



## **INCREDIBLE HOLDINGS LTD.**

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

Unaudited Condensed Interim Financial Statements  
For the six months ended 30 June 2021

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## Condensed Interim Consolidated Statement of Profit or Loss

	Note	Group		Change %
		Half Year Ended 30 June		
		2021	2020	
		S\$'000	S\$'000	%
<b>Continuing operations</b>				
Revenue	4	17,455	2,465	608.11
Cost of Sales		(17,218)	(2,266)	659.84
<b>Gross profit</b>		<b>237</b>	<b>199</b>	19.10
Other operating income		65	115	(43.48)
Selling & distribution expenses		(14)	(14)	-
Administrative expenses		(1,468)	(1,262)	16.32
Other operating expenses		-	-	N/A
Finance costs		(2)	(4)	(50.0)
Share of loss of associate		-	(54)	N/A
<b>Loss before income tax</b>		<b>(1,182)</b>	<b>(1,020)</b>	15.88
Income tax expense		-	-	N/A
Loss from continuing operations		<b>(1,182)</b>	<b>(1,020)</b>	15.88
Loss from discontinued operations		-	(1)	N/A
<b>Loss for the period</b>		<b>(1,182)</b>	<b>(1,021)</b>	15.77
Gross profit margin		1.36%	8.07%	
<b>Other comprehensive loss:</b>				
Currency translation differences arising from translation of financial statements of foreign associated company		(858)	(5)	17,060.0
<b>Total comprehensive loss for the period attributable to owners of the Company</b>		<b>(2,040)</b>	<b>(1,026)</b>	98.83

## Condensed Interim Statements Of Financial Position

	Note	Group		Company	
		As at 30	As at 31	As at 30	As at 31
		Jun 2021	Dec 2020	Jun 2021	Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current assets</b>					
Property, Plant and equipment	10	239	113	13	18
Investment in subsidiaries		-	-	126	2
Investment in associate		-	-	1	1
Intangible assets	9	1,304	949	1,304	949
<b>Total non-current assets</b>		<b>1,543</b>	<b>1,062</b>	<b>1,444</b>	<b>970</b>
<b>Current assets</b>					
Inventories	11	3,733	520	-	-
Trade receivables	12	6,584	220	290	93
Other receivables, deposits and prepayments	12	995	591	909	575
Due from subsidiaries (non-trade)		-	-	89	-
Due from associates	12	671	1,171	671	1,171
Cash and cash equivalents		2,047	840	114	22
<b>Total current assets</b>		<b>14,030</b>	<b>3,342</b>	<b>2,073</b>	<b>1,861</b>
<b>Non-current liabilities</b>					
Lease obligations		(179)	(42)	-	-
<b>Total non-current liabilities</b>		<b>(179)</b>	<b>(42)</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Trade payables	14	(148)	(37)	-	-
Other payables and accruals	14	(1,605)	(1,209)	(1,047)	(507)
Due to subsidiaries (non-trade)	14	-	-	(385)	(379)
Amount due to shareholders	14	-	(2,215)	-	(2,215)
Lease liabilities		(32)	(64)	-	-
Income tax payable		-	-	-	-
<b>Total current liabilities</b>		<b>(1,785)</b>	<b>(3,525)</b>	<b>(1,432)</b>	<b>(3,101)</b>
<b>Net current assets</b>		<b>12,245</b>	<b>(183)</b>	<b>641</b>	<b>(1,240)</b>
<b>Net assets/(liabilities)</b>		<b>13,609</b>	<b>836</b>	<b>2,085</b>	<b>(270)</b>
<b>Equity</b>					
Share capital	13	53,665	38,852	53,665	38,852
Translation reserve		(1,376)	(518)	-	-
Accumulated losses		(38,680)	(37,498)	(51,580)	(39,123)
<b>Total equity</b>		<b>13,609</b>	<b>836</b>	<b>2,085</b>	<b>(270)</b>

Condensed Interim Statements Of Changes In Equity

The Group

	Note	Share capital	Translation reserves	Reserve attributable to disposal group classified as held for sale	Accumulated Losses	Total Equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance as at 1 Jan 2020</b>		<b>38,852</b>	<b>(685)</b>	<b>(861)</b>	<b>(33,375)</b>	<b>3,931</b>
Loss for the period		-	-	-	(1,020)	(1,020)
Other comprehensive loss for the period		-	(5)	-	-	(5)
Total comprehensive loss for the period		-	(5)	-	(1,020)	(1,025)
<b>Balance as at 30 Jun 2020</b>		<b>38,852</b>	<b>(690)</b>	<b>(861)</b>	<b>(34,395)</b>	<b>2,906</b>
<b>Balance as at 1 Jan 2021</b>		<b>38,852</b>	<b>(518)</b>	<b>-</b>	<b>(37,498)</b>	<b>836</b>
Loss for the period		-	-	-	(1,182)	(1,182)
Other comprehensive loss for the period		-	(858)	-	-	(858)
Total comprehensive loss for the period		-	(858)	-	(1,182)	(2,040)
Issuance and allotment of Rights Shares on 2 February 2021	13	14,813	-	-	-	14,813
Issuance and allotment of ordinary shares pursuant to exercise of warrants on 15 March 2021	13	1	-	-	-	1
<b>Balance as at 30 Jun 2021</b>		<b>53,665</b>	<b>(1,376)</b>	<b>-</b>	<b>(38,680)</b>	<b>13,609</b>

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

	Note	Share capital	Accumulated losses	Total Equity
		S\$'000	S\$'000	S\$'000
<b><u>The Company</u></b>				
<b>Balance as at 1 Jan 2020</b>		38,852	(35,694)	3,158
Loss and total comprehensive loss for the period		-	(256)	(256)
<b>Balance as at 30 Jun 2020</b>		<b>38,852</b>	<b>(35,950)</b>	<b>2,902</b>
<b>Balance as at 1 Jan 2021</b>		<b>38,852</b>	<b>(39,123)</b>	<b>(271)</b>
Loss and total comprehensive loss for the period		-	(12,457)	(12,457)
Issuance and allotment of Rights Shares on 2 February 2021	13	14,813	-	14,813
Issuance and allotment of ordinary shares pursuant to exercise of warrants on 11 March 2021	13	1	-	1
<b>Balance as at 30 Jun 2021</b>		<b>53,665</b>	<b>(51,580)</b>	<b>2,085</b>

## Condensed Interim Consolidated Statement Of Cash Flows

	Group	
	Half Year Ended 30 June 2021	2020
	S\$'000	S\$'000
<b><u>Cash flows from operating activities:</u></b>		
Loss before income tax from continuing operations	(1,182)	(1,020)
Loss before income tax from discontinued operations	-	(1)
Adjustments for:		
Depreciation of property, plant and equipment	35	33
Unrealised exchange (gain)	(12)	(17)
Gain on disposal of associate	-	(3)
Share of loss of associate	-	54
Interest expenses	2	1
<b>Operating loss before working capital changes</b>	<b>(1,157)</b>	<b>(953)</b>
<b>Change in working capital:</b>		
Inventories	(3,213)	11
Trade and other receivables	(6,767)	(60)
Trade and other payables	540	(40)
Currency translation adjustments	(847)	-
<b>Cash used in operations</b>	<b>(11,444)</b>	<b>(1,042)</b>
Interest paid	-	(1)
<b>Net cash used in operating activities</b>	<b>(11,444)</b>	<b>(1,043)</b>
<b><u>Cash flows from investing activities:</u></b>		
Purchase of plant and equipment	(156)	-
Purchase of intangible assets	(355)	-
Proceed from disposal of interest in an associate	-	1,100
<b>Net cash (used in) / generated from investing activities</b>	<b>(511)</b>	<b>1,100</b>
<b><u>Cash flows from financing activities:</u></b>		
Proceeds from issuance of shares	14,813	-
Repayment to shareholders	(2,249)	-
Repayment from joint venture	500	-
Interest paid on lease liabilities	(2)	(3)
Hire purchase	146	-
Repayment of lease liabilities	(49)	(29)
<b>Net cash generated from / (used in) financing activities</b>	<b>13,159</b>	<b>(32)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,204</b>	<b>25</b>
Cash and cash equivalent at beginning of the period	843	605
Effect of exchange rate changes on cash and cash equivalent	-	22
Cash and cash equivalent at end of the period	<b>2,047</b>	<b>652</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 six months ended 30 June 2021 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; and
- (b) trading of watches

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

The condensed interim financial statements for the six months ended 30 June 2021 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 2020.

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 2020.

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 six months ended 30 June 2021.

#### **2.2 New accounting standards effective on 1 January 2021**

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 2021. 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:

Segment 1: Trading of watches ("Watches")

Segment 2: Distribution of specialty chemical products, consumable material, films and spare parts for electronic industry ("Distribution")

Other operations include investment holding companies. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2020.

<b>6 months ended 30 June 2021</b>						
	Watches S\$'000	Distribution S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000	
Segment revenue	17,161	293	-	-	17,455	
Segment profit/(loss)	(825)	(132)	(225)	-	(1,182)	
Employment support scheme	-	16	-	-	16	
Depreciation	(3)	(23)	(9)	-	(35)	
Share of loss of associated company						
<b>Segment assets</b>	<b>11,196</b>	<b>1,630</b>	<b>3,131</b>	<b>(384)</b>	<b>15,573</b>	
<i>Segment assets includes:</i>						
Investment in associated companies	-	-	817	(817)	-	
Additions to non current assets	156	-	-	-	156	
<b>Segment liabilities</b>	<b>683</b>	<b>144</b>	<b>1,137</b>	<b>-</b>	<b>1,964</b>	
<b>6 months ended 30 June 2020</b>						
	Watches S\$'000	Distribution S\$'000	Switchgear design and assembly S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	1,594	871	-	-	-	2,465
Segment profit/(loss)	(692)	(20)	(1)	(308)	-	(1,021)
JSS grant income	-	46	-	9	-	55
Employment support scheme	19	-	-	-	-	19
Gain on disposal of						

investment in subsidiaries and associated company	-	-	-	3	-	3
Depreciation	-	(24)	-	(9)	-	(33)
Share of loss of an associated company	-	-	-	(54)	-	(54)
<b>Segment assets</b>	<b>480</b>	<b>1,829</b>	<b>6</b>	<b>1,797</b>	<b>-</b>	<b>4,112</b>
<i>Segment assets includes:</i>						
Investment in associated companies	-	-	-	817	(817)	-
<b>Segment liabilities</b>	<b>278</b>	<b>270</b>	<b>58</b>	<b>600</b>	<b>-</b>	<b>1,206</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.

	Watches S\$'000	Films and spare parts S\$'000	Chemical and consumables S\$'000	Total S\$'000
<b>For the six months ended 30 June 2021</b>				
Singapore	296	211	83	590
Hong Kong	16,865	-	-	16,865
	<u>17,161</u>	<u>211</u>	<u>83</u>	<u>17,455</u>
<b>For the six months ended 30 June 2020</b>				
Singapore	93	774	97	964
Hong Kong	1,501	-	-	1,501
	<u>1,594</u>	<u>774</u>	<u>97</u>	<u>2,465</u>

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

	For the six months ended 30 June	
	2021 S\$'000	2020 S\$'000
<b>Other operating income</b>		
Foreign exchange gain, net	48	35
<b>Expenses</b>		
Interest expenses	2	4
Depreciation of plant and equipment	35	33
Gain on disposal of investment	-	3

### 6.2 Related party transactions

There are no material related party transactions.

## 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 six months ended 30 June	
	2021	2020
	S\$'000	S\$'000
Current income tax expenses	-	-

## 8. Net asset value

	The Group		The Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	S\$	S\$	S\$	S\$
Net asset value (S\$'000)	13,609	836	2,085	(270)
Number of ordinary shares	2,993,532,545	299,843,943	2,993,532,545	299,843,943
<b>Net asset value per ordinary share (cents)</b>	<b>0.45</b>	<b>0.28</b>	<b>0.07</b>	<b>(0.09)</b>

## 9. Earnings per ordinary share

	Half Year Ended 30 June	
	2021	2020
	Cents	Cents
Loss attributable to owners of the Company (S\$'000)	(1,182)	(1,021)
Weighted average number of shares in issue during the period for calculating the EPS	1,248,304,447	299,843,943
Basic and Diluted (loss)/earnings per ordinary share("EPS")	(0.09)	(0.34)

## 10. Intangible assets

	The Group and the Company
	Website development
	S\$'000
<b>At 31 December 2020</b>	
Cost	949
Additions	355
Balance and net carrying amount as at 30 June 2021	1,304

As at 30 June 2021, intangible asset include website development of S\$1,304,000 (31 December 2020: S\$949,000).

The Group performed an impairment test for the website development costs in December 2020. The recoverable amount of the website development costs is determined based on its value in use. The key assumptions used in the value-in-use calculations were disclosed in the annual consolidated financial statements for the year ended 31 December 2020. There were no indicators of impairment as at 30 June 2021.

## 11. Plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$156 thousand (30 June 2020: Nil).

## 12. Inventories

	The Group	
	As at 30 June 2021 S\$'000	As at 31 December 2020 S\$'000
Consumables and parts	72	129
Trading inventories	3,661	391
	<u>3,733</u>	<u>520</u>

## 13. Trade and other receivables

	The Group		The Company	
	As at 30 June 2021 S\$	As at 31 December 2020 S\$	As at 30 June 2021 S\$	As at 31 December 2020 S\$
Trade receivables - third parties	6,584	220	290	93
Deposits	81	30	18	18
Prepayments	179	473	158	471
Other receivables - third parties	735	89	733	86
Loans to subsidiaries	-	-	-	12,522
Amounts due from an associated company	1,171	1,671	1,171	1,671
	<u>2,166</u>	<u>2,263</u>	<u>2,080</u>	<u>14,768</u>
Less: Loss allowance	(500)	(500)	(500)	(13,022)
	<u>1,666</u>	<u>1,763</u>	<u>1,580</u>	<u>1,746</u>
Total	<u>8,249</u>	<u>1,983</u>	<u>1,870</u>	<u>1,839</u>

## 14. Share Capital

	The Group and the Company			
	For the period ended 30 June 2021		For the period ended 30 June 2020	
	Number of issued shares	Issued share capital S\$'000	Number of issued shares	Issued share capital S\$'000
Balance as at 1 January	299,843,943	38,852	299,843,943	38,852
Issuance of shares on 2 February 2021	2,693,670,727	14,813	-	-
Issuance of shares on 15 March 2021	17,875	1	-	-
Balance at as 30 June	<u>2,993,532,545</u>	<u>53,665</u>	<u>299,843,943</u>	<u>38,852</u>

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

## 15. Trade and other payables

	The Group		The Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020

	S\$	S\$	S\$	S\$
Trade payables - third parties	148	37	-	-
GST payables	-	4	-	-
	<u>148</u>	<u>41</u>	<u>-</u>	<u>-</u>
Other payables	1,102	565	827	245
Accrued operating expenses	155	138	45	48
Accrued remuneration for former directors of the Company	110	110	110	110
Accrued remuneration for directors of the Company	238	366	65	103
Advances from directors of the Company	-	26	-	-
Amount due to shareholders	-	2,215	-	2,215
Amount due to subsidiaries	-	-	385	380
Amount due to an associated company	-	-	-	-
	<u>1,605</u>	<u>3,420</u>	<u>1,432</u>	<u>3,101</u>
Total	<u>1,753</u>	<u>3,461</u>	<u>1,432</u>	<u>3,101</u>

#### **Group Borrowings**

	As at 30 June 2021		As at 31 December 2020	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Borrowings repayable in one year or less, or on demand	-	-	-	-
Financial lease less than one year	32	-	64	-
Financial lease more than one year	179	-	42	-
Amount repayable after one year	-	-	-	-
<b>Total</b>	<u>211</u>	<u>-</u>	<u>106</u>	<u>-</u>

#### **Details of any collateral**

As at 30 June 2021, the lease of (i) S\$4 thousand relates to a photocopier and (ii) S\$156 thousand relates to a motor vehicle acquired under financial lease. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Save as disclosed above, the Group do not have any secured or unsecured loan as at 30 June 2021.

#### **16. Acquisition of subsidiary**

As announced on 18 March 2021, the Company had on 18 March 2021 incorporated a wholly-owned subsidiary in Singapore, which operates trading of watches in Singapore.

As announced on 19 April 2021, the Company had on 11 March 2021 incorporated a wholly-owned subsidiary in Korea, which operates trading of watches in Korea.

Please refer to announcements dated 11 March 2021 and 19 April 2021 for more details.

On 28 May 2021, the Company acquired 100% of the issued share capital in Central Capital ApS, a company in Denmark, for consideration of S\$8,600. Please refer to announcement dated 27 May 2021 for details

Purchase consideration	S\$
Cash paid	8,600

## 17. Subsequent events

On 30 July 2021, the Company announced the completion of acquisition of the entire share capital in HB 2021 ApS by Central Capital ApS which is wholly-owned subsidiary of the Company. Please refer to announcement dated 30 July 2021 for details. Save as the disclosed, there is no other subsequent events which have led to adjustments to this set of interim financial statements.

## 18. Other information required by Listing Rule Appendix 7.2

The condensed consolidated statement of financial position of Incredible Holdings Ltd. and its subsidiaries as at 30 June 2021 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 six-month period then ended and certain explanatory notes have not been audited or reviewed.

### Review of performance of the Group

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

The Group's revenue increased significantly by approximately S\$15 million or 608.11% from S\$2.5 million in HY2020 to S\$17.5 million in HY2021. Revenue in trading of watches increased by 976.62% or S\$15.5 million from S\$1.6 million in HY2020 to S\$17.1 million in HY2021 due to an increase in demand in FY2021. Revenue in distribution business unit dropped by 66.26% or S\$0.6 million from S\$0.9 million in HY2020 to S\$0.3 million in HY2021. The significant decline in distribution business revenue was due to the absence of big projects in HY2021.

The gross profit margin of the Group decreased from 8.07% in HY2020 to 1.36% in HY2021. The gross profit margin in the trading of watches dropped from 1.62% in HY2020 to 0.75% in HY2021 as the selling prices were adjusted to gain more market share strategically. The gross profit margin in distribution business unit increased from 19.92% to 36.76% as a result of an adjustment in cost of materials.

As a result of the increase in revenue, the Group's gross profit increased by approximately S\$38 thousand to S\$237 thousand in HY2021.

#### Other Operating Income

Other operating income decreased from S\$115 thousand in HY2020 to S\$65 thousand in HY2021 mainly due to Circuit Breaker Job Support Scheme from the Singapore and Hong Kong governments not being available in HY2021 as compared to the previous period.

#### Selling and distribution expenses

Selling and distribution expenses remained stable and recorded S\$14 thousand in HY2020 & HY2021.

#### Administrative Expenses

The increase in administrative expenses from approximately S\$1.26 million in HY2020 to approximately S\$1.47 million in HY2021 was due to recruitment of additional staffs for trading of watches business.

#### Finance costs

Interest expenses decreased by 50% from S\$4 thousand in HY2020 to S\$2 thousand in HY2021 mainly due to adoption of lease SFRS(I) 16.

#### Depreciation of plant and equipment

Depreciation of plant and equipment increased by S\$2 thousand from S\$33 thousand in HY2020 to S\$35 thousand HY2021 due to additional plant and equipment purchased.

#### Share of loss of associate

The Group completed the disposal of PT Louis Gianni on 29 May 2020. The Group's share of loss of associate, PT Louis Gianni, recorded S\$54 thousand in HY2020.

#### Income Tax Expenses

For HY2021, no provision for income tax was made for loss making companies.

### Loss For The Period From Continuing Operations

The loss after tax increased by approximately S\$163 thousand mainly resulted from the increase in administrative expenses as well as the decline in other operating income in HY2021.

### Loss for the period from discontinued operations

There was no expenses recorded from discontinued operations in HY2021 after the disposal of Luxury Watch Trading Limited on 30 October 2020.

### Non-Current Assets

There was an increase in the non-current assets of the Group of approximately S\$0.5 million, mainly due to (i) purchase of plant and equipment for the operation of trading of watches and (ii) increase in intangible assets for the website development.

### Current Assets

The current assets of the Group increased by approximately S\$10.7 million from S\$3.3 million as at 31 December 2020 to S\$14.0 million as at 30 June 2021.

The inventories increased approximately S\$3.2 million from S\$0.5 million as at 31 December 2020 to S\$3.7 million as at 30 June 2021. The increase in inventories was in line with the expansion of trading of watches business. On the other hand, the Group's cash and cash equivalents had increased by approximately S\$1.2 million from S\$0.8 million as at 31 December 2020 to S\$2.0 million as at 30 June 2021. Please refer to cashflow position for more details on cash and bank balances.

The increase in trade receivables by approximately S\$6.4 million as at 30 June 2021 resulted from increased sales from trading of watches and the Group has offered credit terms for wholesales customers. As at 30 June 2021, all trade receivables were within their credit terms.

The growth in other receivables, deposits and prepayments by approximately S\$0.4 million was mainly due to prepayment of domain and website fee made in advance.

### Current Liabilities

The decrease in current liabilities by approximately S\$1.7 million from S\$3.5 million as at 31 December 2020 to S\$1.8 million as at 30 June 2021. The increase in trade payables from S\$37 thousand as at 31 December 2020 to S\$148 thousand as at 30 June 2021 was mainly due to the outstanding balance to suppliers of watches operation in HY2021.

The increase in other payables and accruals from S\$1.2 million as at 31 December 2020 to S\$1.6 million as at 30 June 2021 was mainly a result of purchase of watches. As at 30 June 2021, other payable and accruals consisted of (i) salaries/wages for staffs and directors' remuneration for past years (S\$0.4 million); (ii) audit fee for HY2021 (S\$33 thousand); (iii) professional fee for FY2020 & HY2021 (S\$0.3 million); (iv) rent for HY2021 (S\$90 thousand); (v) purchase of watches (S\$0.7 million) and others.

The decrease in amount due to shareholder from S\$2.2 million as at 31 December 2020 to nil as at 30 Jun 2021 was a result of offsetting arrangement against the undertaken of Right Shares subscription. On 22 September 2020, the Company entered into loan agreements with Mission Well Limited and Go Best Holdings Limited which are shareholder of the Company, for an unsecured, interest free facility of up to an aggregate principal amount of S\$9.1 million and S\$0.3 million respectively. On 1 February 2021, the total loan drawn down of \$9.4 million was converted into 680,538,325 issued share capital of the Company as part of the undertaken Rights Shares subscription amount of approximately \$9.4 million that was set off against an equivalent amount of the principal amount drawn down and due and owing by the Company. Please refer to announcement dated 22 September 2020 and 1 February 2021 for details.

### Non-Current Liabilities

Non-current liabilities increased by S\$137 thousand mainly due to purchase of additional plant and equipment through hire purchase during the period.

### Working Capital

The net working capital increased from negative S\$0.2 million as at 31 December 2020 to S\$12.2 million as at 30 June 2021 as a result of the increase in current assets by S\$10.7 million and decrease in current liabilities of S\$1.7 million as at 30 June 2021.

### Cashflow Position

The Group has a negative cash flows before working capital changes of S\$1.2 million as at 30 June 2021 mainly due to loss before income tax from continuing operations of approximately S\$1.2 million and adjusted by non-cash items of (i) unrealised exchange gain of S\$12 thousand and (ii) depreciation of S\$35 thousand.

Net cash used in operating activities of approximately S\$11.4 million was mainly due to (i) increase in inventories of S\$3.2 million; (ii) increase in trade and other receivables of S\$6.8 million and (iii) increase in trade and other payables of S\$0.5 million.

Net cash of S\$0.5 million was used in investing activities as at 30 June 2021 as a result of the purchasing additional plant and equipment and intangible asset.

Net cash generated from financing activities of S\$13.2 million as at 30 June 2021 was due to (i) proceeds from issuance of shares after the completion of Rights Issue in February 2021; (ii) repayment to shareholders; (iii) repayment from joint venture; (iv) repayment of lease liabilities and (v) hire purchase.

**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 and a major customer has scaled down its operation in Singapore as a result of the COVID-19 pandemic.

Trading of Watches

Due to the COVID-19, the operation of trading of watches is facing challenges in 2021. The Group will be able to tap into the thriving watches market in Hong Kong and Singapore where it is able to widen their source of revenue by extending these products to young individuals and professionals. Whilst Hong Kong will be the main market, the Group does not rule out possibilities of operating the Watches Business in other geographical areas as it deems fit.

As announced on 18 March 2021, the Company had on 18 March 2021 incorporated a wholly-owned subsidiary in Singapore, which operates trading of watches in Singapore. The subsidiary has not commenced business operation as at 30 June 2021.

As announced on 19 April 2021, the Company had on 11 March 2021 incorporated a wholly-owned subsidiary in Korea, which operates trading of watches in Korea. The subsidiary has not commenced business operation as at 30 June 2021.

As announced on 27 May 2021, the Company entered into a share sale and purchase agreement with Christian Kwok-Leung Yau Heilesen who is the Executive Director of the Company to acquire the entire share capital of Central Capital ApS which is a Denmark company for the operation of watches. As announced on 31 May 2021, the Company had on 28 May 2021 completed the acquisition of Central Capital ApS.

Please refer to announcements dated 11 March 2021, 19 April 2021, 27 May 2021 and 31 May 2021 for more details.

Loan Financing

The Company had on 28 May 2020 incorporated a wholly-owned subsidiary in Hong Kong namely Incredible Finance Limited for the operations of loan financing. The Company is still in the process of obtaining the relevant license and is expected to commence before the end of 2021.

Website development

The emergence of Covid-19 has brought about uncertainties to the Group's operating environment. The trend of online platform and electronic means become important sources for business activities during the outbreak. In view of this, the Company has commenced to develop a website for the online business. At the first stage of the online business, the Company will provide services in relation to PDF conversion which is unrelated to the Group's current business, subsequently more functions may be developed for our current businesses. The Company is still in the process of developing this website and is expected to launch before the end of 2021.

The Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

The Group has immediately complied with all social distancing measures and will close its offices where appropriate. The Company also embraces work from home arrangements, using online conferencing and internet to ensure the continuity of its



business. For those employees who are required to work at office, wearing face mask is a must and the Group has been providing hand sanitisers in office. The Group has also implemented the SafeEntry visitor's check-in system, all visitors visiting our office and the warehouse shall register using the SafeEntry check-in system for contact tracing.

## **Dividend**

### **(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No

### **(c) Date payable**

Not Applicable.

### **(d) Books closure date**

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 six months period ended 30 June 2021.

### **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 2021 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 June 2021, the Company announced reallocation on the use of proceeds. As at the date of this announcement, the Company has utilized the net proceeds from Rights Issue as follows:

Use of proceeds	Allocation as per the Offer Information Statement		Reallocation	Amount utilized as at the date of this announcement	Balance
	%	S\$'000			
Funding the Financing Business	10	567	(567)	-	-
New Acquisitions	10	567	-	(300)	267
Expansion of the Luxury Goods Business	50	2,837	867	(3,704)	-
For general corporate and working capital purpose	30	1,702	(300)	(1,402)	-
Total	100	5,673	-	(5,406)	267

The above utilisation of the Net Proceeds from the Rights cum Warrants Issue is consistent with the intended uses as disclosed in the Company's Offer Information Statement dated 8 January 2021. The Company will continue to make periodic

announcements via SGXNet on the utilisation of the balance of the proceeds as and when such proceeds are materially disbursed.

An aggregate amount of S\$1,402 thousand had been used for general working capital and the principal disbursements are set below:

	S\$'000
Professional fees	408
Website development expenses	123
Director fee	160
Others (included payroll, bank charges and other operating expenses)	711
Total	<u>1,402</u>

**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 Company had rented an unit of office for the Loan Financing business from Greater Hero Limited 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 56.14%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"). The rental is HK\$40,000 per month from 3 July 2020 to 2 July 2021.

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

**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 six months period ended 30 June 2021 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 7.7) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 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: 11 August 2021

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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.*