms. Luk Huen Ling Claire *(Chairlady)*
(appointed on 4 February 2019)
Ms. Chan Oi Chong
Ms. Chin Ying Ying
(appointed on 14 May 2019)
Mr. Cheng King Yip
(appointed on 12 February 2019)
Mr. Gay Teo Siong
Mr. Choy Wing Hang William
(resigned on 4 February 2019)
Mr. Tam Wai Tak Victor
(resigned on 14 May 2019)

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 54 Hopewell Centre
183 Queen's Road East
Hong Kong

AUDITOR

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road, Wan Chai
Hong Kong

Corporate Information

COMPLIANCE ADVISER
LY Capital Limited
(appointed on 24 February 2019)
Rooms 1901–02
China Insurance Group Building
141 Des Voeux 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. 33 Chin Bee Crescent
Singapore 619901

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"), I am pleased to present the annual report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2019.

Successful listing on GEM of the Stock Exchange by way of public offer and placing (the "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 2019, the Group recorded total revenue of approximately S$23.8 million, attaining a comparable result with the previous financial year. The Group recorded a loss of approximately S$0.9 million for the year ended 31 December 2019 as compared to a loss of approximately S$0.4 million for the year ended 31 December 2018. The loss for year ended 31 December 2019 was mainly attributable to the increase in administrative and other operating expenses by approximately S$1.2 million and offset by the (i) increase in gross profit by approximately S$0.4 million; and (ii) decrease in selling and distribution costs by approximately S$0.4 million.

Going forward, despite the unfavourable and challenging business environment heightened by the coronavirus disease (COVID-19), the Group will continuously focus its efforts to expand its business by broadening the customer base and cultivate new clients for long term growth. In addition, the Group seeks to open for different business and investment opportunities. The Group will also put in place sound corporate governance and effective cost controls to maximise the return to the 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, 27 March 2020

Management Discussion and Analysis

BUSINESS REVIEW

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

For the year ended 31 December 2019, the Group recorded a net loss of approximately S$0.9 million as compared to approximately S$0.4 million for the same period in 2018. The loss for the year ended 31 December 2019 was mainly attributable to the increase in administrative and other operating expenses by approximately S$1.2 million and offset by the (i) increase in gross profit by approximately S$0.4 million; and (ii) decrease in selling and distribution costs by approximately S$0.4 million. Despite the decrease in revenue for the year ended 31 December 2019, in view of the latest negotiations with existing and potential new customers, there has been no fundamental deterioration in the commercial and operational viability in the Group's business.

OUTLOOK

Due to fierce market competition in the industry, the international trading market and the global widespread outbreak of coronavirus disease (COVID-19), the Group anticipates a forthcoming challenging year. Therefore, the Group will continue its effort to promote its brand as well as to provide quality products and seize business and investment opportunities in various regions.

Furthermore, with the expansion of the warehouse and manufacturing facilities of the Group through the acquisition of a new property in Singapore in March 2018, the Group believes it assists in sourcing new business opportunities and minimising the rental cost of third-party warehouses, which can improve the Group's financial performance and increasing its shareholders' value in long term.

The widespread outbreak of coronavirus disease (COVID-19) has occurred globally, including Singapore and Hong Kong. The consequence and impact of this outbreak is still manifesting not only in the loss of human lives but in the potential disruption to economic and social activities in the markets that the Group operates in. In light of the recent outbreak of coronavirus disease (COVID-19), the Group has also explored new business opportunities to maximize the interest of the Company and its shareholders as a whole and shoulder its corporate social responsibilities on contributing the society as well as fighting the coronavirus disease (COVID-19). In addition, the Group is taking necessary actions to ensure the impact to our core businesses is minimized, our employees and associates are safe and that our valued customers continue to be served as best as we can.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately S$1.6 million or approximately 6.2% from approximately S$25.4 million for the year ended 31 December 2018 to approximately S$23.8 million for the year ended 31 December 2019. Such decrease was mainly driven by the decrease of revenue from Ship Supply Customers due to the intense competition in the market.

Cost of Sales

The Group's cost of sales decreased by approximately S$1.9 million or approximately 9.9% from approximately S$19.7 million for the year ended 31 December 2018 to approximately S$17.8 million for the year ended 31 December 2019. Such decrease was primarily due to the decrease in the cost of inventories recognised as expenses for the year ended 31 December 2019 as compared to the same period in 2018 and was in line with the decrease in revenue.

Gross Profit and Gross Profit Margin

The Group's overall gross profit increased by approximately S$0.4 million or approximately 6.5% from approximately S$5.7 million for the year ended 31 December 2018 to approximately S$6.1 million for the year ended 31 December 2019. The Group's overall gross profit margin increased from approximately 22.4% for the year ended 31 December 2018 to approximately 25.5% for the year ended 31 December 2019, which was mainly due to the change in customers' demand that resulted in higher sales of the frozen products with higher gross profit margins.

Selling and Distribution Costs

The Group's selling and distribution costs decreased by approximately S$0.4 million or approximately 15.6% from approximately S$2.3 million for the year ended 31 December 2018 to approximately S$1.9 million for the year ended 31 December 2019. The decrease was primarily due to decrease of rental costs for warehouses as a result of moving into the new warehouse and minimising the rental cost of third-party warehouses.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately S$1.2 million or approximately 31.3% from approximately S$3.9 million for the year ended 31 December 2018 to approximately S$5.1 million for the year ended 31 December 2019. The increase was primarily due to the (i) increase of depreciation of property, plant and equipment of approximately S$0.6 million; and (ii) fair value loss on financial assets at fair value through profit or loss of approximately S$0.4 million.

Finance Costs

The Group's finance costs increased by approximately S$0.3 million or approximately 119.2% from approximately S$0.3 million for the year ended 31 December 2018 to approximately S$0.6 million for the year ended 31 December 2019. The increase was mainly due to the increase in finance charges on lease liabilities and interest expenses on bank borrowings.

Management Discussion and Analysis

Income Tax Expense

The Group's income tax expense decreased from approximately S$0.3 million for the year ended 31 December 2018 to approximately S$0.2 million for the year ended 31 December 2019, which was mainly due to the decrease in taxable profit from the Group's operation in Singapore.

Loss for the Year

As a result of the foregoing, the Group recorded loss for the year which was increased by approximately S$0.5 million or approximately 119.7% from approximately S$0.4 million for the year ended 31 December 2018 to approximately S$0.9 million for the year ended 31 December 2019. The loss for the year ended 31 December 2019 was mainly attributable to (i) the increase of administrative and other operating expenses of approximately S$1.2 million and offset by the (i) increase in gross profit by approximately S$0.4 million and (ii) decrease in selling and distribution costs of approximately S$0.4 million.

CAPITAL STRUCTURE

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

As at 31 December 2019, the capital structure of the Group consisted of bank borrowings, lease liabilities, promissory note, cash and cash equivalents and total equity of the Group, comprising share capital, share premium, other reserve and retained profits.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2019, the Group's working capital was financed by internal resources and bank borrowings. The quick ratio of the Group was approximately 2.3 times (2018: 3.1 times). The decrease was mainly due to the decrease of current assets (excluding inventories) by approximately 8.4% and the increase of current liabilities by approximately 20.9% comparing to those of last year.

GEARING RATIO

The total borrowings, comprising bank borrowings, lease liabilities and promissory notes, of the Group as at 31 December 2019 were approximately S$15.0 million (2018: S$11.1 million). The Group's gearing ratio as at 31 December 2019 was approximately 95.8% (2018: 63.4%), which is calculated as the Group's total borrowings over the Group's total equity. The increase in gearing ratio was mainly due to the recognition of lease liabilities in relation to the initial application of HKFRS 16.

FOREIGN EXCHANGE RISK

The Group's business is principally denominated in Singapore dollars. As certain bank deposits denominated in Hong Kong dollars and trade payables dominated in other currencies, such as Euro, Malaysia Ringgit and United State dollars, therefore, the Group is exposed to foreign currency exchange risk. No currency hedging arrangement had been made by the Group during the year ended 31 December 2019. The Directors have positive attitude to regular monitor the exposure to foreign exchange so as to reduce the foreign exchange rate risk to minimal.

Management Discussion and Analysis

CAPITAL EXPENDITURE

During the year ended 31 December 2019, the Group invested approximately S$1.7 million for capital expenditure which was primarily related to the Group's purchases of property, plant and equipment and investment property.

CAPITAL COMMITMENTS

Details of capital commitments of the Group are set out in note 31 to the consolidated financial statements of this annual report.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2019, the Group has pledged its land and buildings and investment properties with net book value amounted to approximately S$11.5 million (2018: S$12.2 million) and approximately S$1.6 million (2018: S$1.7 million), respectively, for certain banking facilities granted to the Group.

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

During the year ended 31 December 2019, the Group did not have any significant investment, material acquisition nor disposal of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the prospectus of the Company dated 12 September 2017 (the "Prospectus"), the Group did not have other future plans for material investments or capital assets as at 31 December 2019.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had contingent liabilities in respect of performance bonds issued in favour of certain suppliers in its ordinary course of business amounting to S$550,000 (2018: S$550,000). The guarantees in respect of performance bonds issued by bank are secured by land and buildings and investment properties of the Group and corporate guarantee of the Company as at 31 December 2019 and 2018.

INFORMATION ON EMPLOYEES

As at 31 December 2019, the Group employed 55 employees (2018: 74) with total staff cost (including directors' emoluments) of approximately S$3.4 million incurred for the year ended 31 December 2019 (2018: S$3.4 million). The Group's remuneration packages are generally structured with reference to market terms and individual merits. In addition, the Group also provides various training courses to enhance the employees' skills and capabilities in all aspects.

USE OF PROCEEDS

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

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

Up to 31 December 2019, the net proceeds from the Share Offer had been applied as follows:

	Original use of net proceeds HK$'000	**Revised use of net proceeds** HK$'000	**Planned use of revised net proceeds up to 31 December 2019** HK$'000	**Actual use of net proceeds as at 31 December 2019** HK$'000	**Unutilised net proceeds as at 31 December 2019** HK$'000
Partly fund the expansion of the capacity of the Group's warehouse premises	17,400	–	–	–	–
Expand Hong Kong operations	5,900	5,900	5,900	965	4,935
Expand new product lines	10,300	10,300	10,300	10,300	–
Acquisition of new property	–	17,400	17,400	17,400	–
Working capital	2,000	2,000	2,000	2,000	–
	35,600	35,600	35,600	30,665	4,935

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

The reason for the under-utilisation of net proceeds for expanding Hong Kong operations was mainly due to the slowdown of market demand for ship supply industry and overall condition in Hong Kong. The Group expects that the unutilised net proceeds will be used by 2021.

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 2019.

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 35 to the consolidated financial statements.

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2019 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 2019 and the state of affairs of the Group as at 31 December 2019 are set forth in the consolidated financial statements on pages 42 to 107 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: Nil).

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past 5 years ended 31 December 2019, as extracted from the audited consolidated financial statements in the annual report and the Prospectus, is set out on page 108. 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 46 of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution to owners comprising share premium less accumulated losses, amounted to approximately S$4.2 million (2018: S$5.1 million).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 13 to the consolidated financial statements of this annual report.

Report of the Directors

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
27 Tuas Bay Walk #04–03 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 28 to the consolidated financial statements of this annual report.

DIRECTORS

The Directors during the year ended 31 December 2019 and up to the date of this report were:

Executive Directors

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

Non-Executive Director

Mr. Cheng King Yip	(appointed on 12 February 2019)

Independent Non-Executive Directors

Ms. Chan Oi Chong	
Ms. Chin Ying Ying	(appointed on 14 May 2019)
Ms. Luk Huen Ling Claire	(appointed on 4 February 2019)
Mr. Choy Wing Hang William	(resigned on 4 February 2019)
Mr. Tam Wai Tak Victor	(resigned on 14 May 2019)

In accordance with the Company's articles of association (the "Articles of Association"), at each annual general meeting (the "AGM") one third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM 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/her 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 AGM of the Company and shall then be eligible for re-election.

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 22 September 2017 and will continue thereafter until terminated in accordance with the terms of the service agreement.

The non-executive Director has entered into a letter of appointment with the Company for a term of three years and will continue thereafter until terminated in accordance with the terms of the appointment letter.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of one year and will continue thereafter until terminated 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 the 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 33 to 36 of this annual report.

DIRECTORS' REMUNERATIONS

Details of the remunerations of the Directors are set out in note 9 to the consolidated financial statements of this annual report.

INDEPENDENT NON-EXECUTIVE DIRECTORS' CONFIRMATIONS INDEPENDENCE

The Company has received annual written confirmation of her independence from each of the independent non-executive Directors 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 or underlying shares in, or debentures of, the Company or its associated corporations.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

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

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 41.8% and sales to the Group's largest customer amounted to approximately 10.2% of the total sales for the year ended 31 December 2019. Purchases from the Group's five largest suppliers accounted for approximately 34.6% and purchases from the Group's largest supplier amounted to approximately 13.3% of the total cost of purchases for the year ended 31 December 2019.

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 ended 31 December 2019.

DONATIONS

During the year ended 31 December 2019, the Group made charitable donations of approximately S$12,000 (2018: S$12,000).

RELATED PARTY TRANSACTIONS

Related party transactions of the Group during the year are disclosed in note 32 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 2019.

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 2019, the Company did not enter into or have any management and administration contracts (other than a contract of service with any Director or any person under the full-time employment of the Company) 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 2019, 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	Approximate percentage of shareholding
Mr. Tan Seow Gee ("Mr. D Tan")	Interest in controlled corporation/ Interest held jointly with another persons *(Note 1)*	302,000,000 shares	50.33%
Mr. Gay Teo Siong ("Mr. R Gay")	Interest in controlled corporation/Interest held jointly with another persons *(Note 1)*	302,000,000 shares	50.33%

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 302,000,000 Shares held by Packman Global by virtue of the SFO. Mr. D Tan and Mr. R Gay are executive Directors while Mr. M Tan is one of the senior management. Mr. D Tan, Mr. R Gay and Mr. M Tan are persons acting in concert and accordingly each of them is deemed to be interested in the shares held by the others.

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far is known to the Directors, as at 31 December 2019, the following persons/entities (other than the Directors or chief executives of the Company) had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO or as recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long positions in shares of the Company

Name	**Capacity/Nature of interest**	**Number of shares held/interested**	**Approximate percentage of shareholding**
Packman Global	Beneficial owner	302,000,000 shares	50.33%
Mr. M Tan	Interest in controlled corporation/Interest held jointly with another persons *(Note 1)*	302,000,000 shares	50.33%
Ms. Fang Yunru Wanda	Interest of spouse *(Note 2)*	302,000,000 shares	50.33%
Ms. Yeo Poh Choo	Interest of spouse *(Note 3)*	302,000,000 shares	50.33%
Ms. Chen Feiping	Interest of spouse *(Note 4)*	302,000,000 shares	50.33%
Kingston Finance Limited	Having a security interest *(Note 5)*	302,000,000 shares	50.33%
Ample Cheer Limited	Interest in controlled corporation *(Note 5)*	302,000,000 shares	50.33%
Best Forth Limited	Interest in controlled corporation *(Note 5)*	302,000,000 shares	50.33%
Mrs. Chu Yuet Wah	Interest in controlled corporation *(Note 5)*	302,000,000 shares	50.33%
Mr. Zhang Yan	Beneficial owner	54,205,000 shares	9.03%
Mr. Meng Jintao	Beneficial owner	34,665,000 shares	5.78%

Notes:

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

2. Ms. Fang Yunru Wanda is the spouse of Mr. D Tan and is therefore deemed to be interested in all the shares that Mr. D Tan is interested in by virtue of SFO.

3. Ms. Yeo Poh Choo is the spouse of Mr. R Gay and is therefore deemed to be interested in all the shares that Mr. R Gay is interested in by virtue of SFO.

4. Ms. Chen Feiping is the spouse of Mr. M Tan and is therefore deemed to be interested in all the shares that Mr. M Tan is interested in by virtue of SFO.

5. On 1 March 2019, 302,000,000 shares held by Packman Global were pledged to Kingston Finance Limited, which was wholly owned by Ample Cheer Limited. Ample Cheer Limited was owned by Best Forth Limited and Insight Glory Limited, which were both wholly owned by Mrs. Chu Yuet Wah.

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 "Share Option Scheme" 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 2019, no share option was granted, exercised, expired or lapsed or cancelled and there is no outstanding share option under the Share Option Scheme.

(1) Purpose

The purpose of the Share Option Scheme is to advance the interests of the Company and the shareholders by enabling the Company to grant options to attract, retain and reward the eligible persons and to provide the eligible persons an incentive or reward for their contribution to the Group and by enabling such persons' contribution to further advance the interests of the Group.

(2) Eligible person

Eligible persons include (i) any Directors (whether executive or non-executive and whether independent or not) and any employee (whether full time or part time) of the Group; (ii) any consultants or advisers (in the areas of legal, technical, financial or corporate managerial) of the Group (whether on an employment or contractual or honorary basis or otherwise and whether paid or unpaid); any provider of goods and/or services to the Group; any customer of the Group; or any holder of securities issued by any member of the Group; and (iii) any other person, who at the sole discretion of the Board, has contributed to the Group.

(3) Total number of shares available for issue

The total number of shares in respect of which options may be granted under this Share Option Scheme and any other share option schemes shall not in aggregate exceed 60,000,000 shares, being 10% of the total number of shares in issue.

(4) Total maximum entitlement of each eligible person

Unless there is prior approval from the Company's shareholders, the total number of shares issued and to be issued upon exercise of the options granted to each eligible person (including both exercise and outstanding options under the Share Option Scheme) in any 12-month period shall not exceed 1% of the issued shares. Where any further grant of options to an eligible person would result in excess of such limit, such further grant must be subject to the approval of the Company's shareholders at general meeting with such eligible person and his close associates abstaining for voting.

(5) Option period and payment on acceptance of the option

Options granted must be taken up within ten business days of the date of grant. The amount payable by the grantee to the Company on acceptance of the offer shall be a nominal amount to be determined by the Board. Options may be exercised at any time during a period commencing on or after the date on which the option is accepted and granted and expiring on a date to be notified by the Board to each grantee which shall not be more than 10 years from the date on which the option is accepted and granted.

(6) Minimum Period for which an option must be held before it can be exercised

No minimum period for which an option must be held before it can be exercised unless otherwise determined by the Board at the time of grant.

(7) Subscription price of shares

The subscription price shall be such price as determined on the date of grant by the Board, and shall be at least the highest of:

(a) the closing price per share as stated in the Stock Exchange's daily quotation sheet on the offer date;

(b) the average of the closing prices per share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and

(c) the nominal value of the share.

(8) Life of the Share Option Scheme

The Share Option Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, after which period no further options will be offered or granted but the provisions of the Share Option Scheme shall remain in full force and effect in all other aspects with respect to options granted during the life of the Share Option Scheme.

COMPETITION AND CONFLICT OF INTERESTS

To the best of the Directors' knowledge, none of the Directors or substantial shareholders of the Company or any of their respective close associates had engaged in any business that competes or may compete with the business of the Group or has any other conflict of interests with the Group during the year ended 31 December 2019.

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 during the year ended 31 December 2019.

EMOLUMENT POLICY

The remuneration committee is responsible for reviewing and determining the remuneration and compensation packages of the Directors and senior management of the Group 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 2019, except for the compliance adviser's agreement dated 24 February 2019 and entered into between the Company and LY Capital Limited, the Company's compliance adviser with effect from 24 February 2019, neither the Company's compliance adviser nor its directors, employees or close associates had any interest in relation to the Company which is required to be notified to the Company pursuant to Rules 6A.32 of the GEM Listing Rules.

Report of the Directors

CONNECTED TRANSACTIONS

During the year ended 31 December 2019, 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 23 to 32.

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 20 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 2019, 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 2019, 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 the Group's ability to execute its 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 36 to the consolidated financial statements.

People Risk

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

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on Tuesday, 12 May 2020. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 7 May 2020 to Tuesday, 12 May 2020, 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 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 6 May 2020.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed minimum public float under the GEM Listing Rules during the year ended 31 December 2019 and thereafter 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 note 40 to the consolidated financial statements of this annual report, there was no significant event of the Group after the reporting date.

Report of the Directors

AUDITOR

During the year, BDO Limited resigned as the auditor of the Company and Grant Thornton Hong Kong Limited ("Grant Thornton") was appointed as the auditor of the Company on 22 November 2019 to fill the causal vacancy following the resignation of BDO Limited. Please refer to the Company's announcement on 22 November 2019 for more details regarding the change of auditor.

The consolidated financial statements for the year ended 31 December 2019 have been audited by Grant Thornton. A resolution will be proposed at the forthcoming AGM of the Company to re-appoint Grant Thornton as the auditor of the Company.

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

Hong Kong, 27 March 2020

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 2019, 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 2019.

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. The day-to-day management, administration and operations of the Group are delegated to the senior management of the Company. The delegated functions and work tasks are reviewed by the Board periodically.

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 2019 and as at the date of this report are as follows:

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

Non-Executive Director
Mr. Cheng King Yip (appointed on 12 February 2019)

Independent Non-Executive Directors
Ms. Chan Oi Chong
Ms. Chin Ying Ying (appointed on 14 May 2019)
Ms. Luk Huen Ling Claire (appointed on 4 February 2019)
Mr. Choy Wing Hang William (resigned on 4 February 2019)
Mr. Tam Wai Tak Victor (resigned on 14 May 2019)

The biographic details of the Directors are set out in the section headed "Biographies of Directors and Senior Management" on pages 33 to 36 of this annual report. The Directors have no other financial, business, family or other material/relevant relationship with each other.

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 2019. 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 AGM, 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 AGM 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, the Company's audit committee (the "Audit Committee") meetings, the Company's remuneration committee (the "Remuneration Committee") meetings, the Company's nomination committee (the "Nomination Committee") meetings and general meetings of the Company held during the year ended 31 December 2019 are summarised as follows:

	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	AGM
Executive Directors					
Mr. Tan Seow Gee	17/17	N/A	N/A	N/A	1/1
Mr. Gay Teo Siong	15/17	N/A	3/4	3/4	1/1
Non-Executive Director					
Mr. Cheng King Yip (appointed on 12 February 2019)	11/12	6/6	2/2	2/2	1/1
Independent Non-executive Directors					
Mr. Tam Wai Tak Victor (resigned on 14 May 2019)	7/10	4/5	3/4	3/4	0/1
Ms. Chan Oi Chong	15/17	8/8	4/4	4/4	1/1
Ms. Chin Ying Ying (appointed on 14 May 2019)	6/7	3/3	N/A	N/A	N/A
Mr. Choy Wing Hang William (resigned on 4 February 2019)	1/4	0/1	0/1	0/1	N/A
Ms. Luk Huen Ling Claire (appointed on 4 February 2019)	12/13	7/7	3/3	3/3	1/1

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.

AUDIT COMMITTEE

The Company established an Audit Committee pursuant to a resolution of the Directors passed on 30 August 2017 with written terms of reference revised by the Board with effect from 1 January 2019 in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors and a non-executive Director: Ms. Chan Oi Chong, Ms. Chin Ying Ying (appointed on 14 May 2019), Mr. Choy Wing Hang William (resigned on 4 February 2019), Ms. Luk Huen Ling Claire (appointed on 4 February 2019), Mr. Tam Wai Tak Victor (resigned on 14 May 2019) and Mr. Cheng King Yip (appointed on 12 February 2019). Mr. Tam Wai Tak Victor was appointed to serve as the Chairman of the Audit Committee and was resigned on 14 May 2019. Ms. Chin Ying Ying was appointed to serve as the Chairlady of the Audit Committee on 14 May 2019. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the risk management and internal control systems of the Company.

During the year, the Audit Committee reviewed and discussed the relevant quarterly, interim and annual financial statements, results announcements and reports of the Group. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 December 2019 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, an executive Director and a non-executive Director: Ms. Chan Oi Chong, Ms. Chin Ying Ying (appointed on 14 May 2019) Mr. Choy Wing Hang William (resigned on 4 February 2019), Ms. Luk Huen Ling Claire (appointed on 4 February 2019), Mr. Tam Wai Tak Victor (resigned on 14 May 2019), Mr. Gay Teo Siong and Mr. Cheng King Yip (appointed on 12 February 2019). Ms. Chan Oi Chong was appointed as the Chairlady 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.

During the year, the Remuneration Committee reviewed and made recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of all Directors.

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 revised by the Board with effect from 1 January 2019 in compliance the CG Code. The Nomination Committee comprises three independent non-executive Directors, an executive Director and a non-executive Director: Mr. Choy Wing Hang William (resigned on 4 February 2019), Ms. Luk Huen Ling Claire (appointed on 4 February 2019), Mr. Tam Wai Tak Victor (resigned on 14 May 2019, Ms. Chan Oi Chong, Ms Chin Ying Ying (appointed on 14 May 2019), Mr. Gay Teo Siong and Mr. Cheng King Yip (appointed on 12 February 2019). Mr. Choy Wing Hang William was appointed as the Chairman of the Nomination Committee and was resigned on 4 February 2019. Ms. Luk Huen Ling Claire was appointed as the Chairlady of the Nomination Committee on 4 February 2019. 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.

During the year, the Nomination Committee reviewed the structure, size, composition and diversity of the Board.

Board Nomination Policy

The Company adopted a nomination policy in compliance with the CG Code with effect from 1 January 2019, which establishes written guidelines to Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant background, experience and knowledge in business, finance and management skills critical to the Group's business to enable the Board to make sound and well considered decisions. Collectively, they have competencies in areas which are relevant and valuable to the Group.

Nomination Process

The Nomination Committee shall assess whether any vacancy on the Board has been created or is expected on a regular basis or as required.

The Nomination Committee utilises various methods for identifying director candidates, including recommendations from Board members, management, and professional search firms. All director candidates, including incumbents and candidates nominated by shareholders are evaluated by the Nomination Committee based upon the director qualifications. While director candidates will be evaluated on the same criteria through review of resume, personal interview and performance of background checks. The Nomination Committee retains the discretion to establish the relative weighting of such criteria, which may vary based on the composition, skill sets, age, gender and experiences of the collective Board rather than on the individual candidate for the purpose of diversity perspectives appropriate to the requirement of the Company's business.

Selection Criteria

The Nomination Committee will take into account whether a candidate has the qualifications, skills, experience and gender diversity that add to and complement the range of skills, experience and background of existing Directors by considering the highest personal and professional ethics and integrity of the director candidates, proven achievement and competence in the nominee's field and the ability to exercise sound business judgment, skills that are complementary to those of the existing Board, the ability to assist and support management and make significant contributions to the Company's success and such other factors as it may deem are in the best interests of the Company and its shareholders. The Company shall review and reassess the nomination policy and its effectiveness on a regular basis or as required.

Corporate Governance Report

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.

NON-EXECUTIVE DIRECTOR

The non-executive Director has been appointed for a fixed term and is subject to retirement by rotation and re-election at the Company's AGM.

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.

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.

During the year ended 31 December 2019, all Directors have confirmed that they have participated in continuing professional development such as attending seminars, conferences and reading materials, newspapers and journals.

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.

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 2019, 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 "Biographies of Directors and Senior Management" of this report.

AUDITOR'S REMUNERATION

During the year ended 31 December 2019, the Group has engaged its external auditor, Grant Thornton Hong Kong. The remuneration paid/payable to the external auditor in respect of audit services and non-audit services amounted to HK$600,000 and nil respectively for the year ended 31 December 2019.

DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' remuneration and five highest paid individuals set out in note 9 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 is accountable for overseeing the Group's risk management and internal control systems and reviewing its effectiveness, while the management are responsible for implementing and maintaining the internal controls systems that covers governance, compliance, risk management, financial and operational controls to safeguard the Group's assets and stakeholders' interests. However, 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. Procedures are in place to identify major business risks and evaluate potential financial implications.

The internal control system is reviewed on an ongoing basis by the Board and the Audit Committee through engaging independent consultant.

The Group has formulated a risk management policy and adopted a three-tier risk management approach to identify, assess and manage different types of risks. At the first line of defence, business units are responsible for identifying, assessing and monitoring risk associated with each business or transaction. The management, as the second line of defence, defines rule sets and models, provide technical support, develops new system and oversees portfolio management. It ensures risks are within acceptable range and that the first line of defence is effective. As the final line of defence, the independent consultant, as an internal audit function, assists the Audit Committee to review the first and second lines of defence.

Corporate Governance Report

The Group is committed to the identification, evaluation and management of risks associated with its business activities through ongoing assessment, by considering the likelihood and impact of each identified risk. The Group has implemented an effective control system which includes a defined management structure with limits of authority, a sound management system and periodic review of the Group's performance by the Audit Committee and the Board.

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2019, covering the material financial, operational and compliance controls, which are considered effective and adequate. The Audit Committee has reviewed the adequacy of resources, staff qualifications and experience, training programmes and budget of the accounting, internal audit and financial reporting functions on an annual basis.

Based on the framework for risk management and internal control system established by the Group, the Board and the Audit Committee admitted that through the review of risk management and internal control systems of the Group, it can evaluate and improve its effectiveness. The Board, with the concurrence of the Audit Committee, considered that such systems including financial, operational and compliance were effective and adequate for the year ended 31 December 2019 based on the work performed and report prepared by the independent consultant. The Company will perform the ongoing assessment to update all material risk factors on a regular basis. In any case, review on risk management and internal control system will be conducted annually.

Internal Audit

During the year ended 31 December 2019, the Group had engaged an independent internal control consultant to assess our overall internal controls and to give recommendations to make any enhancement. It was reported that there were no material deficiencies in relation to the Group's internal controls. The Board is of the view that the internal control measures of the Group are adequately and effectively monitoring our business operations for the year ended 31 December 2019.

Inside Information

The Group has adopted and implemented its own disclosure policy aiming to provide a general guide to the Directors and senior management of the Company in handling of confidential information and/or monitoring of information disclosure pursuant to applicable laws and regulations in compliance with the GEM Listing Rules and SFO.

The disclosure policy provides the procedures and internal controls for the handling and dissemination of inside information by publication of the announcement to the websites of the Stock Exchange and the Company on a timely basis to enable the public, namely shareholders, institutional investors, potential investors and other stakeholders of the Company to access the latest information of the Group, unless such information fall within the safe harbours with the SFO. The management has notified all employees to comply with the disclosure policy. Briefing and training on the implementation of the policy have been provided to Directors, officers and senior management of the Group. The Board emphasises that only the authorised representatives registered in the Stock Exchange are authorised to speak on behalf of the Company.

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 58 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 enquiries raised by the shareholders. 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 year ended 31 December 2019 and up to the date of this annual report, there was no significant change in constitutional documents of the Company.

Corporate Governance Report

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS BY SHAREHOLDERS

Pursuant to article 85 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.

DIVIDEND POLICY

The Company has adopted a general dividend policy that aims to provide shareholders of the Company out of the Group's profit attributable to shareholders in any financial year. In proposing any dividend payout, the Company shall take into account, among other things, the Group's actual and expected financial results, the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Company, the Company's liquidity position, current and future operations, statutory and regulatory restrictions and so on.

The Company does not have any pre-determined dividend distribution proportion or distribution ratio. The declaration, payment and amount of dividends will be subject to the Board's discretion. The Board will review and re-assess the Dividend Policy on a regular basis.

Biographies of Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Tan Seow Gee（陳少義）("Mr. D Tan"), aged 46, 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 17 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.

Please refer to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporation" in this annual report for Mr. D Tan's interest in shares as at 31 December 2019 which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the Securities and Future Ordinance.

Mr. Gay Teo Siong（倪朝祥）("Mr. R Gay"), aged 59, is an executive Director and one of the 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 18 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.

Please refer to the paragraph headed "Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporation" in this annual report for Mr. R Gay's interest in shares as at 31 December 2019 which would fall to be disclosed to the Company under provision of Divisions 2 and 3 of Part XV of the Securities and Future Ordinance.

Biographies of Directors and Senior Management

Non-Executive Director

Mr. Cheng King Yip（鄭璟燁）("Mr. Cheng"), aged 31, was appointed as a non-executive Director on 12 February 2019. Mr. Cheng has approximately nine years of experience in accounting, internal audit and risk advisory. From December 2010 to July 2013, Mr. Cheng worked for KPMG and his last position was an assistant manager. From July 2013 to January 2015, Mr. Cheng worked for Techtronic Industries Company Limited, a company listed on the Main Board of the Stock Exchange (stock code: 00669) and his last position was a senior auditor of internal audit. From January 2015 to May 2016, Mr. Cheng worked for Deloitte Touche Tohmatsu and his last position was a senior consultant in the risk advisory function. From June 2016 to July 2017, Mr. Cheng worked for Deloitte Advisory (Hong Kong) Limited and his last position was a supervisor in the risk advisory function. From August 2017 to April 2018, he was the financial controller of Success Dragon International Holdings Limited, a company listed on the Main Board of the Stock Exchange (stock code: 01182).

Mr. Cheng obtained a Bachelor of Business Administration (Honours) in Accountancy and Management Information Systems from the City University of Hong Kong in July 2010. He has been a member of the Hong Kong Institute of Certified Public Accountants since March 2014.

Independent non-executive Directors

Ms. Chan Oi Chong（陳愛莊）("Ms. Chan"), aged 43, 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 has been appointed as an independent non-executive director of Xinghe Holdings Berhad (stock code: 0095) since 1 October 2018, a company held in ACE Market of Bursa Malaysia.

Ms. Chin Ying Ying (錢盈盈) ("Ms. Chin"), aged 32, was appointed as an independent non-executive Director on 14 May 2019. She is a member of the Hong Kong Institute of Certified Public Accountants. She has more than 9 years experiences in accounting and audit related experience and is currently an internal auditor of Roma Group Limited, a company listed on the GEM of the Stock Exchange (stock Code: 8072) since 2017. Ms. Chin has been appointed as a non-executive director of DL Holdings Group Limited (formerly known as Season Pacific Holdings Limited) (stock code: 1709) since 16 May 2018.

Ms. Chin graduated from The Hong Kong Polytechnic University in 2009 with a BBA (Hons) in Accountancy with First-class honours.

Biographies of Directors and Senior Management

Ms. Luk Huen Ling Claire（陸萱凌）(formerly known as "Luk Yung Yung Claire") ("Ms. Luk"), aged 41, was appointed as an independent non-executive Director on 4 February 2019. She has over 11 years of experience in corporate communications and marketing. She worked as head of communications, Asia at Aedas Limited between March 2010 and December 2010. From November 2006 to May 2008 she worked as a wardrobe manager at the Ocean Park, one of the largest theme parks in Hong Kong where she was responsible for sections strategic planning, administration and management of all wardrobe staff. In addition, Ms. Luk also gained experiences in marketing, business development and investor relation activities in previous engagements. She joined Roma Group Limited (stock code: 8072) as a senior consultant in December 2008 and became marketing director of the group in February 2011. In November 2014, Ms. Luk founded ST8GE Group Limited, a company specialising in corporate training and team building. Ms. Luk was an independent non-executive director of China Bio Cassava Holdings Limited (currently known as "Cloud Investment Holdings Limited") (stock code: 8129) from February 2017 to April 2017.

Ms. Luk has been appointed as an independent non-executive director of DL Holdings Group Limited (formerly known as Season Pacific Holdings Limited) (stock code: 1709) and Hon Corporation Limited (stock code: 8259) since September 2015 and 30 November 2019 respectively.

She obtained a bachelor's degree in fine arts from the Hong Kong Academy for Performing Arts in July 2003 and a master's degree of business in marketing from the University of Technology, Sydney, Australia in March 2010.

SENIOR MANAGEMENT

Mr. Tan Chih Keong（陳治楹）("Mr. M Tan"), aged 45, 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 17 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 58, 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 16 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.

Mr. Lui Wai Sing（呂偉勝）("Mr. Lui"), aged 31, was appointed as the company secretary on 17 March 2017. Mr. Lui joined the Company on 5 January 2017. Mr. Lui has been the company secretary of Guan Chao Holdings Limited (stock code: 1872) and Zhuoxin International Holdings Limited (stock code: 8266) since 12 January 2018 and 1 January 2020 respectively.

Mr. Lui has over 7 years of working experience in auditing field. 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

Grant Thornton
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To the shareholders of Cool Link (Holdings) Limited
(incorporated in 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 42 to 107, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss 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 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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.

Key Audit Matter	How the matter was addressed in our audit
Impairment assessment of trade receivables *Refer to Notes 4(b)(i) and 18 to the consolidated financial statements and the accounting policies in Note 2.9 to the consolidated financial statements*	
As at 31 December 2019, the Group has gross trade receivables amounting to approximately S$6,298,000. Impairment provision amounting to approximately S$44,000 has been made over these balances. The expected credit loss model involved management's estimate of the lifetime expected credit loss to be incurred, which is estimated by taking into account various factors including the credit loss experience, ageing of overdue receivables, customers' repayment history and the ability of the customers in fulfilling their repayment obligation, as well as the current condition and forward looking information. Such estimation involved a significant degree of 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 audit procedures in relation to management's impairment assessment on trade receivables included: – Obtaining an understanding of how impairment is estimated by 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 appropriateness of the expected credit loss provisioning methodology, examining the key data inputs, on a sample basis, to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses; and – Assessing whether there is evidence of management bias on impairment assessment of trade receivables by considering the consistency of judgement made by management year on year through discussion with management to understand their rationale. Based on the procedures performed, we consider management's judgement and estimate in the impairment assessment of trade receivable, to be supported by available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2019 annual report of the Company, 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.

RESPONSIBILITIES OF DIRECTORS 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 HKFRSs 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 assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

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. We report our opinion 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.

Grant Thornton Hong Kong Limited
Certified Public Accountants
Level 12
28 Hennessy Road
Wanchai
Hong Kong

27 March 2020

Ng Ka Kong
Practising Certificate No.: P06919

Consolidated Statement of Profit or Loss

For the year ended 31 December 2019

	Notes	2019 S$'000	2018 S$'000
Revenue	6(a)	**23,825**	25,405
Cost of sales		**(17,759)**	(19,707)
Gross profit		**6,066**	5,698
Other income and gains	6(b)	**858**	598
Selling and distribution costs		**(1,938)**	(2,295)
Administrative and other operating expenses		**(5,089)**	(3,877)
Finance costs	7	**(605)**	(276)
Loss before income tax	8	**(708)**	(152)
Income tax expense	10(a)	**(175)**	(250)
Loss for the year		**(883)**	(402)
Loss for the year attributable to:			
Owners of the Company		**(867)**	(366)
Non-controlling interests		**(16)**	(36)
		(883)	(402)
		S cents	S cents
Loss per share for loss attributable to owners of the Company during the year			
Basic	12	**(0.14)**	(0.06)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2019

	Notes	2019 S$'000	2018 S$'000
Loss for the year		**(883)**	(402)
Other comprehensive income for the year			
Items that will not be reclassified subsequently to profit or loss:			
Change in fair value of financial assets at fair value through other comprehensive income (non-recycling)	15	**(1,028)**	–
Other comprehensive income for the year		**(1,028)**	–
Total comprehensive income for the year		**(1,911)**	(402)
Total comprehensive income for the year attributable to:			
Owners of the Company		**(1,895)**	(366)
Non-controlling interests		**(16)**	(36)
		(1,911)	(402)

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	2019 S$'000	2018 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	13	14,385	14,751
Investment properties	14	2,232	1,669
Financial assets at fair value through other comprehensive income	15	17	–
Right-of-use assets	16	3,395	–
Deposits	19	24	26
		20,053	16,446
Current assets			
Inventories	17	2,830	2,495
Trade receivables	18	6,254	4,993
Deposits, prepayments, other receivables and other assets	19	408	389
Financial assets at fair value through profit or loss	20	77	–
Due from the holding company	21	–	411
Cash and cash equivalents	22	5,917	8,023
		15,486	16,311
Current liabilities			
Trade payables	23	2,981	2,360
Accruals, other payables and deposits received	24	1,554	1,350
Bank borrowings	25	412	629
Finance lease liabilities	26	–	15
Lease liabilities	26	354	–
Income tax payable		169	171
		5,470	4,525
Net current assets		10,016	11,786
Total assets less current liabilities		30,069	28,232

Consolidated Statement of Financial Position

As at 31 December 2019 (Continued)

	Notes	2019 S$'000	2018 S$'000
Non-current liabilities			
Deposits received	24	**58**	50
Bank borrowings	25	**10,046**	10,443
Finance lease liabilities	26	**–**	49
Lease liabilities	26	**3,096**	–
Promissory note	27	**1,095**	–
Deferred tax liabilities	10(b)	**116**	121
		14,411	10,663
Net assets		**15,658**	17,569
EQUITY			
Share capital	28	**1,038**	1,038
Reserves	29	**14,674**	16,569
Equity attributable to owners of the Company		**15,712**	17,607
Non-controlling interests		**(54)**	(38)
Total equity		**15,658**	17,569

Tan Seow Gee
Director

Gay Teo Siong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2019

	Equity attributable to the owners of the Company							
	Share capital S$'000 (Note 28)	Share premium* S$'000 (Note 29)	Other reserve* S$'000 (Note 29)	Financial assets at fair value through other comprehensive reserve (non-recycling)* S$'000	Retained profits* S$'000	Sub-total S$'000	Non-controlling interests S$'000	Total S$'000
At 1 January 2018	1,038	8,752	2,490	–	5,693	17,973	(12)	17,961
Capital injection from non-controlling interests	–	–	–	–	–	–	10	10
Loss and total comprehensive income for the year	–	–	–	–	(366)	(366)	(36)	(402)
At 31 December 2018 and 1 January 2019	1,038	8,752	2,490	–	5,327	17,607	(38)	17,569
Loss for the year	–	–	–	–	(867)	(867)	(16)	(883)
Other comprehensive income for the year:								
Change in fair value of financial assets at FVTOCI (non-recycling)	–	–	–	(1,028)	–	(1,028)	–	(1,028)
Total comprehensive income for the year	–	–	–	(1,028)	(867)	(1,895)	(16)	(1,911)
At 31 December 2019	**1,038**	**8,752**	**2,490**	**(1,028)**	**4,460**	**15,712**	**(54)**	**(15,658)**

* These reserve accounts comprise the consolidated reserves of approximately S$14,674,000 in the consolidated statement of financial position as at 31 December 2019 (2018: S$16,569,000).

Consolidated Statement of Cash Flows

For the year ended 31 December 2019

	Notes	2019 S$'000	2018 S$'000
Cash flows from operating activities			
Loss before income tax		(708)	(152)
Adjustments for:			
Interest expense	7	605	276
Interest income	6(b)	(76)	–
Depreciation of property, plant and equipment	8	1,332	706
Depreciation of investment properties	8	57	54
Depreciation of right-of-use assets	8	368	–
Fair value loss on financial assets at fair value through profit or loss		414	–
Expected credit loss on trade receivables	8	37	6
Gain on disposal of property, plant and equipment	6(b)	(6)	(3)
Gain on disposal of financial assets at fair value through profit or loss	6(b)	(158)	(22)
Write-off of inventories	8	45	716
Operating profit before working capital changes		1,910	1,581
(Increase)/Decrease in inventories		(380)	214
(Increase)/Decrease in trade receivables		(1,298)	1,054
(Increase)/Decrease in deposits, prepayments, other receivables and other assets		(17)	264
Increase/(Decrease) in trade payables		621	(579)
Increase/(Decrease) in accruals, other payables and deposits received		212	(414)
Purchases of financial assets at fair value through profit or loss		(783)	(307)
Proceeds from disposal of financial assets at fair value through profit or loss		450	329
Cash generated from operations		715	2,142
Income tax paid		(182)	(381)
Net cash generated from operating activities		533	1,761
Cash flows from investing activities			
Purchases of property, plant and equipment	13	(1,052)	(11,227)
Purchase of investment properties	14	(620)	–
Proceeds from disposal of property, plant and equipment		6	3
Decrease in amounts due from holding company		411	–
Interest income		76	–
Net cash used in investing activities		(1,179)	(11,224)

Consolidated Statement of Cash Flows

For the year ended 31 December 2019 (Continued)

	Notes	2019 S$'000	2018 S$'000
Cash flows from financing activities			
Capital injection from non-controlling interests		–	10
Proceeds from bank borrowings		–	8,000
Repayments of bank borrowings		(614)	(516)
Payment of lease liabilities (2018: Payment of finance lease liabilities)		(480)	(13)
Decrease in amount due to non-controlling interests		–	(10)
Interests paid on bank borrowings	7	(366)	(274)
Net cash (used in)/generated from financing activities		(1,460)	7,197
Net decrease in cash and cash equivalents		(2,106)	(2,266)
Cash and cash equivalents at beginning of the year		8,023	10,289
Cash and cash equivalents at end of the year	22	5,917	8,023

1. GENERAL INFORMATION

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. During the year, principal place of business of the Company changed from at 21 Wan Lee Road, Singapore, 627949 to 33 Chin Bee Crescent, Singapore, 619901. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 22 September 2017.

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 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 2019 were approved and authorised for issue by the board of directors on 27 March 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual HKFRSs and Hong Kong Accounting Standards and Interpretations issued by Hong Kong Institute of Certified Public Accountants ("HKICPA") and the accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange ("Listing Rules").

The significant accounting policies that have been used in the preparation of these consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's financial statements, if any, are disclosed in Note 3.

The financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss ("FVTPL") and financial assets at fair value through other comprehensive income ("FVTOCI"), which are stated at fair values. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.2 Functional and presentation currency

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

2.3 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 profit or loss and 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.

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.

2.4 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.

2.5 Foreign currency translation

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 (i.e. only translated using the exchange rates at the transaction date).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.5 Foreign currency *(Continued)*

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.

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.

2.6 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.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.6 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:

Land and buildings	18 – 22 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

Before the application of HKFRS 16, assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, the term of the relevant lease. Upon the application of HKFRS 16, accounting policy for depreciation of right-of-use assets is set out in Note 2.12.

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.

2.7 Investment properties

Investment properties are property which are owned or held under a leasehold interest (see Note 2.12) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial instruments

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

All regular way purchases and sales of financial assets at amortised cost are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the market place.

Financial assets with embedded derivatives are considered in their entirely when determining whether their cash flows are solely payment of principal and interest.

Debt investments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. All of the Group's debt instruments are classified as financial assets at amortised cost.

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

Equity investment

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Company elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in "financial assets at fair value through other comprehensive income reserve (non-recycling)" in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer's perspective.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial instruments *(Continued)*

(i) Financial assets *(Continued)*

Equity investment (Continued)

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in financial assets at fair value through other comprehensive income reserve (non-recycling) will not be reclassified to profit or loss upon disposal of the equity investments, and will be transferred to retained profits or will continue to be held in the financial assets at fair value through other comprehensive income reserve (non-recycling).

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established. Dividends are included in the "other income and gain" in profit or loss.

(ii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at FVTPL are initially measured at fair value and financial liabilities (other than lease liabilities/finance lease liabilities) at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities are including trade payables, accruals, other payables and deposits received, bank borrowings, promissory note, lease liabilities/finance lease liabilities and which (other than lease liabilities/finance lease liabilities) 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.

Accounting policies of lease liabilities/finance lease liabilities are set out in Note 2.12.

(iii) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.8 Financial instruments *(Continued)*

(iv) 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 HKFRS 9.

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

2.9 Impairment of financial assets

The Group recognises loss allowances for expected credit loss ("ECLs") on trade receivables and other financial assets measured at amortised cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date: and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

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

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.9 Impairment of financial assets *(Continued)*

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default; (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

– significant financial difficulty of the issuer or the borrower;

– a breach of contract, such as a default or past due event;

– the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.10 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.

2.11 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.

2.12 Leases

(a) Definition of a lease and the Group as a lessee

Policy applicable from 1 January 2019

For any new contracts entered into on or after 1 January 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

For contracts that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of staff quarter in which the Group is a lessee, the Group elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Leases *(Continued)*

(a) Definition of a lease and the Group as a lessee (Continued)

Policy applicable from 1 January 2019 (Continued)

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the consolidated statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payment of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Leases *(Continued)*

(a) ***Definition of a lease and the Group as a lessee*** *(Continued)*

Policy applicable from 1 January 2019 (Continued)

Measurement and recognition of leases as a lessee *(Continued)*

The Group has elected to account for short-term leases using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these lease are recognised as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 month or less.

Right-of-use assets are presented as a separate line on the condensed consolidated statement of financial position.

Policy applicable until 31 December 2018

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 lessee

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific assets or assets for an agreed period of time in return for a payment or a series of payments such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.12 Leases *(Continued)*

(b) The Group as a lessor

As a lessor, the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

The Group also earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the term of the lease.

2.13 Share capital

Ordinary shares are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issuing of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

2.14 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.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Revenue recognition

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

– provides all of the benefits received and consumed simultaneously by the customer;

– creates or enhances an asset that the customer controls as the Group performs; or

– does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or service.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

(i) Sales of goods

Customers obtain control of the products when the goods are delivered to and have been accepted. Revenue is thus recognised upon when the customers accepted the products. There is generally only one performance obligation. Invoices are usually payable within 60 days.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.15 Revenue recognition *(Continued)*

(i) Sales of goods (Continued)

Some of the Group's contracts with customers from the sales of goods provide customers a right of return (a right to be refunded in cash). The right of return gives rise to variable consideration. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved. The application of the constraint on variable consideration increases the amount of revenue that will be deferred. In addition, a refund liability included in "accruals, other payables and deposits received" and a right of use assets included in "accruals, other payables and deposits received" and "deposits, prepayments, other receivables and other assets" are recognised.

Some of the Group's contracts with customers from the sales of goods provides customers a volume rebate if the customers purchase more than certain volume of product in a calendar year. The volume rebates give rise to variable consideration. The Group applies the most likely amount method to estimate the variable consideration. A refund liability would be recognised based on the estimate of the expected to be paid to customer's volume-based rebates.

In case of the existence of consideration payable to a customer in the contract, the Group accounts for consideration payable to a customer as a reduction of the transaction price and, therefore, of revenue unless the payment to the customer is in exchange for a distinct good or service. The Group recognises the reduction of revenue at the later of recognising relevant revenue and paying (or promising to pay) the consideration.

(ii) Rental income

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

(iii) One-off slotting and marketing fee received

Revenue is recognised in the period when services are rendered.

2.16 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.17 Impairment of non-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
- the Company's investment in a subsidiary

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.

For the purposes of assessing impairment, where an asset does not generate cash-inflows largely independent of those from other assets, the receivable amount is determined for the smallest group of assets that generate cash inflows independently (i.e. a cash-generating unit). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level.

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.

2.18 Employee benefits

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.18 Employee benefits *(Continued)*

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.

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.

2.19 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.

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 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, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.19 Income taxes *(Continued)*

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognised amounts; and

(b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

 (i) the same taxable entity; or

 (ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.20 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

2.20 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.

2.21 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.

3. ADOPTION OF NEW AND AMENDED HKFRSs

New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2019

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2019:

HKFRS 16	Leases
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments

Other than as noted below, the adoption of the new and amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

HKFRS 16

HKFRS 16 replaces HKAS 17 'Leases' along with three Interpretations (HK(IFRIC)-Int4 "Determining whether an Arrangement contains a Lease", HK(SIC) — Int 15 "Operating Leases-Incentives" and HK(SIC) — Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease"). HKFRS 16 has been applied using the modified retrospective approach, with the cumulative effect of adopting HKFRS 16 being recognised in equity as an adjustment to the opening balance of retained profits for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from HKAS 17 and HK (IFRIC) — Int 4 and has not applied HKFRS 16 to arrangements that were previously not identified as lease under HKAS 17 and HK(IFRIC)-Int 4.

As a Lessee

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of HKFRS 16, being 1 January 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liabilities adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of HKFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

3. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2019 *(Continued)*

HKFRS 16 *(Continued)*

As a Lessee (Continued)

For those leases previously classified as finance leases, the right-of-use asset and lease liabilities are measured at date of the date of initial application at the same amounts as under HKAS 17 immediately before the date of initial application.

The Group is required to pay JTC Corporation annual land rent in respect of land and buildings for 30 years. At the date of the application of HKFRS 16, the Group measure the right-of-use assets of an amount equal to the lease liabilities.

On transition to HKFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under HKFRS 16 was 6.21%.

The following is a reconciliation of total operating lease commitments at 31 December 2018 to the lease liabilities recognised at 1 January 2019:

	S$'000
Total operating lease commitments disclosed at 31December 2018	966
Land rent with JTC Corporation	4,473
Recognition exemptions:	
– Leases with remaining lease term of less than 12 months	(16)
Operating leases liabilities before discounting	5,423
Finance lease liabilities	64
Discounting using incremental borrowing rate as at 1 January 2019	(1,830)
Total lease liabilities recognised under HKFRS 16 at 1 January 2019	3,657
Classified as:	
Current lease liabilities	294
Non-current lease liabilities	3,363
	3,657

3. ADOPTION OF NEW AND AMENDED HKFRSs *(Continued)*

New and amended HKFRSs that are effective for annual periods beginning or after 1 January 2019 *(Continued)*

HKFRS 16 *(Continued)*

The following table summarises the impact of transition to HKFRS 16 on the Group's consolidated statement of financial position at 1 January 2019:

	S$'000
Decrease in property, plant and equipment (net)	(86)
Increase in right-of-use assets	3,679
Increase in current lease liabilities	294
Increase in non-current lease liabilities	3,363

As a Lessor

Upon initial application of HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16, comparative information is not restated.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKFRS 3	Definition of a Business[4]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]

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

2 Effective for annual periods beginning on or after 1 January 2021

3 Effective date not yet determined

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

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are not expected to have a material impact on the Group's consolidated financial statements.

4. 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.

(a) Critical judgements in applying accounting policies

(i) Determining the method to estimate variable consideration and assessing the constraint for the sales of goods

Certain contracts for the sales of goods include a right of return S$nil (2018: approximately S$5,000) and volume rebates approximately S$145,000 (2018: S$133,000) that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determines that the expected value method is the appropriate method to use in estimating the variable consideration for the sales of goods with rights of return, given the large number of customer contracts that have similar characteristics. In estimating the variable consideration for the sales of goods with volume rebates, the Group determines that the most likely amount method is appropriate given the contracts have only two possible outcomes.

Before including any amount of revenue in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determines that the estimates of variable consideration are not constrained based on its historical experience, business forecast and the current economic environment, as well as the uncertainty being resolved within a short period of time.

(b) Key sources of estimation uncertainty

In addition to information disclosed elsewhere in these consolidated 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:

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

(b) Key sources of estimation uncertainty *(Continued)*

(i) Provision for ECLs on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking factors are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of trade receivables is disclosed in Note 18.

(ii) 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 13.

(iii) 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 17.

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

(b) Key sources of estimation uncertainty *(Continued)*

(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$169,000 as at 31 December 2019 (2018: S$171,000). The carrying amount of deferred tax liabilities is disclosed in Note 10(b).

(v) Estimation of fair value of financial instruments not traded in an active market

As at 31 December 2019, financial assets at FVTOCI that are not traded in an active market are carried at fair value of approximately S$17,000. The fair values are determined by using valuation techniques, details of which are set out in Note 38(vi). This involves developing estimates and assumptions consistent with how market participants would price the instrument. The Group bases its assumptions on observable data as far as possible but this is not always available. In that case the Group uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm’s length transaction at the reporting date.

5. SEGMENT INFORMATION

(i) Operating segment information

The Group identifies 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 2019 S$'000	2018 S$'000
Singapore	**23,722**	25,330
Indonesia	**103**	75
	23,825	25,405

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:

	2019 S$'000	2018 S$'000
Customer A	**2,320**	3,006
Customer B	**2,432**	N/A*

* The corresponding revenue did not individually contribute over 10% of the Group's revenue during the year.

6. REVENUE AND OTHER INCOME AND GAINS

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

	2019 S$'000	2018 S$'000
Sales of goods	**23,825**	25,405

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

	2019 S$'000	2018 S$'000
Product type		
Dry	**12,960**	13,911
Chilled	**4,594**	4,999
Frozen	**6,271**	6,495
	23,825	25,405
Customer type		
Ship supply customers	**21,672**	23,378
Retail and food service customers	**2,153**	2,027
	23,825	25,405
Timing of revenue recognition		
At a point in time	**23,825**	25,405

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

	2019 S$'000	2018 S$'000
Trade receivables	**6,254**	4,993

6. REVENUE AND OTHER INCOME AND GAINS *(Continued)*

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

	2019 S$'000	2018 S$'000
Interest income	**76**	–
Rental income from investment properties	**195**	172
One-off slotting and marketing fee received	**321**	297
Government grants (note)	**28**	48
Gain on disposal of financial assets at FVTPL	**158**	22
Net foreign exchange gain	**–**	11
Gain on disposal of property, plant and equipment	**6**	3
Others	**74**	45
	858	598

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

7. FINANCE COSTS

	2019 S$'000	2018 S$'000
Interest on bank borrowings	**366**	274
Finance charges on lease liabilities (2018: finance lease liabilities)	**189**	2
Interest on promissory note	**50**	–
	605	276

8. LOSS BEFORE INCOME TAX

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

	2019 S$'000	2018 S$'000
Auditor's remuneration	104	119
Cost of inventories recognised as expenses		
– Cost of inventories sold	17,098	18,489
– Write-off of inventories	45	716
	17,143	19,205
Depreciation of property, plant and equipment		
– Owned	1,332	694
– Held under finance lease	–	12
	1,332	706
Depreciation of investment properties	57	54
Depreciation of right-of-use assets	368	–
Direct operating expenses arising from investment properties that generated rental income	140	47
Employee benefit expenses (including directors' remuneration (Note 9))		
– Salaries and welfare	3,212	3,120
– Defined contributions	199	189
	3,411	3,309
Expected credit losses on trade receivables (Note 38(iii))	37	6
Changes in fair value of financial assets at fair value through profit or loss	414	—
Lease payments under operating leases in respect of motor vehicles, machineries, warehouses and rented premises		
– Minimum lease payments	–	327
– Contingent rents (note)	–	122
Lease charges:		
– Short term leases and leases with lease term shorter than 12 months as at initial application of HKFRS 16	44	–
– Variable lease payments (note)	37	–
	81	449
Net foreign exchange loss/(gain)	11	(11)

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

9. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' remuneration

Directors' and chief executive's emoluments disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

Directors' remuneration is disclosed as follows:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Defined contributions	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Year ended 31 December 2019					
Executive directors:					
Mr. Tan Seow Gee ("Mr. D Tan")	21	232	4	14	271
Mr. Gay Teo Siong ("Mr. R Gay")	21	299	4	11	335
Non-executive directors (Note (ii)):					
Mr. Cheng King Yip	129	–	–	–	129
Independent non-executive directors:					
Mr. Tam Wai Tak Victor (Note (iii))	8	–	–	–	8
Ms. Chan Oi Chong	21	–	–	–	21
Mr. Choy Wing Hang William (Note (i))	2	–	–	–	2
Ms. Luk Huen Ling Claire (Note (i))	18	–	–	–	18
Ms. Chin Ying Ying (Note (iii))	13	–	–	–	13
Total	233	531	8	25	797
Year ended 31 December 2018					
Executive directors:					
Mr. Tan Seow Gee ("Mr. D Tan")	21	224	6	13	264
Mr. Gay Teo Siong ("Mr. R Gay")	21	288	6	10	325
Independent non-executive directors:					
Mr. Tam Wai Tak Victor	21	–	–	–	21
Ms. Chan Oi Chong	21	–	–	–	21
Mr. Choy Wing Hang William (Note (i))	21	–	–	–	21
Total	105	512	12	23	652

Notes:

(i) Mr. Choy Wing Hang William resigned as the independent non-executive director of the Company and Ms. Luk Huen Ling Claire was appointed as the independent non-executive director of the Company with effect from 4 February 2019.

(ii) Mr. Cheng King Yip was appointed as the non-executive director of the Company with effect from 12 February 2019.

(iii) Mr. Tam Wai Tak Victor resigned as the independent non-executive director of the Company and Ms. Chin Ying Ying was appointed as the independent non-executive director of the Company with effect from 14 May 2019.

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

(a) Directors' remuneration *(Continued)*

During the year, no director or any of the highest paid individuals waived or agreed to waive any emoluments (2018: 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 (2018: Nil).

(b) Five highest paid individuals

The five highest paid individuals of the Group included three directors (2018: two) for the year, whose emoluments are reflected in Note (a).

The analysis of the emolument of the remaining two (2018: three) highest paid non-director individuals for the year, are set out below:

	2019 S$'000	2018 S$'000
Salaries, allowances and benefits in kind	308	424
Discretionary bonuses	13	20
Defined contributions	16	27
	337	471

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

	2019 No. of individuals	2018 No. of individuals
Nil to Hong Kong Dollar ("HK$") 1,000,000	1	2
HK$1,000,001 to HK$1,500,000	1	1

10. INCOME TAX EXPENSE

(a) Income tax

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

	2019 S$'000	2018 S$'000
Current tax – Singapore income tax		
– Tax for the year	180	125
– Under-provision in respect of prior years	–	21
	180	146
Deferred tax		
– Current year (Note 10(b))	(5)	104
Income tax expense	175	250

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.

Reconciliation between tax expense and accounting loss at applicable tax rates:

	2019 S$'000	2018 S$'000
Loss before income tax	(708)	(152)
Tax calculated at the statutory rate of 17% (2018: 17%)	(120)	(26)
Tax effect of revenue not taxable for tax purpose	(42)	(7)
Tax effect of expenses not deductible for tax purpose	187	229
Tax effect of temporary differences not recognised	124	9
Tax effect of tax losses not recognised	26	62
Enhanced tax allowances, exemptions and rebates	–	(38)
Under-provision in respect of prior years	–	21
	175	250

10. INCOME TAX EXPENSE *(Continued)*

(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 2018	17
Charged to profit or loss for the year	104
At 31 December 2018 and 1 January 2019	121
Charged to profit or loss for the year	(5)
At 31 December 2019	**116**

As at 31 December 2019, the Group has estimated unused tax losses of approximately S$739,000 (2018: S$588,000) 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.

11. DIVIDENDS

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

12. LOSS PER SHARE

	2019 **S$'000**	2018 S$'000
Loss		
Loss attributable to owners of the Company	**(867)**	(366)

	2019 **'000**	2018 '000
Number of shares		
Weighted average number of ordinary shares	**600,000**	600,000

The calculation of basic loss per share for the year ended 31 December 2019 is based on the loss attributable to owners of the Company of approximately S$867,000 (2018: S$366,000) and on the weighted average number of 600,000,000 (2018: 600,000,000) ordinary shares in issue during the year.

Dilutive loss per share is the same as the basic loss per share because the Group has no dilutive potential shares during the years ended 31 December 2019 and 2018.

13. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings 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$'000	Construction in progress S$'000	Total S$'000
At 1 January 2018									
Cost	4,000	186	107	244	204	698	614	–	6,053
Accumulated depreciation	(1,500)	(124)	(96)	(242)	(169)	(452)	(610)	–	(3,193)
Net book amount	2,500	62	11	2	35	246	4	–	2,860
Year ended 31 December 2018									
Opening net book amount	2,500	62	11	2	35	246	4	–	2,860
Additions	10,295	10	–	–	7	103	–	2,182	12,597
Charge for the year	(578)	(27)	(5)	(1)	(18)	(76)	(1)	–	(706)
Closing net book amount	12,217	45	6	1	24	273	3	2,182	14,751
At 31 December 2018 and 1 January 2019									
Cost	14,295	196	107	244	211	732	614	2,182	18,581
Accumulated depreciation	(2,078)	(151)	(101)	(243)	(187)	(459)	(611)	–	(3,830)
Adjustment from the adoption of HKFRS 16 (Note 3)	–	–	–	–	–	(86)	–	–	(86)
Net book amount as at 1 January 2019, restated	12,217	45	6	1	24	187	3	2,182	14,665
Year ended 31 December 2019									
Opening net book amount as at 1 January 2019, restated	12,217	45	6	1	24	187	3	2,182	14,665
Additions	–	13	2	2	146	13	876	–	1,052
Eliminated on transfer	–	–	–	–	1,412	–	770	(2,182)	–
Charge for the year	(690)	(27)	(4)	(1)	(247)	(63)	(300)	–	(1,332)
Closing net book amount	11,527	31	4	2	1,335	137	1,349	–	14,385
At 31 December 2019									
Cost	14,295	209	109	246	1,769	579	2,260	–	19,467
Accumulated depreciation	(2,768)	(178)	(105)	(244)	(434)	(442)	(911)	–	(5,082)
Closing net book amount	11,527	31	4	2	1,335	137	1,349	–	14,385

Notes:

(i) As at 31 December 2019, the Group's land and buildings with an aggregate net carrying amount of approximately S$11,527,000 (2018: S$12,217,000) have been pledged to secure banking facilities granted to the Group (Note 25).

(ii) At 31 December 2018, the net book value of a motor vehicle held under finance lease of the Group was approximately S$86,000. It was reclassified as right-of-use assets on 1 January 2019 upon the adoption of HKFRS 16.

14. INVESTMENT PROPERTIES

	S$'000
Cost	
At 1 January 2018, 31 December 2018 and 1 January 2019	1,934
Addition	620
At 31 December 2019	**2,554**
Accumulated depreciation	
At 1 January 2018	(211)
Depreciation	(54)
At 31 December 2018 and 1 January 2019	(265)
Depreciation	(57)
At 31 December 2019	**(322)**
Net carrying amount	
At 31 December 2019	**2,232**
At 31 December 2018	1,669
Fair value	
At 31 December 2019	**3,920**
At 31 December 2018	3,320

The estimated useful lives of the investment properties are from 23 to 50 years (2018: 27 to 50 years). The investment properties are stated at cost less accumulated depreciation and any impairment loss.

Fair value is determined by a direct 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.

At the reporting date, the Group's total bank borrowings of approximately S$10,458,000 (2018: S$11,072,000) (Note 25) are secured by legal charges on the investment properties with carrying amounts approximately S$1,614,000 (2018: S$1,669,000).

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME ("FVTOCI")

	2019 S$'000	2018 S$'000
Financial assets at FVTOCI (non-recycling)		
Unlisted equity investment	17	–

The Group designated its investment in unlisted equity investment as FVTOCI (non-recycling), as this investment is held for the strategic purpose and not held for trading.

On 16 December 2018, the Group entered into an agreement with an external party to acquire 15% equity interest in Wealth Power Group Limited at the consideration of HK$6,000,000 (equivalent to approximately S$1,045,402). A 5% coupon promissory note was issued at completion of this acquisition on 2 January 2019 which is payable on maturity in January 2022 (Note 27).

During the year ended 31 December 2019, loss on change in fair value of the financial assets at FVTOCI (non-recycling) of S$1,028,000 (2018: Nil) was recognised.

The fair value of the financial assets at FVTOCI (non-recycling) has been measured as described in Note 38(vi).

16. RIGHT-OF-USE ASSETS

	Leasehold land S$'000	Staff quarter S$'000	Motor vehicles S$'000	Total S$'000
Cost				
At 1 January 2019	–	–	–	–
Adoption of HKFRS 16 as at 1 January 2019 (Note 3)	2,774	–	907	3,681
At 1 January 2019 restated	2,774	–	907	3,681
Addition during the year	–	82	–	82
At 31 December 2019	**2,774**	**82**	**907**	**3,763**
Accumulated depreciation				
Charge for the year	(159)	(10)	(199)	(368)
At 31 December 2019	**(159)**	**(10)**	**(199)**	**(368)**
Carrying amount				
At 31 December 2019	**2,615**	**72**	**708**	**3,395**

17. INVENTORIES

	2019 S$'000	2018 S$'000
Inventories for resale	**2,830**	2,495

Inventories are carrying at the lower of cost and net realisable value, no inventories are carrying at fair value less costs to sell.

18. TRADE RECEIVABLES

	2019 S$'000	2018 S$'000
Trade receivables	**6,298**	5,007
Less: Loss allowance for trade receivables	**(44)**	(14)
	6,254	4,993

The credit period is generally ranging from cash on delivery to 60 days. Based on invoice date, ageing analysis of the Group's trade receivables (net of loss allowance) is as follows:

	2019 S$'000	2018 S$'000
0 to 30 days	**1,863**	2,155
31 to 90 days	**3,182**	2,777
91 to 180 days	**1,182**	54
Over 180 days	**27**	7
	6,254	4,993

Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 38(iii).

19. DEPOSITS, PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2019 S$'000	2018 S$'000
Deposits	62	80
Prepayments	133	130
Other receivables	–	60
Right of return assets	–	5
Advance to suppliers	237	140
	432	415
Classified as:		
Non-current assets	24	26
Current assets	408	389
	432	415

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2019 S$'000	2018 S$'000
Financial assets at FVTPL		
Equity securities listed in Hong Kong (Note (a))	77	–

Note:

(a) The fair values of the Group's investments in listed equity securities have been measured as described in Note 38(vi).

21. DUE FROM THE HOLDING COMPANY

	Maximum balance due during the year S$'000	2019 S$'000	2018 S$'000
Packman Global	411	–	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 Pte Ltd ("Cool Link Marketing") and Cool Link Food Supply Pte. Ltd. ("Cool Link Supply"), subsidiaries of the Company, as to one third each.

The balance was unsecured, interest-free and repayable on demand, which was fully settled in March 2019.

22. CASH AND CASH EQUIVALENTS

	2019 S$'000	2018 S$'000
Cash at banks and in hand	5,778	8,023
Short-term investment	139	–
	5,917	8,023

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

Short term investment is a promissory note issued by a third party. The promissory note is defined under Section 89 of the Bills of Exchange Ordinance (Cap. 19), as an unconditional promise in writing made by the noteholder to the issuer engaging to repay. The promissory note bears 3% interest per annum. The directors of the Group consider the short-term investment is highly liquid and the fair value of the short-term investment is not materially different from their carrying amount.

Included in cash and cash equivalents are the following amounts denominated in currencies other than the functional currencies:

	2019 S$'000	2018 S$'000
United State Dollar ("US$")	14	14
HK$	4,855	5,508

23. TRADE PAYABLES

	2019 S$'000	2018 S$'000
Trade payables	2,981	2,360

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

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

	2019 S$'000	2018 S$'000
0 to 30 days	998	1,197
31 to 90 days	1,384	1,017
91 to 180 days	204	121
Over 180 days	395	25
	2,981	2,360

23. TRADE PAYABLES *(Continued)*

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

	2019 S$'000	2018 S$'000
Euro ("EUR")	**967**	720
US$	**387**	143
Malaysia Ringgit ("RM")	**184**	197
Swiss franc ("CHF")	**6**	7

24. ACCRUALS, OTHER PAYABLES AND DEPOSITS RECEIVED

	2019 S$'000	2018 S$'000
Accruals	**944**	800
Other payables	**443**	417
Deposits received	**80**	50
Refund liabilities	**145**	133
	1,612	1,400
Classified as:		
Non-current liabilities	**58**	50
Current liabilities	**1,554**	1,350
	1,612	1,400

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

	2019 S$'000	2018 S$'000
HK$	**181**	222

25. BANK BORROWINGS

	2019 S$'000	2018 S$'000
Current liabilities		
Secured mortgage loans		
– Amounts repayable within one year	412	629
Non-current liabilities		
Secured mortgage loans		
– Amounts repayable after one year	10,046	10,443
Total bank borrowings	10,458	11,072

Notes:

(a) Bank borrowings are interest-bearing at the banks' base lending rate adjusted by certain basis points per annum. As at 31 December 2019, the Group's bank borrowings effective interest rate ranging from 1.90% to 7.00% per annum (2018: 1.90% to 7.00%).

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

	2019 S$'000	2018 S$'000
Within one year	612	629
More than one year, but not exceeding two years	679	647
More than two years, but not exceeding five years	2,265	2,066
After five years	6,902	7,730
	10,458	11,072

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

(i) the pledge of land and buildings of the Group with net carrying amount of approximately S$11,527,000 as at 31 December 2019 (2018: S$12,217,000) (Note 13); and

(ii) the pledge of investment properties of the Group with net carrying amount of approximately S$1,614,000 as at 31 December 2019 (2018: S$1,669,000) (Note 14).

(d) The Group's aggregate banking facilities amount to approximately S$14,017,000 (2018: S$13,833,000), of which approximately S$10,767,000 (2018: S$11,583,000) were utilised as at the date of issuing the banking facilities letter and approximately S$10,458,000 (2018: S$11,072,000) have been utilised as at 31 December 2019.

26. LEASE LIABILITIES/FINANCE LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities (2018: finance lease liabilities):

	2019 S$'000	2018 S$'000
Total minimum lease payments:		
Due within one year	535	17
Due in the second to fifth years	1,556	56
Due after the fifth year	3,012	–
	5,103	73
Future finance charges on leases liabilities (2018: finance lease liabilities)	(1,653)	(9)
Present value of leases liabilities (2018: finance lease liabilities)	3,450	64
Present value of minimum lease payments:		
Due within one year	354	15
Due in the second to fifth years	992	49
Due after the fifth year	2,104	–
	3,450	64
Less: Portion due within one year included under current liabilities	(354)	(15)
Portion due after one year included under non-current liabilities	3,096	49

The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance lease. Details for transitions to HKFRS 16 are set out in Note 3.

The Group considers that no extension option or termination option would be exercised at the lease commencement date. All leases are for leasehold land, leasing motor vehicles and staff quarter. The lease periods are from two to six years.

During the year ended 31 December 2019, the total cash outflows for the leases was approximately S$372,000.

26. LEASE LIABILITIES/FINANCE LEASE LIABILITIES *(Continued)*

Details of the lease activities

As at 31 December 2019, the Group has entered into leases for motor vehicles and staff quarter.

Types of right-of-use assets	Financial statements items of right-of-use assets included in	Number of leases	Range of remaining lease term	Particulars
Leasehold land	In right-of-use assets	2	10 to 21 years	– Land rent payable is based on the market land rent
Motor vehicles	In right-of-use assets	12	5 to 7 years	– Only subject to monthly fixed rental payment – No extension option or termination option would be exercised at the lease commencement
Motor vehicles	In right-of-use assets	1	4 years	– Only subject to monthly fixed rental payment – Secured by the charge over the leased assets and guaranteed by Mr. M Tan – No extension option or termination option would be exercised at the lease commencement
Staff quarter	In right-of-use assets	1	23 months	– Only subject to monthly fixed rental payment – No extension option or termination option would be exercised at the lease commencement

27. PROMISSORY NOTE

A 5% coupon promissory note was issued in connection with the acquisition of the financial assets at FVTOCI (Non-recycling) (Note 15) which is payable on maturity in January 2022.

Promissory note with nominal value of HK$6,000,000 (equivalent to approximately S$1,045,402) bears interest at a fixed rate of 5% per annum. The effective interest rate of the promissory note at the reporting date is 4.67%. The promissory note classified as a non-current liability is expected to be settled after one year.

Included in promissory note are the following amounts denominated in currencies other than the functional currencies:

	2019	2018
	S$'000	S$'000
HK$	**1,095**	–

28. SHARE CAPITAL

	2019		2018	
	Number of shares	**S$'000**	Number of shares	S$'000
Authorised:				
At beginning and at end of the year	**10,000,000,000**	**17,337**	10,000,000,000	17,337
Issued and fully paid:				
At beginning and at end of the year	**600,000,000**	**1,038**	600,000,000	1,038

29. 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.

(b) The Company

	Share premium S$'000	Contributed surplus* S$'000	Accumulated losses S$'000	Total S$'000
At 1 January 2018	8,752	10,958	(2,864)	16,846
Loss and total comprehensive income for the year	–	–	(744)	(744)
At 31 December 2018 and 1 January 2019	8,752	10,958	(3,608)	16,102
Loss and total comprehensive income for the year	–	–	(962)	(962)
At 31 December 2019	**8,752**	**10,958**	**(4,570)**	**15,140**

* 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 group reorganisation completed on 5 September 2017.

30. LEASE COMMITMENTS

(a) As lessor

As at 31 December 2019, future minimum lease rental receivables under non-cancellable operating leases of the Group are as follows:

	2019 S$'000	2018 S$'000
Within one year	306	176
In second to fifth year	213	169
	519	345

The Group leases its investment properties under operating leases. The leases run for an initial period of two to four years (2018: three 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 2019, the lease commitments for short-term leases (2018: future minimum rental payables under non-cancellable operating leases) of the Group are as follows:

	2019 S$'000	2018 S$'000
Within one year	13	236
In second to fifth year	–	676
After five years	–	54
	13	966

As at 31 December 2019, the Group had committed to a lease for a staff quarter in which the lease within 12 months.

Details of these leases are set out in Note 26.

As at 31 December 2018, 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, 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.

31. CAPITAL COMMITMENT

As at 31 December 2019, the Group has the following capital commitments in respect of:

	2019 S$'000	2018 S$'000
Commitment for acquisition of:		
Property, plant and equipment	–	782

Note: No capital commitment noted as at 31 December 2019.

32. RELATED PARTY TRANSACTIONS

(a) As at 31 December 2019, Mr. M Tan, a key management personnel of the Group and a director of Cool Link Marketing and Cool Link Supply, provided a personal guarantee as security for lease obligations (Note 25).

(b) **Compensation of key management personnel**

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

	2019 S$'000	2018 S$'000
Short-term employee benefits	1,168	1,103
Defined contributions	51	53
	1,219	1,156

33. CONTINGENT LIABILITIES

As at 31 December 2019, the Group had contingent liabilities in respect of performance bonds issued in favour of certain suppliers in its ordinary course of business amounting to S$550,000 (2018: S$550,000). The guarantees in respect of performance bonds issued by bank are secured by land and buildings and investment properties of the Group and corporate guarantee of the Company.

34. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2019 S$'000	2018 S$'000
ASSETS AND LIABILITIES		
Non-current assets		
Investment in a subsidiary	10,958	10,958
Current assets		
Prepayments	46	41
Due from the holding company	—	411
Due from subsidiaries	574	3,384
Financial assets at fair value though profit or loss	77	—
Cash and cash equivalents	4,704	2,568
	5,401	6,404
Current liabilities		
Accruals and other payables	181	222
	181	222
Net current assets	5,220	6,182
Total assets less current liabilities	16,178	17,140
Net assets	16,178	17,140
EQUITY		
Equity attributable to owners of the Company		
Share capital	1,038	1,038
Reserves	15,140	16,102
Total equity	16,178	17,140

On behalf of the directors

Tan Seow Gee *Director*	**Gay Teo Siong** *Director*

35. PARTICULARS OF SUBSIDIARIES

Details of subsidiaries as at 31 December 2019 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		
Amazing Well Limited (Note (i))	BVI, 4 January 2019, limited liability company	US$1	100% (2018: N/A)	–	Investment holding	BVI
Galaxy Pop Limited (Note (i))	BVI, 3 January 2019, limited liability company	US$1	100% (2018: N/A)	–	Investment holding	BVI
Open Treasure Enterprises	BVI, 28 June 2016, limited liability company	US$100	100% (2018: 100%)	–	Investment holding	Singapore
Cool Link Marketing	Singapore, 1 March 2001, limited liability company	S$100,000	–	100% (2018: 100%)	Food supplies business	Singapore
Cool Link Supply	Singapore, 21 December 2015, limited liability company	S$200,000	–	90% (2018: 90%)	Food supplies business	Singapore
Cool Link Trading (HK) Limited	Hong Kong, 15 March 2017, limited liability company	HK$100	–	100% (2018: 100%)	Inactive	Hong Kong

Note:

(i) On 25 January 2019, Amazing Well Limited and Galaxy Pop Limited were formed with registered capital of US$1 and fully paid up during the year 2019.

36. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

(i) During the year, the Group acquired the financial asset at FVTOCI (non-recycling) (Note 15) at the consideration of HK$6,000,000 (equivalent to approximately S$1,045,402) which was financed by issuing a 5% coupon promissory note and payable on maturity in January 2022 (Note 27).

(ii) During 31 December 2019, the Group entered into certain lease contracts in which additions to right-of-use assets and lease liabilities amounting to approximately S$84,000 was recognised at the lease commencement date.

(iii) During 31 December 2018, the Group acquired property, plant and equipment at cost of approximately S$75,000, which were financed by finance lease arrangement as set out included in Note 26.

(b) Reconciliation of liabilities arising from financing activities

	As at 1 January 2019 S$'000	Impact on initial application of HKFRS 16 (Note 3) S$'000	Financing cash flow S$'000	Non-cash changes: Interest expense recognised S$'000	Non-cash changes: New lease liabilities S$'000	As at 31 December 2019 S$'000
Year ended 31 December 2019						
Bank borrowings	11,072	–	(979)	365	–	10,458
Lease liabilities/Finance lease liabilities	64	3,593	(480)	189	84	3,450

	As at 1 January 2018 S$'000	Financing cash flow S$'000	Non-cash changes: Interest expense recognised S$'000	Non-cash changes: New finance lease S$'000	As at 31 December 2018 S$'000
Year ended 31 December 2018					
Due to non-controlling interests	10	(10)	–	–	–
Bank borrowings	3,588	7,210	274	–	11,072
Finance lease liabilities	–	(13)	2	75	64

37. FINANCIAL INSTRUMENTS BY CATEGORY

As at 31 December 2019, the carrying amounts of each of the categories of financial instruments are as follows:

	2019 S$'000	2018 S$'000
Financial assets at amortised cost		
Trade receivables	6,254	4,993
Deposits and other receivables	279	280
Due from the holding company	–	411
Cash and cash equivalents	5,917	8,023
Financial assets at FVTOCI:		
Unlisted equity securities	17	–
Financial assets at FVTPL		
Listed equity securities in Hong Kong	77	–
	12,544	13,707
Financial liabilities at amortised cost		
Trade payables	2,981	2,360
Accruals, other payables and deposits received	1,612	1,400
Bank borrowings	10,458	11,072
Promissory note	1,095	–
Lease liabilities/Finance lease liabilities	3,450	64
	19,596	14,896

38. 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, interest rate risk and other price 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.

(i) 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$, RM, US$, HK$ and CHF. 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 2019, the Group's assets and liabilities denominated in other currencies other than S$ are disclosed in Notes 22, 23, 24 and 27.

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. No sensitivity analysis for CHF is presented as management considered the exposure is insignificant.

	2019 **S$'000**	2018 S$'000
RM to S$		
Appreciation by 4%	**(6)**	(7)
Depreciation by 4%	**6**	7
US$ to S$		
Appreciation by 4%	**(12)**	(5)
Depreciation by 4%	**12**	5
EUR to S$		
Appreciation by 4%	**(32)**	(24)
Depreciation by 4%	**32**	24
HK$ to S$		
Appreciation by 4%	**119**	175
Depreciation by 4%	**(119)**	(175)

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

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

(ii) 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 cash equivalents (Note 22), bank borrowings (Note 25), promissory note (Note 27) and lease liabilities/finance lease liabilities (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 lease liabilities/finance lease liabilities and promissory note bore interest at fixed rates. Borrowings at floating rates expose the Group to cash flow interest rate risk.

At 31 December 2019, 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$43,000 (2018: S$46,000). 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.

(iii) 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.

As at 31 December 2019, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of respective financial assets as stated in the consolidated statement of financial position.

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.

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

(iii) Credit risk *(Continued)*

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. 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 2019, the Group's trade receivables due from five largest customers amounting to approximately S$2,649,000 (2018: S$2,004,000) represents 44% (2018: 40%) of trade receivables. These customers have a good settlement record and reputation.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

2019	**Expected loss rate %**	**Gross Carrying amount S$'000**	**Loss allowance S$'000**	**Net carrying amount S$'000**
Neither past due nor impaired	**0.1%**	**2,406**	**(2)**	**2,404**
1 to 30 days past due	**0.1%**	**1,574**	**(2)**	**1,572**
31 to 90 days past due	**0.5%**	**2,021**	**(10)**	**2,011**
91 to 180 days past due	**10%**	**296**	**(30)**	**266**
Over 180 days past due	**50%**	**1**	**–**	**1**
		6,298	**(44)**	**6,254**
2018				
Neither past due nor impaired	0.1%	2,165	(2)	2,163
1 to 30 days past due	0.1%	1,878	(2)	1,876
31 to 90 days past due	0.5%	948	(4)	944
91 to 180 days past due	10%	6	(1)	5
Over 180 days past due	50%	10	(5)	5
		5,007	(14)	4,993

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

(iii) Credit risk *(Continued)*

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

For deposits and other receivables and amount due from the holding company, management makes periodic as individual assessment on the recoverability based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. The management believes that there is no material credit risk inherent in the Group's outstanding balance of deposits and other receivables and amount due from the holding company.

The credit risk for bank balances is considered not material as such amounts are placed in reputable banks with high credit ratings assigned by international credit-rating agencies. There has been no recent history of default in relation to these banks and thus the risk of default is regard as low.

Short term investment represent the investment to a promissory note issued by a third party, with (i) redemption anytime by delivering a written notice to the issuer; (ii) the issuer need to repay the principal amount plus interest accrued within 3 days after received the written notice and (iii) management makes periodic assessment on the recoverability based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information, and considers the credit risk to be insignificant.

No significant changes to estimation techniques or assumptions were made during the year.

At each reporting date, the Group's trade receivables are individually determined for impairment testing. At 31 December 2019, 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, 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.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2019 S$'000	2018 S$'000
Balance at 1 January	14	42
Impairment losses recognised (Note 8)	37	6
Amounts written off	(7)	(34)
Balance at 31 December	44	14

The increase in gross trade receivables resulted in an increase in loss allowance.

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

(iv) 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 management.

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 2019						
Trade payables	**2,981**	**2,981**	**2,981**	**–**	**–**	**–**
Accruals, other payables and deposits received	**1,612**	**1,612**	**1,554**	**–**	**58**	**–**
Bank borrowings	**10,458**	**13,489**	**980**	**980**	**2,941**	**8,588**
Promissory note	**1,095**	**1,142**	**52**	**1,090**	**–**	**–**
Lease liabilities	**3,450**	**5,103**	**535**	**535**	**1,021**	**3,012**
	19,596	**24,327**	**6,102**	**2,605**	**4,020**	**11,600**
At 31 December 2018						
Trade payables	2,360	2,360	2,360	–	–	–
Accruals, other payables and deposits received	1,400	1,400	1,350	–	50	–
Bank borrowings	11,072	13,987	949	955	2,866	9,217
Finance lease liabilities	64	73	17	17	39	–
	14,896	17,820	4,676	972	2,955	9,217

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

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

(v) Other price risk

Other price risk relates to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than changes in interest rates and foreign exchange rates). The Group is mainly exposed to change in market prices of listed equity securities in respect of its investments in listed equity classified as financial assets at FVTPL. The management will monitor the price movements and take appropriate actions when it is required.

The policies to manage other price risk have been considered to be effective.

A hypothetical 10% change in prices of trading investments would result in an effect to the Group's result for the year as follows:

	2019 S$'000	2018 S$'000
Decrease in loss for the year as a result of increase in price of financial assets at FVTPL	8	–
Increase in loss for the year as a result decrease in price of financial assets at FVTPL	(8)	–

(vi) Fair value measurements

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

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

(iii) Level 3: unobservable inputs for the asset or liability.

Disclosures of level in fair value hierarchy:

As at 31 December 2019	Note	Level 1 S$'000	Level 2 S$'000	Level 3 S$'000	Total S$'000
Recurring fair value measurements:					
Financial assets at FVTOCI:					
Unlisted equity securities	(a)	–	–	17	17
Financial assets at FVTPL:					
Listed equity securities in Hong Kong	(b)	77	–	–	77
		77	–	17	94

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

(vi) Fair value measurements *(Continued)*

There have been no transfers between levels 1, 2 and 3 in the reporting period (2018: N/A). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

The methods and valuation techniques used for the purpose of measuring fair value are unchanged compared to the previous reporting periods.

Note:

(a) The financial assets at FVTOCI represented the acquisition of 15% of the entire issued share capital of an unlisted company principally engaged in dessert catering business (the "Acquisition"). A 5% coupon promissory note was issued in connection with the Acquisition which is payable on maturity in January 2021.

	Financial assets at FVTOCI S$'000
At 1 January 2019	–
Additions	1,045
Change in fair value of financial assets at FVTOCI	(1,028)
At 31 December 2019	**17**

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

Information about level 3 fair value measurements:

Description	**Valuation techniques**	**Significant unobservable inputs**	**Range**	**Effect on fair value for increase of inputs**
Unlisted equity securities	Income-based approach	Risk-adjusted discount rate	11.19%	Decrease
		Discount for lack of marketability	15.8%	Decrease

(b) **Listed equity securities in Hong Kong**

The listed equity securities are denominated in HK$. Fair values have been determined by reference to their quoted bid prices at the reporting date.

(vii) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2019.

39. 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), lease liabilities (Note 26), promissory note (Note 27), cash and cash equivalents (Note 22) and total equity, comprising share capital (Note 28), reserves (Note 29) and non-controlling interests. The Group's risk management reviews the capital structure on a semi-annual basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

	2019 S$'000	2018 S$'000
Bank borrowings	10,458	11,072
Finance lease liabilities	–	64
Promissory note	1,095	–
Lease liabilities	3,450	–
Less: Cash and cash equivalents	(5,917)	(8,023)
Net debt	9,086	3,113
Total equity	15,658	17,569
Net debt to equity ratio	58%	18%

40. EVENTS AFTER THE REPORTING DATE

At the time of this annual report, the COVID-19 outbreak has occurred in the world. The ramification and impact of this is still manifesting not only in the loss of human lives but in the disruption to economic and social activities in the markets that the Group operates in. The Group expects reduced sales and lower profits in the first half year of the upcoming financial year and gradual recovery in the second half year if the COVID-19 outbreak recedes by then.

After the reporting date, the Group entered into the following sales and purchase agreements:

1. On 5 February 2020, a wholly owned subsidiary of the Group entered into a sale and purchase agreement with Dove Biotech Asia Limited in relation to the acquisition of a company incorporated in the British Virgin Islands which is granted an exclusive right to distribute certain disinfectant and antiseptic products bearing the trademarks of "Miriguard 美衛加" and use the trademarks in Hong Kong, Macau, and Singapore and a non-exclusive right to distribute the Miriguard Products and use the trademarks in the Mainland China.

2. On 17 February 2020, a wholly owned subsidiary of the Group entered into two sale and purchase agreements with two external parties to acquire of (i) 30% of equity interest of a company incorporated in Hong Kong whose principal business is development and operation of online platform for online medical services; and (ii) 30% of equity interest of a company incorporated in Hong Kong whose principal business is provision of medical diagnosis and treatment at its medical centre and through the online medical platform. Each of the above acquisition is independent from the other and they are not inter-conditional.

3. On 24 March 2020, the Group entered into a sale and purchase agreement with Dr. Kam Wan Lung in relation to the acquisition of a company incorporated in Hong Kong whose principal business is trading and distribution of healthcare related product including SARS-CoV-2 Antibodies Test Kit duly registered with Qarad BVBA in Europe with CE marking and National Medical Products Administration (NMPA) in the People's Republic of China.

All the above acquisitions are subject to condition precedent to complete and not yet completed up to the date of this report.

Financial Summary

RESULTS

	For the year ended 31 December				
	2019	2018	2017	2016	2015
	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue	**23,825**	25,405	27,593	28,177	29,171
Gross profit	**6,066**	5,698	7,403	7,161	7,108
(Loss)/profit before income tax	**(708)**	(152)	(675)	1,551	2,062
(Loss)/profit for the year	**(883)**	(402)	(1,076)	1,210	1,710
Total comprehensive income for the year	**(1,911)**	(402)	(1,076)	1,210	1,710

ASSETS AND LIABILITIES

	As at 31 December				
	2019	2018	2017	2016	2015
	S$'000	S$'000	S$'000	S$'000	S$'000
Total assets	**35,539**	32,757	26,777	18,094	15,108
Total liabilities	**19,881**	15,188	8,774	11,195	9,429
Total equity	**15,658**	17,569	18,003	6,899	5,679