



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 2023

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Condensed Interim Consolidated Statement of Profit or Loss

	Note	Group		Change %
		Half Year Ended 30 June		
		2023	2022	
		S\$'000	S\$'000	%
Revenue	5	1,001	5,737	(82.55)
Cost of Sales		(885)	(5,396)	(83.60)
Gross profit		116	341	(65.98)
Other operating income		89	123	(27.64)
Selling & distribution expenses		(16)	(63)	(74.60)
Administrative expenses		(1,471)	(2,185)	(32.68)
Finance costs		(140)	(133)	5.26
Share of profit of associates		145	50	190.0
Loss before income tax		(1,277)	(1,867)	(31.60)
Income tax expense		-	-	N/A
Loss for the period		(1,277)	(1,867)	(31.60)
Gross profit margin		11.59%	5.94%	
Other comprehensive loss:				
Currency translation differences arising from translation of financial statements of foreign associated company		437	84	420.24
Total comprehensive loss for the period attributable to owners of the Company		(840)	(1,783)	(52.89)

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		As at 30	As at 31	As at 30	As at 31
		Jun 2023	Dec 2022	Jun 2023	Dec 2022
		S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets					
Property, Plant and equipment	11	104	131	12	21
Investment in subsidiaries		-	-	1,010	1,010
Investment in associated companies		14,759	14,613	14,559	14,614
Other investment		3,152	3,152	3,152	3,152
Intangible assets	10	1,480	1,480	-	-
Deferred tax assets		38	38	-	-
Total non-current assets		19,533	19,414	18,733	18,797
Current assets					
Inventories	12	453	514	-	-
Trade and other receivables	13	5,636	4,443	634	647
Cash and cash equivalents		314	569	20	81
Total current assets		6,403	5,526	654	728
Non-current liabilities					
Lease obligations		(613)	(646)	-	-
Loan payables		(1,788)	(559)	-	-
Provision		(39)	(39)	-	-
Other payables		(10,482)	(10,482)	(10,482)	(10,482)
Total non-current liabilities		(12,922)	(11,726)	(10,482)	(10,482)
Current liabilities					
Trade and other payables	15	(7,759)	(5,936)	(4,116)	(3,823)
Lease liabilities		(168)	(227)	-	-
Loan payables		(622)	(1,746)	-	-
Total current liabilities		(8,549)	(7,909)	(4,116)	(3,823)
Net assets					
		4,465	5,305	4,789	5,220
Share capital	14	53,665	53,665	53,665	53,665
Foreign currency translation reserve		4	(433)	-	-
Fair value reserve		33	33	-	-
Accumulated losses		(49,237)	(47,960)	(48,876)	(48,445)
Total equity		4,465	5,305	4,789	5,220

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
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
Balance as at 1 Jan 2023		53,665	(433)	33	(47,960)	5,305
Loss for the period		-	-	-	(1,277)	(1,277)
Other comprehensive loss for the period		-	437	-	-	437
Total comprehensive loss for the period		-	437	-	(1,277)	(840)
Balance as at 30 Jun 2023		53,665	4	33	(49,237)	4,465

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

	Note	Share capital	Accumulated losses	Total Equity
<u>The Company</u>				
		S\$'000	S\$'000	S\$'000
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)
Balance as at 1 Jan 2023		53,665	(48,445)	5,220
Loss and total comprehensive loss for the period		-	(431)	(431)
Balance as at 30 Jun 2023		53,665	(48,876)	(4,789)

Condensed Interim Consolidated Statement Of Cash Flows

	Group	
	Half Year Ended 30 June 2023	2022
	S\$'000	S\$'000
<u>Cash flows from operating activities:</u>		
Loss before income tax	(1,277)	(1,867)
Adjustments for:		
Depreciation of property, plant and equipment	26	117
Unrealised exchange loss	5	84
Share of profit of associate	(145)	(50)
Interest expenses	140	133
Operating loss before working capital changes	(1,251)	(1,583)
Change in working capital:		
Inventories	61	1,514
Trade and other receivables	(1,193)	(163)
Trade and other payables	1,114	(441)
Currency translation adjustments	437	-
Cash used in operations	(832)	(673)
Interest paid	-	-
Net cash used in operating activities	(832)	(673)
<u>Cash flows from investing activities:</u>		
Purchase of plant and equipment	-	(84)
Purchase of intangible assets	-	(799)
Net cash used in investing activities	-	(883)
<u>Cash flows from financing activities:</u>		
Loan payables	-	2,610
Advances from a director	570	334
Proceeds from advances from an associated company	238	-
Interest paid	(140)	-
Repayment of lease liabilities	(92)	(258)
Net cash generated from financing activities	576	2,686
Net increase in cash and cash equivalents	(256)	1,130
Cash and cash equivalent at beginning of the period	569	815
Effect of exchange rate changes on cash and cash equivalent	1	(1)
Cash and cash equivalent at end of the period	314	1,944

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 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 six months ended 30 June 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 six months ended 30 June 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")

	6 months ended 30 June 2023					
	Luxury Goods S\$'000	Distribution S\$'000	Loan Financing S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	830	162	9	-	-	1,001
Segment profit/(loss)	(583)	(148)	(175)	(371)	-	(1,277)
Depreciation	(16)	-	-	(10)	-	(26)
Share of profit of associated companies	145	-	-	-	-	145
Segment assets	4,233	628	1,436	19,387	252	25,936
<i>Segment assets includes:</i>						
Investment in associated companies	-	-	-	14,759	-	14,759
Investment in financial assets	-	-	-	3,152	-	3,152
Segment liabilities	3,656	113	2,763	14,939	-	21,471

6 months ended 30 June 2022						
	Luxury Goods S\$'000	Distribution S\$'000	Loan financing S\$'000	Other S\$'000	Elimination S\$'000	Total S\$'000
Segment revenue	5,398	237	102	-	-	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

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	Total S\$'000
For the six months ended 30 June 2023				
Singapore	3	162	-	165
People's Republic of China ("PRC")	135	-	9	144
Denmark	692	-	-	692
	830	162	9	1,001
For the six months ended 30 June 2022				
Singapore	14	237	-	251
People's Republic of China ("PRC")	4,654	-	102	4,756
Korea	109	-	-	109
Denmark	621	-	-	621
	5,398	237	102	5,737

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

	For the six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
Other operating income		
Foreign exchange gain, net	-	-
Share of profit from associates	145	50
Other income	89	123
Expenses		
Interest expenses	140	133
Depreciation of plant and equipment	26	117
Foreign exchange loss, net	5	84

6.2 Related party transactions

	For the six months ended 30 June	
	2023	2022
	S\$'000	S\$'000
Rental expenses paid to a company whereby the Company is owned by the Executive Director of the Company	51	-
Rental income from a company whereby the company is owned by the Executive Director of the Company	29	59
Rental expenses paid to an associated company	27	52
Interest expenses accrued to a company whereby the Company is owned by the immediate family of the Executive Director of the Company	32	-
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	
	2023	2022
	S\$'000	S\$'000
Current income tax expenses	-	-

8. Net asset value

	The Group		The Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
	S\$	S\$	S\$	S\$
Net asset value (S\$'000)	4,465	5,305	4,789	5,220
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)	0.15	0.18	0.16	0.17

9. Earnings per ordinary share

	Half Year Ended 30 June	
	2023	2022
	Cents	Cents
Loss attributable to owners of the Company (S\$'000)	(1,277)	(1,867)
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")	(0.04)	(0.06)

10. Intangible assets

	The Group S\$'000
Goodwill arising on business combination	1,480
Balance and net carrying amount as at 30 June 2023 and 31 December 2022	1,480

11. Plant and equipment

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

12. Inventories

	The Group	
	As at 30 June 2023 S\$'000	As at 31 December 2022 S\$'000
Consumables and parts	110	106
Trading inventories	343	408
	453	514

13. Trade and other receivables

	The Group		The Company	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	S\$	S\$	S\$	S\$
Trade receivables - third parties	4,640	3,504	20	20
Refundable deposits	93	155	3	18
Prepayments	182	188	182	188
Other receivables - third parties	902	777	610	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
	1,650	1,593	20,253	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)
	996	939	614	627
Total	5,636	4,443	634	647

14. Share Capital

	The Group and the Company			
	For the period ended 30 June 2023		For the period ended 30 June 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 30 June	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 June 2023		
Warrants	2,693,670,727	2,693,670,727
As at 30 June 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 June 2023 and 30 June 2022.

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

15. Trade and other payables

	The Group		The Company	
	As at 30 June 2023	As at 31 December 2022	As at 30 June 2023	As at 31 December 2022
	S\$	S\$	S\$	S\$
Trade payables - third parties	733	157	-	-
GST payables	186	19	-	-
	<u>919</u>	<u>176</u>	<u>-</u>	<u>-</u>
Other payables and accruals	3,096	2,824	703	719
Advances to a director	1,601	1,031	865	702
Amount due to an associated company	2,143	1,905	2,064	1,905
Amount due to subsidiaries	-	-	484	497
	<u>6,840</u>	<u>5,760</u>	<u>4,116</u>	<u>3,823</u>
Total	7,759	5,936	4,116	3,823

Group Borrowings

	As at 30 Jun 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	-	622	-	1,746
Financial lease less than one year	168	-	227	-
Financial lease more than one year	613	-	646	-
Amount repayable after one year	-	1,788	-	559
Total	781	2,410	873	2,305

Details of any collateral

As at 30 June 2023, the lease of S\$32,000 relates to a motor vehicle acquired under financial lease. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. 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 was no dissolution or acquisition of subsidiary during the period.

17. Other information required by Appendix 7C of the Catalyst Rules

The condensed consolidated statement of financial position of Incredible Holdings Ltd. and its subsidiaries as at 30 June 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 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 experienced a significant decline of approximately S\$4.7 million or 82.55%, falling from S\$5.7 million in HY2022 to S\$1.0 million in HY2023. The significant decrease in sales was attributed to the intensified competition that emerged following the end of the COVID-19 pandemic. As businesses recovered and market conditions improved, numerous competitors re-entered the market, leading to a more crowded and competitive landscape.

Due to the decline in revenue, the Group experienced a decrease in gross profit of around S\$225,000 or 65.98%, falling from S\$341,000 in HY2022 to S\$116,000 in HY2023.

The Group's gross profit margin improved by approximately 5.65 percentage points, from 5.94% in HY2022 to 11.59% in HY2023. Specifically, the gross profit margin in the Luxury Goods segment increased from 3.6% in HY2022 to 8.6% in HY2023, following adjustments made to selling prices. Additionally, the gross profit margin in the Distribution segment rose from 18.85% in HY2022 to 21.29% in HY2023 due to cost of materials adjustments.

Other Operating Income

The decline in other operating income of S\$34,000 or 27.64% from S\$123,000 in HY2022 to S\$89,000 in HY2023 was primarily driven by the decrease in grants from the Singapore and Hong Kong governments in HY2023, specifically the Circuit Breaker Job Support Scheme, which was phased out due to the conclusion of COVID-related measures.

Selling and distribution expenses

The decrease in selling and distribution expenses of S\$47,000 or 74.6% from S\$63,000 in HY2022 to S\$16,000 in HY2023 was primarily a result of the reduction in selling and distribution personnel for the Singapore operations. In HY2023, there were layoffs of personnel involved in selling and distribution activities due to lower revenues, leading to a decrease in associated expenses.

Administrative Expenses

The decrease in administrative expenses of S\$714,000 or 32.68% from approximately S\$2.2 million in HY2022 to approximately S\$1.5 million in HY2023 was due to i) reduction of staff in Singapore and Korea offices of S\$340,000; ii) decrease in professional fee of S\$98,000 mainly due to the absence of corporate exercises conducted in HY2023; iii) decrease in depreciation of S\$91,000 due to the impairment loss on plant and equipment in FY2022; iv) decrease in computer expenses and office related expenses of S\$146,000; and v) decrease of rent and management fees of S\$39,000.

Finance costs

Interest expenses witnessed a S\$7,000 or 5.26% increase from S\$133,000 in HY2022 to S\$140,000 in HY2023 mainly due to interest expenses were accrued on a third party unsecured loan payable under Billion Credit Financial Company Limited.

Share of profit of the associates

The Group's share of profit from associates rose by S\$95,000 or 190% from S\$50,000 in HY2022 to S\$145,000 in HY2023, reflecting a significant increase in profitability as a result of the acquisition of CKLY Trading Limited on 22 March 2022.

Income Tax Expenses

No provision for income tax was allocated for loss-making companies in HY2023.

Loss For The Period

As a result of the aforementioned, the Group reported a loss for the period of \$1.3 million in HY2023 vis-à-vis a loss for the period of \$1.9 million in HY2022.

Non-Current Assets

The non-current assets of the Group experienced a slight increase from S\$19.4 million as of 31 December 2022, to S\$19.5 million as of 30 June 2023. This growth can be attributed mainly to the inclusion of profit sharing from an associated company, namely, Golden Ultra Limited.

Current Assets

The Group's current assets witnessed a rise of approximately S\$0.9 million, growing from S\$5.5 million as of 31 December 2022, to S\$6.4 million as of 30 June 2023.

Inventories declined by S\$61,000, from S\$514,000 as of 31 December 2022, to S\$453,000 as of 30 June 2023. This decrease was a result of the Group's decision to refrain from purchasing additional inventories towards the end of the half-year period, driven by inventory management objectives.

Conversely, the Group's cash and cash equivalents decreased from S\$569,000 as of 31 December 2022, to S\$314,000 as of 30 June 2023. For a detailed overview of the cash and bank balances, please refer to the cashflow position.

The rise in trade and other receivables, from S\$4.4 million as of 31 December 2022 to S\$5.6 million as of 30 June 2023, primarily stemmed from outstanding payments from clients for recent sales that had not yet been collected.

Current Liabilities

The Group's current liabilities experienced an increase of S\$0.6 million, from S\$7.9 million as of 31 December 2022, to S\$8.5 million as of 30 June 2023 as explained below.

The rise in trade payables to third parties of S\$0.6 million can be primarily attributed to the outstanding balance owed to suppliers of the watches operation in HY2023, causing trade payables to increase from S\$157,000 as of 31 December 2022, to S\$733,000 as of 30 June 2023.

The other payables and accruals increased by S\$0.3 million from S\$2.8 million as at 31 December 2022 to S\$3.1 million as at 30 June 2023. As at 30 June 2023, other payable and accruals consisted of i) salaries/wages for staffs and directors' remuneration for past years of S\$591,000; ii) provision of audit fee for FY2022 & HY2023 of S\$162,000; iii) professional fee for past years of S\$372,000; iv) consultancy fee for FY2021, FY2022 and HY2023 of S\$734,000; v) interest payables of S\$246,000; vi) promissory notes issued in relation to the acquisition of HB 2021 Aps in FY2021 of S\$281,000; vii) rent payable of S\$69,000 and viii) other payables for various operating expenses of S\$654,000.

The advances to a director increased by S\$0.6 million from S\$1.0 million as at 31 December 2022 to S\$1.6 million as at 30 June 2023 due to the financial support given for the Group's operations.

The amount due to an associated company increased by S\$0.2 million from S\$1.9 million as at 31 December 2022 to S\$2.1 million as at 30 June 2023.

The above was offset by:

The repayment of lease resulted in a decrease in lease liabilities from S\$227,000 as of 31 December 2022, to S\$168,000 as of 30 June 2023.

The reclassification of loan payables from current liabilities to non-current liabilities in HY2023 contributed to a decrease of S\$1.1 million in the balance from S\$1.7 million as of 31 December 2022, to S\$0.6 million as of 30 June 2023.

Non-Current Liabilities

The Group's non-current liabilities of the company increased by S\$1.2 million, from S\$11.7 million as of 31 December 2022 to S\$12.9 million as of 30 June 2023. This increase was primarily driven by the reclassification of a loan from current liabilities of S\$1.1 million to non-current liabilities. The reclassification was primarily due to the amount being repayable after one year as of 30 June 2023.

Working Capital

The net working capital increased by S\$0.3 million from negative S\$2.4 million as at 31 December 2022 to negative S\$2.1 million as at 30 June 2023 as a result of the increase in current assets by S\$0.9 million and an increase in current liabilities by S\$0.6 million as at 30 June 2023.

Cashflow Position

The Group has a negative cash flows before working capital changes of S\$1.3 million as at 30 June 2023 mainly due to loss before income tax of approximately S\$1.3 million and adjusted by non-cash items of i) depreciation of S\$26,000; ii) unrealised exchange loss of S\$5,000; iii) share of profit of associates of S\$145,000 and iv) interest expenses of S\$140,000.

Net cash used in operating activities of approximately S\$832,000 was mainly due to i) decrease in inventories of S\$61,000; ii) increase in trade and other receivables of S\$1.2 million, iii) increase in trade and other payables of S\$1.1 million and iv) currency translation adjustments of S\$437,000.

There were no investing activities during the period.

The net cash flow generated from financing activities as of 30 June 2023 amounted to S\$576,000, resulting from the following factors: i) advances from a director of S\$570,000, ii) loan interest paid of S\$140,000, and iii) S\$92,000 utilized for the repayment of lease liabilities and iv) proceeds from advances from an associated company of S\$238,000.

The cash and cash equivalents for the period decreased by S\$1.6 million to S\$314,000 compared to 31 December 2022.

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 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 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.

The Company has obtained a financial support letter dated 10th August 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 9th August 2024.

The Company intends to continue with its fund raising exercises once the Notice of Compliance (dated 27th June 2022) has been concluded and the resumption of trading follows.

Dividend

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

No.

(b) (i) Amount per share

Not applicable

(ii) Previous corresponding period (cents)

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 was in a loss making position for the six months period ended 30 June 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 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 S\$'000	Amount utilized as at the date of this announcement S\$'000	Balance 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 and the announcement on 21 June 2021.

An aggregate amount of approximately S\$1.4 million 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 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%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of the Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalyst ("Catalist Rules"). The total rental expenses paid in HY2023 was HK\$300,000 (equivalent to S\$51,000);

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%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of the Catalyst Rules. The rental income for HY2023 was DKK150,000 (equivalent to S\$29,000).

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 HY2023 was HK\$156,000 (equivalent to S\$27,000). 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\$32,000 was accrued to the Lender in HY2023.

The Group did not have interested person transactions 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”).

Upon completion of the Independent Review, 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.

Should the current auditor be 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 six months period ended 30 June 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 six months period ended 30 June 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 and Leung Kwok Kuen Jacob

Executive Director and Independent Non-Executive Chairman, Independent Director

Dated: 14 August 2023

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.