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## **COOL LINK (HOLDINGS) LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8491)**

### **SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE 2022 ANNUAL REPORT**

Reference is made to the annual report of Cool Link (Holdings) Limited (the “**Company**”) for the year ended 31 December 2022 (the “**Annual Report**”) published on 30 March 2023. Unless otherwise defined in this announcement or the context requires, capitalised terms used herein shall have the same meanings as those defined in the Annual Report.

The Company would like to provide the following supplemental information which should be read in conjunction with the Annual Report.

#### **BUSINESS REVIEW**

The Group’s suppliers mainly comprise manufacturers and trading companies around the globe, including but not limited to Asia, Europe and Middle East. The process of procuring products from our overseas suppliers requires coordination between our suppliers (who are either original manufacturers, or trading companies), overseas freight forwarders, local freight forwarders and us. Our local suppliers deliver their products to our warehouse directly at their own cost. On occasion, where the need is urgent, we may collect the products from these local suppliers ourselves.

As regards our typical sales process, we maintain an orderly system established for customers to enquire and obtain quotations for products. We coordinate and communicate with customers on their orders. Once such requests for quotations are received, we prepare quotations based on our product offering, stock level and price. Once our response is received and accepted by the customer, the customer then submits a purchase order to us. We receive the purchase order, then issue invoices for the accepted orders and arrange for packing and delivery.

We supply various types of food products mainly including canned food and packaged beverages in the dry category, various dairy products in the chilled category and ice cream and frozen cakes and pies in the frozen category to our customers, who consist mainly of ship chandlers based in Singapore. Our major products being sold include cheeses, juices, milk, ice-cream and bread etc. We also provide certain value-added food processing services. For example, we import different types of food products and repackage them according to the recipes and instructions from customer.

The Group's revenue increased by approximately S\$1.9 million or approximately 5.8% from approximately S\$32.8 million for the year ended 31 December 2021 to approximately S\$34.7 million for the year ended 31 December 2022. Such increase was mainly driven by the introduction of more products and expansion in clientele. And the increase of selling price also has contributed to the increase of the revenue, the gross profit and gross profit margin for the year ended 31 December 2022.

Sales to the Group's five largest customers accounted for approximately 45.5% and sales to the Group's largest customer amounted to approximately 15.4% of the total sales for the year ended 31 December 2022. Our five largest customers are mainly ship supply and logistics companies.

## **CAPITAL STRUCTURE**

The change of capital structure of the Group during the year ended 31 December 2022 are summarized as below:

### **Issue of Placing Shares**

On 27 January 2022, an aggregate of 7,632,000 new shares of the Company (the "Shares") were successfully placed to not less than six places at price of HK\$0.75 each (the "1st Placing") under a general mandate granted by the Shareholders at its annual general meeting held on 29 June 2021. The net proceeds from the Placing in January 2022 (after deducting related placing commission, professional fees and other related expenses) were approximately HK\$5.58 million and the Company intended to apply the entire net proceeds for general working capital for operation, which has been fully utilised as intended as at the date of this annual report. Details of the Placing were disclosed in the Company's announcements dated 14 January 2022 and 27 January 2022.

On 17 June 2022, an aggregate of 13,190,000 new shares of the Company (the "Shares") were successfully placed to not less than six places at price of HK\$0.52 each (the "2nd Placing") under a general mandate granted by the Shareholders at its annual general meeting held on 30 May 2022. The net proceeds from the 2nd Placing (after deducting related placing commissions and related expenses) were approximately HK\$6.76 million and the Company intended to utilize for general working capital for operation, which has been fully utilised as intended as at the date of this annual report. Details of the Placing were disclosed in the Company's announcements dated 2 June 2022 and 17 June 2022.

## **SHARE OPTION SCHEME**

The number of options available for grant under the mandate limit of the Scheme as at 1 January 2022 and 31 December 2022 were 0 and 275,200 Shares, respectively.

The total number of shares available for issue under the Scheme is 1,580,000 shares, which represents 1.9% of the total shares in issue as at the date of the annual report.

As at the date of this report, the remaining life of the Scheme is less than 4 years.

## SHARE AWARD PLAN

The total number of shares available for issue under the Plan is 5,795,000 shares, which represents 6.97% of the total shares in issue as at the date of the annual report.

No amount is payable on application or acceptance of the award and the period within which payments or calls must or may be made or loans for such purposes must be repaid.

Subscribing for such new Shares at such price to be determined by the Board for subscription by the Trustee by utilising the Trust Fund, subject to compliance by the Company with the relevant GEM Listing Rules. The purchase price of the share award should be at the prevailing market price according to the instructions set out in the purchase notice within the price range.

As at the date of this report, the remaining life of the Plan is less than 9 years.

The number of shares that may be issued in respect of options and awards granted under the Scheme and the Plan are 6,092,192 during the year ended 31 December 2022 divided by the weighted average number of shares of the relevant class in issue of 74,511,419 shares for the period is 8.2%.

## IMPAIRMENT LOSSES ON GOODWILL AND INTANGIBLE ASSETS

During the year ended 31 December 2022, the Group recognised an impairment loss of approximately S\$2,550,000 (2021: Nil) in relation to goodwill of Bright Path Group CGU due to the unforeseen business environment in the near future. Goodwill amounting to approximately S\$2,550,000 has been fully impaired and impairment amounting to approximately S\$4,414,000 has been allocated pro rata to other intangible assets to the extent the carrying amount of the asset is not reduced below the highest of its fair value less costs of disposal, its value in use and zero.

### (i) Background in relation to the acquisition of Bright Path Group

On 15 January 2021, the Group acquired 100% of the issued share capital of Bright Path Group for a consideration of HK\$45,000,000 (equivalent to approximately S\$7,674,000). Bright Path Group is engaged in distribution of disinfectant and antiseptic products. Bright Path Group was acquired so as to widen the Group's source of revenue. The vendor of the acquisition, namely Dove Biotech Asia Limited and its ultimate beneficial owner, Mr. Chan, being a businessman directly owned the entire issued share capital of the Vendor.

The rapid and wide spread of COVID-19 globally since early 2020 has heavily and adversely affected the worldwide economy, the Group has not only been continuing in maintaining the business performance and quality of existing business, but also been exploring new opportunities to expand its business so as to increase and widen its source of revenue. Bright Path Group has the distribution rights of products bearing the trademarks of “Miriguard美衛加” (the “**Miriguard Products**”) which are long-lasting multi-purpose disinfectant and antiseptic products. By entering into the acquisition, the Group could leverage on its networks developed in its food supplies

business to tap into a new business area which could increase and widen its source of revenue. Moreover, the acquisition could also contribute to address societal problems including public hygiene, mental health and other factors amid the outbreak. And the Group has also arranged charitable Miriguard products giving to charity organizations, to align with the Hong Kong Government's slogan "together, we race against the aggravating epidemic".

**(ii) Reasons for, and the events and circumstances leading to the recognition of the impairments**

At the time of the acquisition there had been a growing demand of disinfectant and antiseptic products; however, the expectation of business prospect of Bright Path Group has changed due to the following reasons:

**(a) *Illness and passing away of key management personnel of Bright Path Group***

Mr. Chan, who served as key management personnel has suffered from serious illness in the late 2022. He was the founder of the Bright Path Group and was responsible for liaising with suppliers and customers of the Bright Path Group. He was the one who was most familiar with Bright Path Group's business and had extensive network and relationship with its suppliers and customers. He passed away in early 2023. His unfortunate illness and passing away had inevitably caused negative impacts to the business of Bright Path Group.

**(b) *Ever-relaxing social distance and anti-epidemic measures***

The Hong Kong government has kept announcing the relaxation of social distancing measures, with a view to enabling citizens to resume their normal daily lives in a continuous and orderly manner. Directors believes that the prospect of disinfectant and antiseptic products in which Bright Path Group has been engaged business has altered.

The valuation of the Bright Path Group as of 31 December 2022 is carried out by an independent professional valuer not connected to the Group, with qualification and experience on providing services on assets valuation in the industry.

**(iii) The work performed by the Company before the acquisition**

The work performed by the Company included but not limited to reviewing the statutory records of the Bright Path Group such as certificate of incorporation, memorandum and articles of association; reviewing the laboratory test reports issued by various independent laboratories on different testing objectives; interviewing the management to understand the operation of the Bright Path Group and the business plan and carrying out inspection of the business; enquiring with the management of Bright Path Group about the effectiveness of the disinfectant being sold and understood that such products have been used by the Thailand government; having financial adviser engaged for the acquisition. The management of the Company also tried to use the Miriguard products personally and did not have any irritation to skin nor allergy.

**(iv) The business model and operation status of Bright Path Group before the time of acquisition**

Bright Path Group mainly engaged in distribution of disinfectant and antiseptic products. Its main products under the Miriguard brand have been supplied to distributors and wholesalers and Bright Path Group has been the master distributor for Hong Kong, Macau and Singapore market for such products. The management had more than 20-year extensive experience in healthcare industry and also had investment experience in healthcare industry.

**(v) The detailed business development plan of Bright Path Group at the time of acquisition and the details of the execution of such plan since the time of acquisition.**

The business development plan of Bright Path Group at the acquisition included but not limited to launching series of online promotion and offline advertising campaigns promoting the disinfectant and antiseptic products; negotiating with different distributional channels, retail shops or convenience stores for marketing and sales of those products; optimizing marketing effects by designing posters, banners, leaflets; seeking for the promotion of those products via different distribution channels; pitching corporate customers such as schools for cleaning services and wholesales clients.

The Company has executed such plan accordingly, including but not limited to promoting the disinfectant and antiseptic products on the website and different social media platforms; successfully liaised with different channels to develop sales of those products; enhancing marketing effects by optimizing the design of product labels and ebanners on different marketing and distribution channels; placing advertisements at the MTR stations and MTR cars; providing disinfection services to companies; and more bulk-pack disinfectants products have been supplied to other cleaning services providers when compared with the time before the acquisition.

**(vi) Financial information of Bright Path Group**

<b>For the year ended 31 December</b>	<b>2022</b>	<b>2021</b>
	<b><i>S\$'000</i></b>	<b><i>S\$'000</i></b>
Revenue	<b>3,992</b>	4,026
(Loss) Profit before tax	<b>(599)</b>	408
Net (liabilities) assets value	<b>(287)</b>	326

## INTERESTS IN ASSOCIATES

At the end of the reporting period, the management of the Group carried out review on impairment loss on the carrying amounts of its interests in Gold Reign Limited and its subsidiary by comparing their recoverable amounts (higher of value in use and fair value less costs of disposal) with its respective carrying amounts. The impairment loss on interests in associates of approximately S\$1,766,000 (2021: Nil) is recognised in the consolidated statement of profit or loss mainly due to fierce competition in the industry and decrease in sales.

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

Hong Kong, 10 July 2023

*As at the date of this announcement, the executive Directors are Mr. Tan Seow Gee and Mr. Gay Teo Siong; the non-executive Director is Mr. Tang Tsz Kin; and the independent non-executive Directors are Ms. Chan Oi Chong, Ms. Luk Huen Ling Claire and Mr. Yim Harrison Chun Fung.*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with 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.*

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