COOL LINK (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8491)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2017

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

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

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

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

FINANCIAL HIGHLIGHTS

- Revenue decreased by approximately S$0.6 million or approximately 2.1% from approximately S$28.2 million for the year ended 31 December 2016 ("**FY2016**") to approximately S$27.6 million for the year ended 31 December 2017 ("**FY2017**").

- Gross profit increased by approximately S$0.2 million or approximately 3.4% from approximately S$7.2 million for FY2016 to approximately S$7.4 million for FY2017. The gross profit margin increased from approximately 25.4% for FY2016 to approximately 26.8% for FY2017.

- Net loss for FY2017 was approximately S$1.1 million compared to a net profit of approximately S$1.2 million for FY2016.

- Excluding the non-recurring listing expenses of approximately S$2.5 million, our adjusted net profit for FY2017 would be approximately S$1.4 million.

RESULTS

The board (the "**Board**") of Directors of the Company announces the consolidated annual results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2017, together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	2017 S$'000	2016 S$'000
Revenue	*5(a)*	**27,593**	28,177
Cost of sales		**(20,190)**	(21,016)
Gross profit		**7,403**	7,161
Other income and gains	*5(b)*	**511**	430
Selling and distribution costs		**(2,643)**	(2,446)
Administrative and other operating expenses		**(5,752)**	(3,486)
Finance costs	*6*	**(194)**	(108)
(Loss)/profit before income tax	*7*	**(675)**	1,551
Income tax expense	*8*	**(401)**	(341)
(Loss)/profit and total comprehensive income for the year		**(1,076)**	1,210
(Loss)/profit and total comprehensive income for the year attributable to:			
Owners of the Company		**(1,066)**	1,221
Non-controlling interests		**(10)**	(11)
		(1,076)	1,210
		S cents	*S cents*
(Losses)/earnings per share for (loss)/profit attributable to owners of the Company during the year			
– Basic	*10*	**(0.21)**	0.25

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	Notes	2017 S$'000	2016 S$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**2,860**	3,087
Investment properties		**1,723**	1,778
Deposit paid for purchase of property, plant and equipment		**1,295**	–
Deposits		**25**	25
		5,903	4,890
Current assets			
Inventories		**3,429**	3,017
Trade receivables	*11*	**6,095**	5,964
Deposits, prepayments and other receivables		**650**	599
Due from the holding company		**411**	–
Time deposit with original maturity over three months		**–**	153
Cash and cash equivalents		**10,289**	3,471
		20,874	13,204
Current liabilities			
Trade payables	*12*	**2,939**	3,178
Accruals, other payables and deposits received		**1,764**	2,605
Due to directors		**–**	1,028
Due to non-controlling interests		**10**	10
Bank borrowings		**178**	204
Finance lease obligations		**–**	63
Income tax payable		**406**	357
		5,297	7,445
Net current assets		**15,577**	5,759
Total assets less current liabilities		**21,480**	10,649

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Attributable to owners of the Company						
	Share capital	**Share premium***	**Other reserve***	**Retained profits***	**Sub-total**	**Non-controlling interests**	**Total**
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
At 1 January 2016	–	–	100	5,579	5,679	–	5,679
Capital injection from non-controlling interests	–	–	–	–	–	10	10
Profit and total comprehensive income for the year	–	–	–	1,221	1,221	(11)	1,210
At 31 December 2016 and 1 January 2017	–	–	100	6,800	6,900	(1)	6,899
Arising from group reorganisation	–	–	2,390	–	2,390	–	2,390
Issue of shares by placing and public offer, net of share issue expenses	206	9,584	–	–	9,790	–	9,790
Share capitalisation	832	(832)	–	–	–	–	–
Loss and total comprehensive income for the year	–	–	–	(1,066)	(1,066)	(10)	(1,076)
At 31 December 2017	1,038	8,752	2,490	5,734	18,014	(11)	18,003

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 27 January 2017. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is located at 21 Wan Lee Road, Singapore, 627949.

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

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

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

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

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

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

In current year, the Group has applied for the following new or revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants which are relevant to and effective for the Group's consolidated financial statements for the annual year beginning on 1 January 2017.

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

Amendments to HKAS 7 – Disclosure Initiative

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

The adoption of the amendments has led to the additional disclosure presented in the notes to the consolidated statement of cash flows.

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

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

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

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

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 12 "Disclosure of Interests in Other Entities" to clarify that the disclosure requirements of HKFRS 12, other than the requirements to disclose summarised financial information, also apply to an entity's interests in other entities classified as held for sale or discontinued operations in accordance with HKFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations".

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

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

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

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

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

Amendments to HKAS 40 – Transfers of Investment Property

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

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

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

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

HKFRS 9 (2014) – Financial Instruments

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

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

HKFRS 9 (2014) carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 (2014) retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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

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

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

HKFRS 15 – Revenue from Contracts with Customers

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

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

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

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

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

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

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

HKFRS 16 – Leases

HKFRS 16, which upon the effective date will supersede HKAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

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

As at 31 December 2017, the Group, as the lessee, has non-cancellable operating lease commitments of approximately S$777,000. The application of new requirements may result changes in measurement, presentation and disclosure as indicated above. The directors of the Company do not expect the adoption of HKFRS 16 as compared with the current accounting policy would result in a significant impact on the Group's results but it is expected that the commitments due after 31 December 2019 will be required to be recognised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

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

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

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

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

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

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

3. BASIS OF PREPARATION

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

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

4. SEGMENT INFORMATION

(i) Operating segment information

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

(ii) Geographical segment information

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

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

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

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

(iii) Information about major customers

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

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

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

5. REVENUE AND OTHER INCOME AND GAINS

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

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

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

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

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

6. FINANCE COSTS

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

7. (LOSS)/PROFIT BEFORE INCOME TAX

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

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

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

8. INCOME TAX EXPENSE

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

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

9. DIVIDENDS

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

10. (LOSSES)/EARNINGS PER SHARE

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

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

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

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

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

11. TRADE RECEIVABLES

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

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

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

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

12. TRADE PAYABLES

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

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a Singapore-based importer of food products with over 16 years of experience in the ship supply industry in Singapore. The Group's customers include ship chandlers in Singapore and to a lesser extent, trading companies in the Asia Pacific region, such as Cambodia, the Philippines and Indonesia ("**Ship Supply Customers**") and customers who are in the food service industry ("**Retail and Food Service Customers**").

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

OUTLOOK

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

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

FINANCIAL REVIEW

Revenue

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

Cost of Sales

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

Gross Profit and Gross Profit Margin

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

Selling and Distribution Costs

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

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses increased by approximately S$2.3 million or approximately 65.0% from approximately S$3.5 million for the year ended 31 December 2016 to approximately S$5.8 million for the year ended 31 December 2017. The increase was primarily due to the recognition of non-recurring listing expenses for the year ended 31 December 2017 amounted to approximately S$2.5 million (2016: S$0.7 million).

Finance Costs

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

Income Tax Expense

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

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

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

CAPITAL STRUCTURE

As at 31 December 2017, the capital structure of the Group consisted of bank borrowings and equity of the Group, comprising share capital, share premium, other reserve and retained profits.

LIQUIDITY AND FINANCIAL RESOURCES

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

GEARING RATIO

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

CAPITAL EXPENDITURE

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

CAPITAL COMMITMENTS

Save as the capital commitment of S$9.0 million in relation to the acquisition of a property in Singapore for a consideration of S$10.0 million as set out in the circular of the Company dated 26 March 2018, as at 31 December 2017, the Group had no significant capital commitments.

CHARGES ON THE GROUP'S ASSETS

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

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in the Prospectus and the circular of the Company dated 26 March 2018 in relation to the acquisition of a property in Singapore for a consideration of S$10.0 million, the Group did not have other future plans for material investments or capital assets.

CONTINGENT LIABILITIES

As at 31 December 2017, the Group had contingent liabilities in respect of performance bonds issued in favour of certain suppliers in its ordinary course of business amounting to S$400,000 (2016: S$445,000). The guarantees in respect of performance bonds issued by bank are secured by leasehold properties and investment properties of the Group and corporate guarantee of the Company as at 31 December 2017 and personal guarantees of Mr. Gay Teo Siong, Mr. Tan Seow Gee and Mr. Tan Chih Keong as at 31 December 2016.

INFORMATION ON EMPLOYEES

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

USE OF PROCEEDS

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

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

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

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

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

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

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

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

CLOSURE OF THE REGISTER OF MEMBERS

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, the Company has maintained the prescribed minimum public float under the GEM Listing Rules since the Listing and up to the date of this announcement.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Group has adopted the required standard of dealing, as set out in Rules 5.48 to 5.67 of the GEM Listing Rules, as the code of conduct for securities transactions by the Directors in respect of the shares of the Company. Having made specific enquiry of all Directors, all Directors have confirmed that they have complied with the required standard of dealings and the code of conduct for securities transactions by directors during the year ended 31 December 2017.

CORPORATE GOVERNANCE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 15 to the GEM Listing Rules. During the year ended 31 December 2017, to the best knowledge of the Board, the Company has complied with all the applicable code provisions set out in the CG Code.

AUDIT COMMITTEE

The Company established an Audit Committee pursuant to a resolution of the Directors passed on 30 August 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code as set out in Appendix 15 to the GEM Listing Rules. The Audit Committee comprises three independent non-executive Directors: Mr. Tam Wai Tak Victor, Ms. Chan Oi Chong and Mr. Choy Wing Hang William. Mr. Tam Wai Tak Victor was appointed to serve as the Chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company.

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

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2017 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.coollink.com.sg). The annual report of the Company for the year ended 31 December 2017 containing all the information required by the GEM Listing Rules shall be despatched to the shareholders of the Company and made available on the aforesaid websites in due course.

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

Hong Kong, 29 March 2018

As at the date of this announcement, the executive Directors are Mr. Tan Seow Gee and Mr. Gay Teo Siong, and the independent non-executive Directors are Mr. Tam Wai Tak Victor, Ms. Chan Oi Chong and Mr. Choy Wing Hang William.