



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 2022

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Condensed Interim Consolidated Statement of Profit or Loss

	Note	Group		Change %
		Half Year Ended 30 June 2022 S\$'000	2021 S\$'000	
Continuing operations				
Revenue	5	5,737	17,455	(67.13)
Cost of Sales		(5,396)	(17,218)	(68.66)
Gross profit		341	237	43.88
Other operating income		123	65	89.23
Selling & distribution expenses		(63)	(14)	350.0
Administrative expenses		(2,185)	(1,468)	48.84
Other operating expenses		-	-	N/A
Finance costs		(133)	(2)	6,550.0
Share of profit of associates		50	-	N/A
Loss before income tax		(1,867)	(1,182)	57.95
Income tax expense		-	-	N/A
Loss from continuing operations		(1,867)	(1,182)	57.95
Loss from discontinued operations		-	-	N/A
Loss for the period		(1,867)	(1,182)	57.95
Gross profit margin		5.94%	1.36%	
Other comprehensive loss:				
Currency translation differences arising from translation of financial statements of foreign associated company		84	(858)	(109.79)
Currency translation differences on consolidation				
Total comprehensive loss for the period attributable to owners of the Company		(1,783)	(2,040)	(12.6)

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		As at 30 Jun 2022	As at 31 Dec 2021	As at 30 Jun 2022	As at 31 Dec 2021
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, Plant and equipment	11	1,427	1,394	30	40
Investment in subsidiaries		-	-	1,010	10
Investment in associate		17,727	-	17,678	1
Intangible assets	10	799	-	-	-
Goodwill		1,480	-	-	-
Total non-current assets		21,433	1,394	18,718	51
Current assets					
Inventories	12	4,144	5,657	-	-
Trade receivables	13	5,858	5,554	12	536
Other receivables, deposits and prepayments	13	386	527	64	34
Due from subsidiaries (non-trade)		-	-	314	-
Due from associates	13	-	-	-	-
Cash and cash equivalents		1,944	815	85	43
Total current assets		12,332	12,553	475	613
Non-current liabilities					
Lease obligations		(803)	(874)	-	-
Provision		-	(39)	-	-
Loan payables		(2,610)	-	-	-
Total non-current liabilities		(3,413)	(913)	-	-
Current liabilities					
Trade payables	15	(453)	(140)	-	-
Other payables and accruals	15	(22,330)	(3,493)	(20,277)	(1,421)
Due to subsidiaries (non-trade)	15	-	-	(634)	(425)
Amount due to shareholders	15	-	-	-	-
Contract liabilities		-	(54)	-	-
Lease liabilities		(223)	(218)	-	-
Income tax payable		-	-	-	-
Total current liabilities		(23,006)	(3,905)	(20,911)	(1,846)
Net current assets		(10,674)	8,648	(20,436)	(1,233)
Net assets/(liabilities)		7,346	9,129	(1,718)	(1,183)
Share capital	14	53,665	53,665	53,665	53,665
Translation reserve		(631)	(715)	-	-
Accumulated losses		(45,688)	(43,821)	(55,383)	(54,848)
Total equity		7,346	9,129	(1,718)	(1,183)

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
Balance as at 1 Jan 2021		38,852	(518)	-	(37,498)	836
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
Balance as at 30 Jun 2021		53,665	(1,376)	-	(38,680)	13,609
Balance as at 1 Jan 2022		53,665	(715)	-	(43,821)	9,129
Loss for the period		-	-	-	(1,867)	(1,867)
Other comprehensive loss for the period		-	84	-	-	84
Total comprehensive loss for the period		-	84	-	(1,867)	(1,783)
Balance as at 30 Jun 2022		53,665	(631)	-	(45,688)	7,346

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

	Note	Share capital	Accumulated losses	Total Equity
		S\$'000	S\$'000	S\$'000
<u>The Company</u>				
Balance as at 1 Jan 2021		38,852	(39,123)	(271)
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
Balance as at 30 Jun 2021		53,665	(51,580)	2,085
Balance as at 1 Jan 2022		53,665	(54,848)	(1,183)
Loss and total comprehensive loss for the period		-	(535)	(535)
Balance as at 30 Jun 2022		53,665	(55,383)	(1,718)

Condensed Interim Consolidated Statement Of Cash Flows

	Group	
	Half Year Ended 30 June 2022	2021
	S\$'000	S\$'000
<u>Cash flows from operating activities:</u>		
Loss before income tax from continuing operations	(1,867)	(1,182)
Loss before income tax from discontinued operations	-	-
Adjustments for:		
Depreciation of property, plant and equipment	117	35
Unrealised exchange loss/(gain)	84	(12)
Gain on disposal of associates	-	-
Share of profit of associate	(50)	-
Interest expenses	133	2
Operating loss before working capital changes	(1,583)	(1,157)
Change in working capital:		
Inventories	1,514	(3,213)
Trade and other receivables	(163)	(6,767)
Trade and other payables	(441)	540
Currency translation adjustments	-	(847)
Cash used in operations	(673)	(11,444)
Interest paid	-	-
Net cash used in operating activities	(673)	(11,444)
<u>Cash flows from investing activities:</u>		
Purchase of plant and equipment	(84)	(156)
Purchase of intangible assets	(799)	(355)
Proceed from disposal of interest in an associate	-	-
Net cash used in investing activities	(883)	(511)
<u>Cash flows from financing activities:</u>		
Proceeds from issuance of shares	-	14,813
Repayment to shareholders	-	(2,249)
Loan payables	2,610	-
Advances from a director	334	-
Repayment from joint venture	-	500
Interest paid on lease liabilities	-	(2)
Hire purchase	-	146
Repayment of lease liabilities	(258)	(49)
Net cash generated from financing activities	2,686	13,159
Net increase in cash and cash equivalents	1,130	1,204
Cash and cash equivalent at beginning of the period	815	843
Effect of exchange rate changes on cash and cash equivalent	(1)	-
Cash and cash equivalent at end of the period	1,944	2,047

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 2022 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 six months ended 30 June 2022 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 2021.

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 2021.

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 2022.

2.2 New accounting standards effective on 1 January 2022

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 2022. 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 ("Watches");
- 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")

	6 months ended 30 June 2022					
	Watches S\$'000	Distribution S\$'000	Loan Financing S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	5,384	237	102	14	-	5,737
Segment profit/(loss)	(1,201)	(72)	(67)	(527)	-	(1,867)
Employment support scheme	19	-	-	16	-	35
Depreciation	(108)	-	-	(9)	-	(117)
Share of profit of associated companies	-	-	-	50	-	50
Segment assets	13,384	1,397	2,423	20,193	(3,632)	33,765
<i>Segment assets includes:</i>						
Investment in associated companies	-	-	-	17,678	-	17,678
Additions to non current assets	84	-	-	-	-	84
Segment liabilities	29,829	94	2,983	21,934	(28,421)	26,419

	6 months ended 30 June 2021				
	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					
Segment assets	11,196	1,630	3,131	(384)	15,573
<i>Segment assets includes:</i>					
Investment in associated companies	-	-	817	(817)	-
Additions to non current assets	156	-	-	-	156
Segment liabilities	683	144	1,137	-	1,964

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	Loan financing S\$'000	Total S\$'000
For the six months ended 30 June 2022					
Asia Pacific, excluding PRC	122	183	54	-	359
People's Republic of China ("PRC")	4,654	-	-	102	4,756
European countries	622	-	-	-	622
	<u>5,398</u>	<u>183</u>	<u>54</u>	<u>102</u>	<u>5,737</u>
For the six months ended 30 June 2021					
Asia Pacific, excluding PRC	296	211	83	-	590
People's Republic of China ("PRC")	16,865	-	-	-	16,865
	<u>17,161</u>	<u>211</u>	<u>83</u>	<u>-</u>	<u>17,455</u>

For Watches, 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	
	2022	2021
	S\$'000	S\$'000
Other operating income		
Foreign exchange gain, net	-	48
Share of profit from associates	50	-
Other income	123	65
Expenses		
Interest expenses	133	2
Depreciation of plant and equipment	117	35
Foreign exchange loss, net	84	-

6.2 Related party transactions

	For the six months ended 30 June	
	2022	2021
	S\$'000	S\$'000
Rental expenses payable to an associated company	52	52
Rental income from a company whereby the company is owned by the Executive Director of the Company	59	-
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 six months ended 30 June	
	2022	2021
	S\$'000	S\$'000
Current income tax expenses	-	-

8. Net asset value

	The Group		The Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	S\$	S\$	S\$	S\$
Net asset value (S\$'000)	7,346	9,129	(1,718)	(1,183)
Number of ordinary shares	2,993,532,545	2,993,532,545	2,993,532,545	2,993,532,545
Net asset value per ordinary share (cents)	0.25	0.30	(0.06)	(0.04)

9. Earnings per ordinary share

	Half Year Ended 30 June	
	2022	2021
	Cents	Cents
Loss attributable to owners of the Company (S\$'000)	(1,867)	(1,182)
Weighted average number of 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) (0.04)

10. Intangible assets

	The Group and the Company Website development S\$'000
At 31 December 2021	
Cost	-
Additions	799
Balance and net carrying amount as at 30 June 2022	799

As at 30 June 2022, intangible asset include website development for online trading in Korea of S\$799,444 (31 December 2021: Nil) which has started live. There were no indicators of impairment as at 30 June 2022.

The Group performed an impairment test for the website development costs for PDF software in December 2021. The recoverable amount of the website development costs for PDF software 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 2021. The website developments costs for PDF software was fully impaired as at the year ended 31 December 2021.

11. Plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to S\$156 thousand (30 June 2021: S\$156 thousand).

12. Inventories

	The Group	
	As at 30 June 2022 S\$'000	As at 31 December 2021 S\$'000
Consumables and parts	69	69
Trading inventories	4,075	5,588
	4,144	5,657

13. Trade and other receivables

	The Group		The Company	
	As at 30 June 2022 S\$	As at 31 December 2021 S\$	As at 30 June 2022 S\$	As at 31 December 2021 S\$
Trade receivables - third parties	5,858	5,554	12	536
Deposits	145	158	18	18
Prepayments	225	400	221	188
Other receivables - third parties	197	150	6	9
Loans to subsidiaries	-	-	23,445	23,445
Amounts due from an associated company	473	473	473	473
Amounts due from subsidiaries	-	-	1,825	1,511
	1,040	1,181	25,988	25,644
Less: Loss allowance on loan to a subsidiary	-	-	(23,445)	(23,445)
Less: Loss allowance on amounts due from an associated company	(473)	(473)	(473)	(473)
Less: Loss allowance on amounts due from subsidiaries	-	-	(1,511)	(1,511)
Less: Impairment loss on prepayments	(181)	(181)	(181)	(181)

	386	527	378	34
Total	6,244	6,081	390	570

14. Share Capital

	The Group and the Company			
	For the period ended 30 June 2022		For the period ended 30 June 2021	
	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 at as 30 June	2,993,532,545	53,665	2,993,532,545	53,665

The Company did not hold any treasury shares as at 30 June 2022 and 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

15. Trade and other payables

	The Group		The Company	
	As at 30 June 2022	As at 31 December 2021	As at 30 June 2022	As at 31 December 2021
	S\$	S\$	S\$	S\$
Trade payables - third parties	453	140	-	-
GST payables	-	-	-	-
	453	140	-	-
Other payables	1,924	1,069	403	182
Other payables – promissory notes	18,678	-	18,678	-
Accrued operating expenses	191	584	56	99
Accrued remuneration for former directors of the Company	110	110	110	110
Accrued remuneration for directors of the Company	1,092	1,092	1,030	1,030
Advances from directors of the Company	335	20	-	-
Deferred cash consideration	-	618	-	-
Amount due to subsidiaries	-	-	634	425
Amount due to an associated company	-	-	-	-
	22,330	3,493	20,911	1,846
Total	22,783	3,633	20,911	1,846

Group Borrowings

	As at 30 Jun 2022		As at 31 December 2021	
	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	52	-	57	-
Financial lease more than one year	35	-	54	-
Amount repayable after one year	2,610	-	-	-
Total	2,697	-	111	-

Details of any collateral

As at 30 June 2022, the lease of (i) S\$2,000 relates to a photocopier and (ii) S\$85,000 relates to a motor vehicle acquired under financial lease. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The Group has an unsecured 3rd party loan of S\$2.6 million under Billion Credit Financial Company Limited as at 30 June 2022.

16. Dissolution or acquisition of subsidiary

As announced on 12 January 2022, Sansim Cosmetics (H.K.) Limited (“Sansim”), a wholly owned subsidiary of Incredible Trading Limited which is a wholly owned subsidiary of the Company, has been dissolved on 7 January 2022.

As announced on 4 March 2022, the Company completed the acquisition of entire issued share capital in Billion Credit Financial Company Limited, for consideration of S\$1 million. Please refer to the announcement dated 4 March 2022 for details.

Purchase consideration	S\$
Issuance of promissory notes	1,000,000

As announced on 7 April 2022, the Company had completed the acquisition of 15% issued share capital in Gadmobee Group on 6 April 2022. Please refer to the announcement dated 6 April 2022 for details.

Purchase consideration	S\$
Issuance of promissory notes	3,119,584

As announced on 12 April 2022, the Company had completed the acquisition of 42% issued share capital in Golden Ultra Limited on 22 March 2022. Please refer to the announcement dated 12 April 2022 for details.

Purchase consideration	S\$
Issuance of promissory notes	14,558,059

17. 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 2022 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 decreased by approximately S\$11.7 million or 67.13% from S\$17.5 million in HY2021 to S\$5.7 million in HY2022. Revenue in the trading of watches decreased by 68.6% or S\$11.8 million from S\$17.2 million in HY2021 to S\$5.4 million in HY2022 due to increased Covid infections in Hong Kong after Chinese New Year, which lead to lower sales. Revenue in distribution business unit dropped by 19.39% or S\$57 thousand from S\$294 thousand in HY2021 to S\$237 thousand in HY2022. The decline in distribution business revenue was due to the absence of big projects in HY2022. There was revenue of S\$102 thousand from the loan financing business in Hong Kong after the completion of acquisition of Billion Credit Financial Company Limited on 4 March 2022.

The gross profit margin of the Group increased from 1.36% in HY2021 to 5.94% in HY2022. The gross profit margin in the trading of watches increased from 0.75% in HY2021 to 3.6% in HY2022 after adjustment of selling prices. The gross profit margin in distribution business unit decreased from 36.76% in HY2021 to 18.85% in HY2022 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\$104 thousand to S\$341 thousand in HY2022.

Other Operating Income

Other operating income increased from S\$65 thousand in HY2021 to S\$123 thousand in HY2022 mainly due to i) Circuit Breaker Job Support Scheme from the Singapore, and Hong Kong governments recording S\$35 thousand in HY2022 (HY2021: S\$17 thousand) and ii) rental income in Denmark of S\$ 59 thousand.

Selling and distribution expenses

Selling and distribution expenses increased from S\$14 thousand in HY2021 to S\$63 thousand in HY2022 due to hiring of selling and distribution personnel for the Singapore operations in HY2022.

Administrative Expenses

The increase in administrative expenses of S\$0.72 million from approximately S\$1.5 million in HY2021 to approximately S\$2.2 million in HY2022 was due to i) recruitment of additional staff for trading of watches business for the Singapore and Korean operations (S\$206 thousand); ii) consultancy fee in relation to the expansion of trading of luxury goods business, (S\$157 thousand); iii) increase of rent for new offices for subsidiaries incorporated or acquired in Singapore, Korea and Denmark (S\$154 thousand); iv) increase of depreciation relating to the renovation cost of a new store in Singapore (S\$82 thousand); v) increase of technical service expenses for watch trading operations (S\$64 thousand) and others.

Finance costs

Interest expenses increased by 6,550% from S\$2 thousand in HY2021 to S\$133 thousand in HY2022 mainly due to interest expenses on promissory note in relation to the acquisition of Billion Credit Financial Company Limited and interest expenses on the 3rd party unsecured loan payable under Billion Credit Financial Company Limited.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S\$82 thousand from S\$35 thousand in HY2020 to S\$117 thousand HY2022 due to additional plant and equipment purchased.

Share of profit of the associates

The Group completed the acquisition of Golden Ultra Limited and Gadmobee Group on 22 March 2022 and 6 April 2022 respectively. The Group's share of profit of the associates, recorded S\$42 thousand and S\$ 8 thousand for Golden Ultra Limited and Gadmobee Group respectively.

Income Tax Expenses

For HY2022, no provision for income tax was made for loss making companies.

Loss For The Period

The loss after tax increased by approximately S\$0.7 million mainly resulted from the increase in administrative expenses in HY2022.

Non-Current Assets

There was an increase in the non-current assets of the Group of approximately S\$20 million, mainly due to i) increase of investment in associates (Golden Ultra Limited and Gadmobee Group) of S\$17.8 million; ii) intangible asset of S\$0.8 million and iii) goodwill on acquisition of Billion Credit Financing Company Limited of S\$1.4 million.

Current Assets

The current assets of the Group decreased by approximately S\$0.2 million from S\$12.5 million as at 31 December 2021 to S\$12.3 million as at 30 June 2022.

Inventories decreased by approximately S\$1.6 million from S\$5.7 million as at 31 December 2021 to S\$4.1 million as at 30 June 2022. The decrease in inventories is due to the group not purchasing additional inventories near half year end due to inventory management purposes. On the other hand, the Group's cash and cash equivalents increased by approximately S\$1.1 million from S\$0.8 million as at 31 December 2021 to S\$1.9 million as at 30 June 2022. Please refer to cashflow position for more details on cash and bank balances.

The increase in trade receivables of approximately S\$0.3 million as at 30 June 2022 resulted from recent sales not yet collected from clients.

The drop in other receivables, deposits and prepayments by approximately S\$141 thousand is mainly due to the realisation of prepayment.

Current Liabilities

Current liabilities increased by approximately S\$19.1 million from S\$3.9 million as at 31 December 2021 to S\$23 million as at 30 June 2022. The increase in trade payables from S\$140 thousand as at 31 December 2021 to S\$453 thousand as at 30 June 2022 is mainly due to the outstanding balance to suppliers of the watches operation in HY2022.

The increase of S\$18.7 million in other payables and accruals from S\$3.5 million as at 31 December 2021 to S\$22.3 million as at 30 June 2022 was mainly due to the issuance of promissory notes for the acquisitions of Billion Credit Financial Company Limited, Golden Ultra Limited and Gadmobe Group during HY2022. As at 30 June 2022, other payable and accruals consisted of i) salaries/wages for staffs and directors' remuneration for past years (S\$0.5 million); ii) provision of audit fee for HY2022 (S\$55 thousand); iii) outstanding audit fee and related expenses for FY2021 (S\$124 thousand); iv) professional fee for FY2020, FY2021 & HY2022 (S\$223 thousand); v) consultancy fee for FY2021 and HY2022 (S\$505 thousand); vi) interest payables (S\$140 thousand); vii) rent for HY2022 (S\$92 thousand); viii) promissory notes issued in relation to the acquisition of HB 2021 Aps in FY2021 (S\$281 thousand); ix) other payables for various operating expenses (S\$559 thousand) and others.

Non-Current Liabilities

Non-current liabilities increased by S\$2.5 million mainly due to loan payables from an unsecured loan of S\$2.6 million which is utilized for the operation of loan financing business in Hong Kong under Billion Credit Financial Company Limited.

Working Capital

The net working capital decreased from S\$8.6 million as at 31 December 2021 to negative S\$10.7 million as at 30 June 2022 as a result of the increase in current liabilities by S\$19.1 million and decrease in current assets of S\$0.2 million as at 30 June 2022.

Cashflow Position

The Group has a negative cash flows before working capital changes of S\$1.6 million as at 30 June 2022 mainly due to loss before income tax of approximately S\$1.9 million and adjusted by non-cash items of i) depreciation of S\$117 thousand; ii) unrealised exchange loss of S\$84 thousand; iii) share of profit of associates of S\$50 thousand and iv) interest expenses of S\$133 thousand.

Net cash used in operating activities of approximately S\$0.7 million was mainly due to i) decrease in inventories of S\$1.5 million; ii) increase in trade and other receivables of S\$163 thousand million and iii) increase in trade and other payables of S\$0.4 million.

Net cash of S\$0.9 million was used in investing activities as at 30 June 2022 as a result of purchasing additional plant and equipment of S\$84 thousand and intangible asset relating to the website development in Korea of S\$0.8 million.

Net cash generated from financing activities of S\$2.7 million as at 30 June 2022 was due to i) inflow from loan payables of S\$2.6 million from loan financing business obtaining an unsecured 3rd party loan for the operations of the loan financing business in Hong Kong; ii) inflow from advances from a director of S\$0.4 million and iii) outflow from repayment of lease liabilities of S\$0.3 million.

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.

Trading of Watches

The Group expanded its' operations of trading of watches into Korea and Denmark in 2021. The watches 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

As announced on 4 March 2022, the Company acquired the entire issued share capital in Billion Credit Financing Company Limited, which is engaged in loan financing business in Hong Kong. The Group will seek opportunities to expand the loan financing business when deems fit in the next 12 months.

The Company has obtained a financial support letter 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. The Company intends to continue with its fund raising exercises once the Notice of Compliance (dated 27th June 2022) has been addressed.

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.

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 2022.

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	S\$'000	S\$'000	S\$'000
Funding the Financing Business	10	567	(567)	-	-
New Acquisitions	10	567	-	(567)	-

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	-	(5,673)	-

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.

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

	S\$'000
Professional fees	408
Website development expenses for PDF software	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 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%. 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 income is DKK50,000 per month from 1 January 2022 to 30 June 2022 and the total aggregate amount is DKK300,000 (or equivalent to approximately S\$59,000).

On 4 March 2022, the Company completed the acquisition of entire issued share capital in Billion Credit Financial Company Limited from the vendor, Great Winner Holdings Limited, which is wholly-owned by Mr Heilesen who is the Executive Director and controlling shareholder of the Company.

As announced on 12 April 2022, the Company had completed the acquisition of 42% issued share capital in Golden Ultra Limited on 22 March 2022. Golden Ultra Limited is wholly-owned by Mr Heilesen who is the Executive Director and controlling shareholder of the Company.

Both acquisitions have been approved by shareholders from the extraordinary general meeting on 7 February 2022.

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 2022 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: 11 August 2022

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.