



## **INCREDIBLE HOLDINGS LTD.**

Incorporated in the Republic of Singapore  
Company Registration Number: 199906220H

Unaudited Condensed Interim Financial Statements  
For the third quarter and nine months ended 30 September 2023

*The Company is required under Catalist Rule 705(2) to report its financial statements quarterly.*

*This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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## Condensed Interim Consolidated Statement of Profit or Loss

	Note	3Q2023 S\$'000	3Q2022 S\$'000	Change %	9M2023 S\$'000	9M2022 S\$'000	Change %
Revenue	5	2,065	2,264	(8.79)	3,066	8,001	(61.68)
Cost of Sales		(2,057)	(2,139)	(3.83)	(2,942)	(7,535)	(60.96)
<b>Gross profit</b>		<b>8</b>	<b>125</b>	<b>(93.6)</b>	<b>124</b>	<b>466</b>	<b>(73.39)</b>
Other operating income		46	53	(13.21)	135	176	(23.3)
Selling and distribution expenses		(10)	(46)	(78.26)	(26)	(109)	(76.15)
Administrative expenses		(551)	(887)	(37.88)	(2,022)	(3,072)	(34.18)
Finance costs		(68)	(76)	(10.53)	(208)	(209)	(0.48)
Share of results of an associated company		63	310	(79.68)	208	360	(42.22)
Loss before tax		(512)	(521)	(1.73)	(1,789)	(2,388)	(25.08)
Tax expenses	7	-	-	NM	-	-	NM
<b>Loss for the period</b>		<b>(512)</b>	<b>(521)</b>	<b>(1.73)</b>	<b>(1,789)</b>	<b>(2,388)</b>	<b>(25.08)</b>
Gross profit margin		0.39%	5.52%		4.04%	5.82%	
<b>Other comprehensive loss:</b>							
Currency translation differences arising from translation of financial statements of foreign associated company		(186)	(357)	(47.9)	252	(273)	(192.31)
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<b>(698)</b>	<b>(878)</b>	<b>(20.5)</b>	<b>(1,537)</b>	<b>(2,661)</b>	<b>(42.24)</b>
<b>Loss per share for the period attributable to owners of the Company</b>							
Basic (cents)	9	(0.02)	(0.02)		(0.06)	(0.08)	
Diluted (cents)	9	(0.02)	(0.02)		(0.06)	(0.08)	

## Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 September 2023 S\$'000	31 December 2022 S\$'000	30 September 2023 S\$'000	31 December 2022 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Plant and equipment	11	92	131	7	21
Investment in subsidiaries		-	-	1,010	1,010
Investment in associated companies		14,821	14,613	14,614	14,614
Other investment		3,152	3,152	3,152	3,152
Intangible assets	10	1,480	1,480	-	-
Deferred tax assets		38	38	-	-
<b>Total non-current assets</b>		<b>19,583</b>	<b>19,414</b>	<b>18,783</b>	<b>18,797</b>
<b>Current assets</b>					
Inventories	12	332	515	-	-
Trade and other receivables	13	6,751	4,443	641	647
Cash and cash equivalents		264	569	31	81
<b>Total current assets</b>		<b>7,347</b>	<b>5,527</b>	<b>672</b>	<b>728</b>
<b>Total assets</b>		<b>26,930</b>	<b>24,941</b>	<b>19,455</b>	<b>19,525</b>
<b>Non-current liabilities</b>					
Lease liabilities		583	646	-	-
Loan payables		1,177	560	-	-
Provision		39	39	-	-
Other payables		10,482	10,482	10,482	10,482
<b>Total non-current liabilities</b>		<b>12,281</b>	<b>11,727</b>	<b>10,482</b>	<b>10,482</b>
<b>Current liabilities</b>					
Trade and other payables	15	9,564	5,936	4,254	3,823
Lease liabilities		163	228	-	-
Loan payables		1,155	1,746	-	-
<b>Total current liabilities</b>		<b>10,882</b>	<b>7,910</b>	<b>4,254</b>	<b>3,823</b>
<b>Net assets/(liabilities)</b>		<b>3,767</b>	<b>5,304</b>	<b>4,719</b>	<b>5,220</b>
<b>Equity</b>					
Share capital	14	53,665	53,665	53,665	53,665
Foreign currency translation reserve		(182)	(434)	-	-
Fair value reserve		33	33	-	-
Accumulated losses		(49,749)	(47,960)	(48,946)	(48,445)
<b>Total equity</b>		<b>3,767</b>	<b>5,304</b>	<b>4,719</b>	<b>5,220</b>

Condensed Interim Statements Of Changes In Equity  
The Group

	Note	Share capital	Translation reserves	Fair value reserve	Accumulated Losses	Total Equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 January 2022</b>		<b>53,663</b>	<b>(715)</b>	<b>-</b>	<b>(43,821)</b>	<b>9,129</b>
Loss for the period		-	-	-	(2,388)	(2,388)
Other comprehensive loss for the period		-	(273)	-	-	(273)
Total comprehensive loss for the period		-	(273)	-	(2,388)	(2,661)
<b>Balance as at 30 September 2022</b>		<b>53,665</b>	<b>(988)</b>	<b>-</b>	<b>(46,209)</b>	<b>6,468</b>
<b>Balance as at 1 January 2023</b>		<b>53,665</b>	<b>(434)</b>	<b>33</b>	<b>(47,960)</b>	<b>5,304</b>
Loss for the period		-	-	-	(1,789)	(1,789)
Other comprehensive loss for the period		-	252	-	-	252
Total comprehensive loss for the period		-	252	-	(1,789)	(1,537)
<b>Balance as at 30 September 2023</b>		<b>53,665</b>	<b>(182)</b>	<b>33</b>	<b>(49,749)</b>	<b>3,767</b>

**Condensed Interim Statement Of Changes  
In Equity (cont'd)**

	Note	Share capital	Accumulated losses	Total Equity
<b><u>The Company</u></b>				
		<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance as at 1 January 2022</b>		<b>53,665</b>	<b>(54,848)</b>	<b>(1,183)</b>
Loss and total comprehensive loss for the period		-	(701)	(701)
<b>Balance as at 30 September 2022</b>		<b>53,665</b>	<b>(55,549)</b>	<b>(1,884)</b>
<b>Balance as at 1 January 2023</b>		<b>53,665</b>	<b>(48,445)</b>	<b>5,220</b>
Loss and total comprehensive loss for the period		-	(501)	(501)
<b>Balance as at 30 September 2023</b>		<b>53,665</b>	<b>(48,946)</b>	<b>4,719</b>

## Condensed Interim Consolidated Statement Of Cash Flows

	Group		Group	
	3Q2023	3Q2022	9M2023	9M2022
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities:</b>				
Loss before income tax	(512)	(521)	(1,789)	(2,388)
Adjustments for:				
Depreciation of property, plant and equipment	37	77	63	194
Unrealised exchange loss/(gain)	(6)	(110)	(1)	(26)
Share of profit of associate	(63)	(310)	(208)	(360)
Interest expenses	68	68	208	209
<b>Operating loss before working capital changes</b>	<b>(476)</b>	<b>(796)</b>	<b>(1,727)</b>	<b>(2,371)</b>
<b>Change in working capital:</b>				
Inventories	121	2,046	182	3,559
Trade and other receivables	(1,116)	(1,712)	(2,308)	(1,875)
Trade and other payables	1,704	(313)	3,032	2,620
Currency translation adjustments	(205)	199	229	(275)
<b>Cash used in operations</b>	<b>28</b>	<b>(576)</b>	<b>(592)</b>	<b>1,658</b>
Interest paid	-	-	-	-
<b>Net cash used in operating activities</b>	<b>28</b>	<b>(576)</b>	<b>(592)</b>	<b>1,658</b>
<b>Cash flows from investing activities:</b>				
Purchase of plant and equipment	-	-	-	(84)
Purchase of intangible assets	-	-	-	(744)
<b>Net cash used in investing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(828)</b>
<b>Cash flows from financing activities:</b>				
Advances from a director	27	288	494	370
Interest paid	(70)	(63)	(80)	(187)
Repayment of lease liabilities	(35)	(42)	(127)	(234)
<b>Net cash generated from financing activities</b>	<b>(78)</b>	<b>183</b>	<b>287</b>	<b>(51)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(50)</b>	<b>(393)</b>	<b>(305)</b>	<b>779</b>
Cash and cash equivalent at beginning of the period	314	1,944	569	815
Cash and cash equivalent at end of the period	<b>264</b>	<b>1,551</b>	<b>264</b>	<b>1,594</b>

## Notes To The Interim Consolidated Financial Statement

### **1. Corporate information**

Incredible Holdings Ltd. (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those of provision of management and accounting services to its subsidiaries and including that of investment holding.

The principal activities of the Group are:

- (a) distributor of equipment and consumable materials for the electronic industry;
- (b) trading of watches; and
- (c) loan financing

### **2. Basis of preparation**

The condensed interim financial statements for the third quarter and nine months ended 30 September 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency, and all values are rounded to the nearest thousand (\$'000), except when otherwise indicated.

#### **2.1 Use of estimates and judgements**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2.2 to the financial statements.

Management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for the nine months ended 30 September 2023.

#### **2.2 New accounting standards effective on 1 January 2023**

The accounting policies adopted and methods of computation are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. There were no new and revised standards used which are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group.



### 3. Seasonal operations

The Group's operations were not significantly affected by seasonal or cyclical factors during the period.

### 4. Segment and revenue information

The Group is organised into business units based on its products and services for management purposes because they require different technology and marketing strategies. The operations in each of the Group's reportable segments are as follows:

- Trading of watches ("Luxury Goods");
- Distribution of specialty chemical products, consumable material, films and spare parts for electronic industry ("Distribution");
- Loan financing ("Loan Financing")
- Other operations include investment holding companies. ("Other")

	<b>9 months ended 30 September 2023</b>					
	Luxury Goods S\$'000	Distribution S\$'000	Loan Financing S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	2,799	254	13	-	-	3,066
Segment profit/(loss)	(818)	(211)	(264)	(496)	-	(1,789)
Depreciation	(47)	(1)	-	(15)	-	(63)
Share of profit of associated companies	208	-	-	-	-	208
<b>Segment assets</b>	<b>5,235</b>	<b>1,015</b>	<b>1,445</b>	<b>19,456</b>	<b>(221)</b>	<b>26,930</b>
<i>Segment assets includes:</i>						
Investment in associated companies	-	-	-	14,821	-	14,821
Investment in financial assets	-	-	-	3,152	-	3,152
<b>Segment liabilities</b>	<b>24,309</b>	<b>66</b>	<b>2,907</b>	<b>15,955</b>	<b>(20,074)</b>	<b>23,163</b>

**9 months ended 30 September 2022**

	Luxury goods S\$'000	Distribution S\$'000	Loan financing S\$'000	Other S\$'000	Elimination S\$'000	Total S\$'000
Segment revenue	7,496	346	137	22	-	8,001
Segment profit/(loss)	(1,468)	(82)	(144)	(694)	-	(2,388)
Employment support scheme	19	-	-	16	-	35
Depreciation	(180)	-	-	(14)	-	(194)
Share of profit of associated companies	-	-	-	360	-	360

**Segment breakdown for period ended 31 December 2022**

<b>Segment assets</b>	<b>2,780</b>	<b>791</b>	<b>1,442</b>	<b>19,470</b>	<b>458</b>	<b>24,941</b>
<i>Segment assets includes:</i>						
Investment in associated companies	-	-	-	14,613	-	14,613
Additions to non current assets	-	-	-	3,152	-	3,152
<b>Segment liabilities</b>	<b>20,802</b>	<b>129</b>	<b>2,618</b>	<b>15,520</b>	<b>(19,432)</b>	<b>19,637</b>

**5. Revenue**

The following table provides a disaggregation disclosure of the Group's revenue for continuing operations by primary geographical market, major product lines and timing of revenue recognition.

	Luxury goods S\$'000	Distribution S\$'000	Loan financing S\$'000	Other S\$'000	Total S\$'000
<b>For the nine months ended 30 September 2023</b>					
Singapore	3	254	-	-	257
People's Republic of China ("PRC")	1,114	-	13	-	1,127
Denmark	1,682	-	-	-	1,682
	<u>2,799</u>	<u>254</u>	<u>13</u>	<u>-</u>	<u>3,066</u>
<b>For the nine months ended 30 September 2022</b>					
Singapore	-	346	-	22	368
People's Republic of China ("PRC")	6,781	-	137	-	6,918
Korea	106	-	-	-	106
Denmark	609	-	-	-	609
	<u>7,496</u>	<u>346</u>	<u>137</u>	<u>22</u>	<u>8,001</u>
	Luxury goods	Distribution	Loan financing	Other	Total

	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>For the three months ended 30 September 2023</b>					
Singapore	-	93	4	-	97
People's Republic of China ("PRC")	978	-	-	-	978
Denmark	990	-	-	-	990
	<u>1,968</u>	<u>93</u>	<u>4</u>	<u>-</u>	<u>2,065</u>
<b>For the three months ended 30 September 2022</b>					
Singapore	-	108	35	-	143
People's Republic of China ("PRC")	2,121	-	-	-	2,121
Korea	-	-	-	-	-
Denmark	-	-	-	-	-
	<u>2,121</u>	<u>108</u>	<u>35</u>	<u>-</u>	<u>2,264</u>

For Luxury Goods, the Group's revenue is based on point in time. The customers are retail consumers, wholesale customers and corporate customers.

## 6. Profit before taxation

### 6.1 Significant items

	3Q2023 S\$'000	3Q2022 S\$'000	9M2023 S\$'000	9M2022 S\$'000
<b>Other operating income</b>				
Foreign exchange gain, net	6	110	1	26
Share of profit from associates	63	310	208	360
Other income	46	53	135	176
<b>Expenses</b>				
Interest expenses	68	76	208	209
Depreciation of plant and equipment	37	77	63	194

### 6.2 Related party transactions

	3Q2023 S\$'000	3Q2022 S\$'000	9M2023 S\$'000	9M2022 S\$'000
Rental expenses paid to a company whereby the Company is owned by the Executive Director of the Company	26	26	77	77
Rental income from a company whereby the company is owned by the Executive Director of the Company	29	29	29	29
Rental expenses paid to an associated company	13	13	40	40
Interest expenses accrued to a company whereby the Company is owned by the immediate family of the Executive Director of the Company	16	16	48	48
Acquisition of Billion Credit Financial Company Limited	-	-	-	1,000
Acquisition of Golden Ultra Limited	-	-	-	14,558

## 7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	For the nine months ended 30 September	
	2023 S\$'000	2022 S\$'000
Current income tax expenses	-	-

## 8. Net asset value

	The Group		The Company	
	30 September 2023 S\$	31 December 2022 S\$	30 September 2023 S\$	31 December 2022 S\$
Net asset value (S\$'000)	3,767	5,305	4,719	5,220
Number of ordinary shares	2,993,532,545	2,993,532,545	2,993,532,545	2,993,532,545
<b>Net asset value per ordinary share (cents)</b>	<b>0.13</b>	<b>0.18</b>	<b>0.16</b>	<b>0.17</b>

## 9. Earnings per ordinary share

	Nine months Ended 30 September	
	2023 Cents	2022 Cents
Net loss for the period (S\$'000)	(1,789)	(2,388)
Weighted average number of ordinary shares in issue during the period for calculating the EPS	2,993,532,545	2,993,532,545
Basic and Diluted loss per ordinary share("EPS")	(0.06)	(0.08)

Basic and diluted loss per ordinary share amounts are calculated by dividing net loss for the period by the weighted average number of ordinary shares in issue during the financial period. For the purposes of calculating diluted loss per ordinary share, net loss for the period and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive instruments. Basic and diluted loss per ordinary share are the same for the financial nine months ended 30 September 2023 and 30 September 2022 as the Group incurred a loss for both periods. Warrants and bonus element arising from the issuance of rights shares are anti-dilutive.

## 10. Intangible assets

	The Group S\$'000
Goodwill arising on business combination	1,480
Balance and net carrying amount as at 30 September 2023	1,480

## 11. Plant and equipment

During the nine months ended 30 September 2023, the Group did not acquire any new assets (30 September 2022: S\$84,000).

## 12. Inventories

	The Group	
	As at 30 September 2023 S\$'000	As at 31 December 2022 S\$'000
Consumables and parts	56	106
Trading inventories	276	409
	332	515

### 13. Trade and other receivables

	The Group		The Company	
	As at 30	As at 31	As at 30	As at 31
	September 2023	December 2022	September 2023	December 2022
	S\$	S\$	S\$	S\$
Trade receivables - third parties	5,895	3,504	20	20
Refundable deposits	92	155	3	18
Prepayments	192	188	192	188
Other receivables - third parties	753	777	607	602
Loans to subsidiaries	-	-	16,954	16,954
Amounts due from an associated company	473	473	473	473
Amounts due from subsidiaries	-	-	2,031	2,027
	1,510	1,593	20,260	20,262
Less: Loss allowance on loan to a subsidiary	-	-	(16,954)	(16,954)
Less: Loss allowance on amounts due from an associated company	(473)	(473)	(473)	(473)
Less: Loss allowance on amounts due from subsidiaries	-	-	(2,031)	(2,027)
Less: Impairment loss on prepayments	(181)	(181)	(181)	(181)
	856	939	621	627
Total	6,751	4,443	641	647

### 14. Share Capital

	The Group and the Company			
	For the period ended 30 September 2023		For the period ended 31 December 2022	
	Number of issued shares	Issued share capital S\$'000	Number of issued shares	Issued share capital S\$'000
Balance as at 1 January	2,993,532,545	53,665	2,993,532,545	53,665
No movement during the period				
Balance as at period ended 30 September / 31 December	2,993,532,545	53,665	2,993,532,545	53,665

Types of convertibles	Number of outstanding convertibles	Number of shares that may be issued on conversion of all outstanding convertibles
As at 30 September 2023		
Warrants	2,693,670,727	2,693,670,727
As at 30 September 2022		
Warrants	2,693,670,727	2,693,670,727
As at 31 December 2022		
Warrants	2,693,670,727	2,693,670,727

The number of shares after the conversion of all outstanding convertibles is 5,687,203,272.

The Company did not hold any treasury shares as at 30 September 2023 and 30 September 2022.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2023 and 30 September 2022.

As at the date of this announcement, 30 September 2023, 30 September 2022 and 31 December 2022, there is 0% perpetual convertible bonds of an aggregate principal amount of S\$2,100,000 which shall, at the option of the holder thereof, be convertible into new ordinary shares in the Company at a conversion price of S\$0.004 per share. Please refer to announcement dated 5 January 2022 for more details.

## 15. Trade and other payables

	The Group		The Company	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	S\$	S\$	S\$	S\$
Trade payables - third parties	2,050	157	-	-
GST payables	262	19	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	2,312	176	-	-
Other payables and accruals	3,822	2,824	1,026	719
Advances to a director	1,525	1,031	865	702
Amount due to an associated company	1,905	1,905	1,905	1,905
Amount due to subsidiaries	-	-	458	497
	<hr/>	<hr/>	<hr/>	<hr/>
	7,252	5,760	4,254	3,823
Total	<hr/>	<hr/>	<hr/>	<hr/>
	9,564	5,936	4,254	3,823

	Group Borrowings			
	As at 30 September 2023		As at 31 December 2022	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Borrowings repayable in one year or less, or on demand	-	1,155	-	1,746
Financial lease less than one year	163	-	228	-
Financial lease more than one year	583	-	646	-
Amount repayable after one year	-	1,177	-	559
<b>Total</b>	<hr/>	<hr/>	<hr/>	<hr/>
	746	2,332	874	2,305

### Details of any collateral

As at 30 September 2023, the outstanding loan payables of approximately S\$2.4 million consists of 5 loans with principal amounts of USD655,134, HKD3,600,000, HK\$6,700,000, HK\$2,640,000, HK\$1,150,000 repayable over 60 fixed monthly principal repayments. The loans bear interest rate of 12% per annum. These loans are for working capital purposes. There are no collaterals against any of the loans.

## 16. Dissolution or acquisition of subsidiary

There were no dissolutions or acquisitions of any subsidiaries during the period.

## 17. Other information required by Catalyst Rule Appendix 7C

The condensed consolidated statement of financial position of Incredible Holdings Ltd. and its subsidiaries as at 30 September 2023 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine-month period then ended and certain explanatory notes have not been audited or reviewed.

## Review of performance of the Group

### Review of Financial Performance

#### Revenue, gross profit and gross profit margin from Continuing Operations

The Group's revenue experienced a significant decline of approximately S\$4.9 million or 61.68%, falling from S\$8.0 million in 9M2022 to S\$3.1 million in 9M2023 and experienced a 8.79% decline in revenue, equivalent to S\$199,000, during the 3Q2023 compared to Q32022. The reduced sales can be attributed to a decrease in customer demand. As the business environment improved and recovered, several competitors emerged in the market, resulting in a fiercely competitive landscape.

The Group's luxury goods revenue witnessed a decline of S\$4.7 million or 62.67%, dropping from S\$7.5 million in 9M2022 to S\$2.8 million in 9M2023. Furthermore, it experienced a decrease of S\$153,000 or 7.21%, falling from S\$2.12 million in 3Q2022 to S\$1.97 million in 3Q2023. The reduced sales can be attributed to a decrease in customer demand.

Revenue for the Group distribution decreased by S\$92,000 or 26.59% from 346,000 in 9M2022 to S\$254,000 in 9M2023 and decrease S\$15,000 or 13.89% from S\$108,000 in 3Q2022 to S\$93,000 in 3Q2023. The reduced sales can be attributed to a decrease in customer demand.

The Group's loan financing revenue witnessed a decline of S\$124,000 or 90.51%, decreasing from S\$137,000 in 9M2022 to S\$13,000 in 9M2023. Furthermore, it experienced a decrease of S\$31,000 or 88.57%, falling from S\$35,000 in 3Q2022 to S\$4,000 in 3Q2023. The reduction in loan financing revenue result from the decrease in customer demand.

As a consequence of the revenue decline, the Group encountered a reduction in gross profit of 73.39%, amounting to approximately S\$342,000, resulting in a total gross profit of S\$124,000 for the 9M2023 period.

The Group experienced a decline in its gross profit margin, which decreased from 5.82% in 9M2022 to 4.04% in 9M2023. In order to attract a larger customer base, the Group made adjustments to its selling price.

#### Other Operating Income

The decrease in other operating income, which declined by S\$41,000 or 23.30%, from S\$176,000 in 9M2022 to S\$135,000 in 9M2023, and decrease S\$7,000 or 13.21% from S\$53,000 in the 3Q2022 to S\$46,000 in the 3Q2023 was primarily influenced by the absence of support from the Singapore and Hong Kong governments during the 9M2023 period. Specifically, the Circuit Breaker Job Support Scheme, which was phased out as COVID-related measures concluded, contributed to this decline.

#### Selling and distribution expenses

The decrease in selling and distribution expenses of S\$83,000 or 76.15%, from S\$109,000 in 9M2022 to S\$26,000 in 9M2023 and S\$36,000 or 78.26% from S\$46,000 in Q32022 to S\$10,000 in Q32023. The decrease was primarily a result of the reduction in selling and distribution personnel for the Singapore operations. In 9M2023, there were layoffs of personnel involved in selling and distribution activities, leading to a decrease in associated expenses.

#### Administrative Expenses

The reduction in administrative expenses of S\$1.05 million or 34.18%, can be attributed to several factors during the 9M2023 period and decrease of S\$336,000 or 37.88% from S\$887,000 in Q32022 to S\$551,000 in Q32023. These factors included a decrease in payroll expenses due to reduction in staffs amounting to S\$638,000, a decrease in professionals fees by S\$107,000, a decrease in computer expenses by S\$126,000, a decrease in depreciation costs by S\$131,000, and various other miscellaneous factors. As a result, the administrative expenses decreased from approximately S\$3.1 million in 9M2022 to approximately S\$2.0 million in 9M2023.

#### Finance costs

The interest expenses remained consistent, with a recorded amount of S\$208,000 in 9M2023, similar to the S\$209,000 recorded in 9M2022. There was a slight decrease in interest expenses, with the amount declining from S\$76,000 in Q32022 to S\$68,000 in Q32023.

#### Depreciation of plant and equipment

Depreciation of plant and equipment decreased by S\$131,000 or 67.53%, from S\$194,000 in 9M2022 to S\$63,000 9M2023 and the decrease S\$40,000 or 51.95% from S\$77,000 in 3Q2022 to S\$37,000 in 3Q2023 were due to the smaller depreciable asset base.

#### Share of results of an associated company

The Group observed a decline in its share of results of an associated company, which decreased by S\$152,000 or 42.22%, from S\$360,000 in 9M2022 to S\$208,000 in 9M2023. The significant decline of S\$247,000 or 79.68% from S\$310,000 in 3Q2022 to S\$63,000 in 3Q2023 can be attributed to a decrease in customer demand.

#### Income Tax Expenses

No provision for income tax was allocated for loss-making companies in 9M2023 and 3Q2023.

#### Loss For The Period

As a result of the aforementioned, the Group reported a net loss after tax of S\$1.8 million in 9M2023 vis-à-vis a net loss after tax of \$2.4 million in 9M2022, and reported a net loss after tax S\$512,000 in 3Q2023 compared to S\$521,000 in 3Q2022.

## **Review of Financial Position**

### **Non-Current Assets**

The non-current assets of the Group increased from S\$19.4 million as of 31 December 2022, to S\$19.6 million as of 30 September 2023. This increase can be attributed mainly to the increase of profit sharing from investment in an associated company, Golden Ultra Limited. The decrease in property, plant, and equipment was a result of depreciation. No additional plant and equipment was purchased during the period.

### **Current Assets**

The Group's current assets rose approximately S\$1.8 million, from S\$5.5 million as of 31 December 2022, to S\$7.3 million as of 30 September 2023.

Inventories declined from S\$514,000 as of 31 December 2022, to S\$332,000 as of 30 September 2023. The decrease was primarily caused by the Group's strategic decision to avoid acquiring additional inventories towards the end of the quarter. This decision was driven by the Group's focus on inventory management goals.

Conversely, the Group's cash and cash equivalents decreased from S\$569,000 as of 31 December 2022, to S\$264,000 as of 30 September 2023. For a detailed overview of the cash and bank balances, please refer to the review of cash flows section below.

The increase in trade and other receivables, from S\$4.4 million as of 31 December 2022 to S\$6.8 million as of 30 September 2023, was primarily related to outstanding payments from clients for recent sales, which had not been collected as of 30 September 2023.

### **Current Liabilities**

As of 30 September 2023, the total current liabilities increased by S\$3.0 million from S\$7.9 million as at 31 December 2022 to S\$10.9 million as at 30 September 2023, contributed mainly by the increase in trade and other payable of S\$3.6 million and offset by loan payables of S\$600,000.

Trade payables to third parties increased by S\$1.9 million from S\$157,000 as at 31 December 2022 to S\$2.1 million as at 30 September 2023. This increase was attributed to the outstanding payment for goods purchased that remained unsettled by the reporting date. Other payables and accruals increased by S\$1 million from S\$2.8 million as at 31 December 2022 to S\$3.8 million as at 30 September 2023. As at 30 September 2023, other payable and accruals consisted mainly of i) salaries/wages for staffs and directors' remuneration for past years of S\$740,000; ii) provision of audit fee for FY2022 & HY2023 of S\$162,000; iii) professional fee for past years of S\$435,000; v) consultancy fee for FY2021, FY2022 and 9M2023 of S\$812,000; vi) interest payables of S\$326,000; vii) promissory notes issued in relation to the acquisition of HB 2021 Aps in FY2021 of S\$418,000; viii) tax payable in Denmark of S\$240,000 and others.

### **Non-Current Liabilities**

As of 30 September 2023, the non-current liabilities of the company expanded from S\$11.7 million as of 31 December 2022, to S\$12.3 million. This increase was primarily driven by the reclassification of a S\$618,000 loan from current liabilities to non-current liabilities.

### **Working Capital**

The net working capital decreased by S\$1.1 million from negative S\$2.4 million as at 31 December 2022 to negative S\$3.5 million as at 30 September 2023 as a result of the increase in current liabilities of S\$2.8 million as at 30 September 2022, offset by the increase in current assets of S\$1.8 million.

The Company has obtained a financial support letter dated 25 July 2023 from the controlling shareholder of the Company at zero interest rate to enable the Company to meet its obligations as and when they fall due for at least 12 months, till 24 July 2024.

## **Review of Cash Flows**

The Group has a operating loss before working capital changes of S\$1.73 million as at 30 September 2023 mainly due to loss before income tax of approximately S\$1.79 million and adjusted by non-cash items of i) depreciation of S\$63,000; ii) unrealised exchange gain of S\$1,000; iii) share of profit of associate of S\$208,000 and iv) interest expenses of S\$208,000.

Net cash used in operating activities of approximately S\$593,000 was mainly due to i) decrease in inventories of S\$182,000; ii) increase in trade and other receivables of S\$2.3 million, iii) increase in trade and other payables of S\$3.0 million and iv) currency translation adjustment of S\$228,000.



There were no investing activities during the period.

The net cash flow derived from financing activities as of 30 September 2023 amounted to S\$287,000, resulting from the following factors: i) advances from a director of S\$494,000, ii) loan interest paid of S\$80,000, and iii) utilized for the repayment of lease liabilities of S\$127,000.

The cash and cash equivalents for the period decreased by S\$305,000, from S\$569,000 as at 31 December 2022 to S\$264,000 as at 30 September 2023.

**Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

Distribution

The distribution of the consumables to the electronics manufacturer's business segment will encounter material challenges in the next 12 months as a major customer has scaled down its operations in Singapore as a result of the COVID-19 pandemic. The Company will continue to explore new customers in Singapore and overseas.

Luxury Goods

The Luxury Goods business is expected to remain active and grow worldwide. The Group will continue to seek opportunities to expand operations in other geographical areas as it deems fit.

Loan Financing

The Group will seek opportunities to expand the loan financing business when deems fit in the next 12 months.

**Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended):**

No.

**(b) (i) Amount per share:** Not applicable.

**(ii) Previous corresponding period:**

Nil.

**(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**(d) The date the dividend is payable:**

Not applicable.

**(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined:**

Not applicable.

**If no dividend has been declared/recommended, a statement to that effect**

The Board does not recommend a dividend payment as the Company is in a loss making position for the nine months ended 30 September 2023.

## **Update on the Utilisation of Proceeds for the Rights Issue**

The Company had on 3 February 2021 announced that 2,693,670,727 Rights Shares and 2,693,670,727 Warrants have been allotted and issued by the Company on 2 February 2021. The proceeds from the issue of the Rights Shares was S\$5,673,541.45 which for the avoidance of doubt, excluded the undertaken Rights Shares subscription amount of approximately S\$9.4 million that was set off against an equivalent amount of the principal amount outstanding and due and owing by the Company to Mission Well under the Mission Well Loan Agreement and Go Best under the Go Best Loan Agreement.

On 21 September 2021, the Company announced reallocation on the use of proceeds. Please refer to the half year results announcement dated 14 August 2023 for more details on the full utilisation of proceeds from the Rights Issue. on

## **If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Group has not obtained a general mandate for IPTs.

The Group had leased an office of Billion Credit Financial Company Limited from a company which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14% shareholding interest. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of the Catalist Rules. The total rental expenses accrued in 9M2023 was HK\$450,000 (equivalent to S\$77,000);

The Company had leased part of the office of HB 2021 ApS to Yourwatches.com ApS which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14% shareholding interest. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of the Catalist Rules. The rental income for 9M2023 was DKK150,000 (equivalent to S\$29,000) as the rental ceased with effect from July 2023.

The Group had leased an office of CKLY Trading Limited from a company which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of the Catalist Rules. The total rental expenses paid in 9M2023 was HK\$234,000 (equivalent to S\$40,000). The amount represented a 42% share of rental expenses attributable to the Company's shareholdings in Golden Ultra Limited.

Ace Sight Limited ("Lender") provided Billion Credit Financial Company Limited with a loan of HK\$3,600,000 as working capital for the loan financing business. A family member of the Executive Director, on 28 March 2022, acquired all of the share capital of the Lender. Interest expenses of S\$48,000 was accrued to the Lender in 9M2023.

The Group did not have interested person transaction exceeding the S\$100,000 threshold.

## **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-**

### **(a) Updates on the efforts taken to resolve each outstanding audit issue.**

With reference to the annual report and disclaimer opinion announcements dated 31 July 2023, the Company wishes to provide an update on efforts taken to resolve each outstanding audit issue (Please refer to the announcements for details pertaining to the basis for the Disclaimer Opinion):

#### **Notice of Compliance ("NOC") issued by Singapore Exchange Regulation ("SGX RegCo" or the "Exchange")**

In relation to the Notice of Compliance issued by SGX Regco on 27 June 2022 ("**NOC**"), the Company had appointed Provenance Capital Pte. Ltd. as the Joint Independent Reviewer to review all corporate actions and fund raising exercises conducted by both the Company and Ntegrator Holdings Limited (formerly known as Watches.com Limited) in the last twelve months from 27 June 2022, based on the approved scope of work by SGX RegCo (the "**Independent Review**").

After the release of the report for the Independent Review on 10 November 2023, the Company will work with the auditors to facilitate their assessment of its impact on the Group's business operations.

#### **Opening balance of Inventory**

The current auditors have observed the counting of physical inventories at the beginning of FY2023 and were able to ascertain the quantities held at 31 December 2022/1 January 2023.

The current auditor (RT LLP) has been re-appointed as the auditor of the Company to hold office until the conclusion of the next AGM. They would have already ascertained the opening balance of inventories to enter into the determination of the financial performance and cash flows.

Impairment of website development costs

In 2020, the Company entered into an agreement with an external vendor to develop a virtual platform for the Group that would generate future economic benefits upon commercialization, whereby the Company will provide services in relation to PDF conversion which is unrelated to the Group's current business and subsequently, more functions may be developed for the current businesses (the "website project"). In 2021, there were no further developments to the website project and the management has put the website project on hold due to business strategy reasons. The website is currently not in use and will only be launched in 2024. The Company will endeavor to provide sufficient information to the auditors on the assumptions used by management in its impairment assessment of the website development costs to support its carrying value as at Financial Year End 2023 ("FYE2023").

The impairment loss of S\$403,490 in FY2022 refers to the website development cost in Korea. The Company had planned to establish an online platform in Korea for the retail of luxury goods segment. However, due to the NOC, the Company has decided not to further pursue the Korean development and focus its resources on the Singapore and Hong Kong markets instead.

Company level - Loan to a subsidiary and amount due from subsidiaries

The Company will endeavor to provide the auditors with the appropriate audit evidence to support the assumptions used by management in its impairment assessment of the loan to subsidiary and amount due from subsidiaries as at FYE2023.

**(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

The Board of Directors has confirmed that to the best of its knowledge, that the impact of all outstanding audit issues on the Group's unaudited interim financial results for the nine months period ended 30 September 2023 have been adequately disclosed.

**Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors has confirmed that to the best of its knowledge, nothing has come to their attention which may render the Group's unaudited interim financial results for the nine months period ended 30 September 2023 to be false or misleading in any material aspect.

**Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H under Rule 720(1))**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

By Order Of The Board  
Christian Kwok-Leun Yau Heilesen  
Executive Director  
Dated: 14 November 2023

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*This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.*