

INCREDIBLE HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
(Company Registration Number: 199906220H)

QUERIES FROM THE EXCHANGE IN RELATION TO THE PROPOSED ISSUANCE AND THE PROPOSED SUBSCRIPTION OF CONVERTIBLE BONDS

The Board of Directors of Incredible Holdings Ltd. (the “**Company**” and together with its subsidiaries the “**Group**”) refer to its earlier announcement 5 January 2022 titled (i) “Proposed issuance of perpetual bonds, perpetual convertible bonds and warrants” and (ii) “Proposed subscription of perpetual convertible bonds and warrants” (collectively, “**Proposed Transactions**” and the Previous Announcements).

Unless otherwise defined, the capitalized words and phrases used herein shall have the same meanings as ascribed to them in the Previous Announcements.

The Company has on 7 January 2022 received queries from the Singapore Exchange Securities Trading Limited (the “**Exchange**”) in relation to the Proposed Transactions and the responses are provided below.

1. It was disclosed that in both announcements that:

“The rationale for the Proposed Issuance / Proposed Subscription is for the Company to participate in the business growth and upside of the new and existing businesses of the Subscriber / Ntegrator, broaden and diversify the Group’s revenue streams and customer base by further co-operation with the Subscriber / Ntegrator to expand the new and existing business of the Company. ... The rationale for the Proposed Issuance and the Proposed Subscription is that the Company does not have to utilise its cash to subscribe for the Subscriber’s shares as a long-term investment.”

The Proposed Subscription is conditional upon the completion of the Proposed Issuance.

In Oct 2021, Ntegrator and Incredible acquired Golden Ultra and Gadmob Group jointly, with the same rationale as stated above.

(a) In view of the Proposed Issuance and Proposed Subscription both Ntegrator and Incredible, with similar board members in both listcos, similar businesses after the acquisitions, what is Mr Heilesen’s plans for both Ntegrator and Incredible in the long run?

Company’s Response:

The board of directors of the Company and Ntegrator has four (4) common directors, namely Mr Leung Kwok Kuen Jacob, Mr Christian Kwok-Leun Yau Heilesen, Mr Leung Yu Tung Stanley and Ms Zhou Jia Lin. The Company and Ntegrator nonetheless operate independently and separately from each other.

The Company and Mr Heilesen have plans to invest and improve the existing business of the Company by entering into mergers and acquisitions. For more information on the Board’s plans for the Company, kindly refer to the Company’s announcements dated 22 October 2021 and 2 November 2021.

The Company is not privy to plans on or for Ntegrator and therefore is unable to comment on this matter.

(b) Has the Company’s Board considered the rational for maintaining the two listcos given the similarities as stated above? Please elaborate on the Board’s considerations.

Company’s Response:

The Board is of the view that based on the facts and publicly available information shown in the annual reports of the Company and Ntegrator, the Company and Ntegrator have materially different management personnel and different operations which are separate from each other.

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(c) Will the Proposed Transactions pose “chain listing” concerns for Ntegrator and Incredible?

Company's Response:

As announced on 5 January 2022 titled “*The Proposed Subscription of Perpetual Convertible Bonds and Warrants in Ntegrator International Ltd. – Entry into Subscription Agreement*” under point (h) of section Representation from the Company, the Company will not convert the Ntegrator Perpetual Convertible Bonds and/or exercise the Ntegrator Warrants to the extent that would result in a very substantial acquisition or a reverse takeover by the Subscriber (i.e. the Company) under the Catalist Rules. Therefore, after the completion of Proposed Transactions, Ntegrator will not become a subsidiary of the Company.

For illustration purposes, assuming that the Company will not convert the Ntegrator Perpetual Convertible Bonds and exercise the Ntegrator Warrants to acquire shares which (taken together with shares held or acquired by persons acting in concert with it) carry 30% or more of the voting rights of the Ntegrator, the Company's 30% interest in Ntegrator's net assets will amount to S\$3.2 million which represents approximately 23.77% of the net assets of the Company of S\$13.7 million based on the half year financial announcements for the year ended 30 June 2021 of both companies. The Company's 30% interest in Ntegrator's net loss will amount to S\$0.1 million which represents approximately 6.93% of the net loss of the Company of S\$1.2 million. The Company is of the view that these percentages are not material to deem the assets and operations of Ntegrator to be substantially the same as those of the Company.

Furthermore, as stated in the response for query 1(b) above, the Company and Ntegrator have materially different management personnel and different operations which are separate from each other. Therefore, the Company is of the view that there is no chain listing concerns.

The Proposed Issuance and the Proposed Subscription (collectively, the “**Proposed Transactions**”) do not pose any “chain listing” concerns unless the Company increases its shareholding in Ntegrator to 30% or more, which would trigger a general offer pursuant to the Singapore Code on 13 Take-overs and Mergers (the “**Code**”). For the avoidance of doubt, pursuant to the Code, the obligation to make a general offer will be triggered when a party's shareholding crosses the 30% threshold.

d) Who are the parties representing Ntegrator and Incredibles respectively, in negotiations and deliberations on the Proposed Transactions?

Company's Response:

The chairman of the Audit Committee, Mr Leung Yu Tung Stanley and the management of the Company, together with the Board of Ntegrator, have been negotiating and deliberating on the Proposed Transactions.

2. Please provide the corporate structure (showing subsidiaries and associated companies in the respective Group in diagrammatic form) of each of Ntegrator and Incredible before and after the completion of the Proposed Transactions.

Company's Response:

The corporate structure of Incredible and Ntegrator remains unchanged before and after the completion of the Proposed Transactions as neither of them would become subsidiary of the other.

Hence, the Company will not be providing a diagrammatic form of the corporate structure.

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3. Please provide a table stating the shareholdings of the Board members, controlling shareholders, substantial shareholders and public in both Ntegrator and Incredible before and after the completion of the Proposed Transactions.

Company's Response:

	Before the completion of the Proposed Transaction		Scenario A ⁽¹⁾		Scenario B ⁽²⁾		Scenario C ⁽³⁾	
	Number of Shares	% ⁽⁴⁾	Number of Shares	% ⁽⁵⁾	Number of Shares	% ⁽⁶⁾	Number of Shares	% ⁽⁷⁾
<u>Directors of Incredible</u>								
Christian Kwok-Leun Yau Heilesen^{(8), (9)}	1,770,461,781	59.14	1,770,461,781	50.32	1,770,461,781	41.4	1,770,461,781	39.18
<u>Substantial Shareholders of Incredible</u>								
Mission Well Limited	1,709,659,281	57.11	1,709,659,281	48.59	1,709,659,281	39.98	1,709,659,281	37.84
Zhou Qilin	207,854,251	6.94	207,854,251	5.91	207,854,251	4.86	207,854,251	4.60
Ntegrator International Limited	-	-	525,000,000	14.92	1,282,942,519	30.0	1,525,000,000	33.75
Other Shareholders	1,076,019,013	35.95	1,076,019,013	30.58	1,076,019,013	25.16	1,076,019,013	23.81
Total	2,993,532,545	100	3,518,532,545	100	4,276,475,064	100	4,518,532,545	100

Notes:

- (1) Assuming that the Proposed Issuance was completed and 525,000,000 Conversion Shares were issued upon conversion of all of the Perpetual Convertible Bonds.
- (2) Assuming that the Proposed Issuance was completed and 525,000,000 Conversion Shares were issued upon conversion of all of the Perpetual Convertible Bonds and 757,942,519 Exercised Shares were issued upon exercise of all of the Warrants.
- (3) Assuming that the Proposed Issuance was completed and 525,000,000 Conversion Shares were issued upon conversion of all of the Perpetual Convertible Bonds and 1,000,000,000 Exercised Shares were issued upon exercise of all of the Warrants.
- (4) Based on the existing total issued share capital of Incredible (excluding treasury shares and subsidiary holdings) comprising 2,993,532,545 ordinary shares as at the date of this announcement.
- (5) Based on the enlarged total issued share capital of Incredible (excluding treasury shares and subsidiary holdings) comprising 3,518,532,545 ordinary shares assuming Scenario A.
- (6) Based on the enlarged total issued share capital of Incredible (excluding treasury shares and subsidiary holdings) comprising 4,276,475,064 ordinary shares assuming Scenario B.
- (7) Based on the enlarged total issued share capital of Incredible (excluding treasury shares and subsidiary holdings) comprising 4,518,532,545 ordinary shares assuming Scenario C.
- (8) Mr Christian Kwok-Leun Yau Heilesen is deemed to have an interest in 1,709,659,281 ordinary shares in Incredible held by Mission Well Limited and is deemed to have an interest in 60,802,500 ordinary shares in Incredible held by Christian Kwok-Leun Yau Heilesen Family Trust through HSBC (Singapore) Nominees Pte Ltd.
- (9) The effective interest of Christian Kwok-Leun Yau Heilesen is based on Christian Kwok-Leun Yau Heilesen's deemed interest through Mission Well Limited's direct interest of 11.7% of the total share capital of Ntegrator amounting to 1.75%, 3.51% and 3.95% for Scenario A, B and C respectively.

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As stated in the Company's response for the first query, the Company is not privy to matters relating to Ntegrator and therefore unable to comment on queries in relation to Ntegrator.

- (a) Will the controlling shareholder, Christian Kwok-Leun Yau Heilesen, effectively increase his shareholding in both Incredible and Ntegrator after the completion of the Proposed Transactions whilst the existing minority shareholders of both listcos be diluted?**

Company's Response:

After the completion of the Proposed Transactions, Christian Kwok-Leun Yau Heilesen's deemed interest in the Company will decrease as shown in the table above and highlighted in bold. Likewise, the existing minority shareholders of the Company's shareholding interest will also decrease as shown in the table above and highlighted in bold.

- (b) If (a) is true, please provide the views of Incredible's board (only directors who are not also on the board on Ntegrator) on why the Proposed Transactions are in the best interests of the Company and minority shareholders.**

Company's Response:

As shown in the table above and as mentioned in response to query 3(a) above, Christian Kwok-Leun Yau Heilesen's deemed interest in Incredible will decrease.

The Board member, Ms Eunice Veon Koh Pei Lee (who is the only director who is not also on the board of Ntegrator) ("Ms Koh") is of the view that the benefit for the Proposed Transactions will outweigh the dilution effect on the minority shareholders' interest as the Company intends i) to participate in the business growth and upside of the new and existing businesses of Ntegrator; ii) subscribe for Ntegrator's shares with zero (0) net fund flow impact to the Company; and iii) bring value to all of the shareholders of the Company.

- 4. What would be the full dilution to shareholders in each of Ntegrator and Incredible assuming completion of all the Proposed Transactions for both Ntegrator and Incredible?**

Company's Response:

Please refer to the table in query 3 for the full dilution impact on the shareholding interest of the shareholders of the Company under Scenario C.

The Company is not privy to matters relating to Ntegrator and is therefore unable to comment on queries in relation to Ntegrator.

- 5. With regards to the Proposed Issuance and Proposed Subscription of the perpetuals, please elaborate on how such instruments will be classified in each of Ntegrator's and Incredibles' financial statements. Have the respective companies sought clarification from its auditors on the accounting treatment?**

Company's Response:

As discussed with our auditors, the Perpetual Bonds and Perpetual Convertible Bonds and Warrants to be issued by the Company will be classified as a debt liability under non-current liabilities and the Ntegrator Perpetual Convertible Bonds and Ntegrator Warrants to be subscribed by the Company will be classified as a debt investment under non-current assets.

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As stated in the Company's response to the first query, the Company is not privy to the matters relating to Ntegrator and is therefore unable to comment on queries in relation to Ntegrator.

6. It was stated that Ntegrator is not an associate (as defined under the Catalist Rules) of Christian Kwok-Leun Yau Heilesen, a director of the Company and Mission Well Limited, a controlling shareholder of the Company. Accordingly, the Proposed Issuance and Proposed Subscription is not classified as an interested person transaction under Chapter 9 of the Catalist Rules.

Given that:

- (i) Christian Kwok-Leun Yau Heilesen is:
- An executive director and substantial shareholder / single largest shareholder of Incredible (currently holding 59%), and
 - An executive director and controlling shareholder / single largest shareholder of Ntegrator (currently holding 11.7%).
- (ii) There are 3 common directors between Incredible and Ntegrator.
- (iii) Incredible is issuing perpetual bonds, perpetual convertible bonds and warrants to raise approx. S\$10.6m:
- Intended use of proceeds is to use 100% of S\$10.6m raised to subscribe for perpetual convertible bonds to be issued by Ntegrator.
 - Ntegrator is the subscriber and total value to be paid is approx. S\$10.6m.
 - Incredible is distributing 9.9 billion Ntegrator warrants (free) to Incredible's shareholders, leaving Incredible with 100m Ntegrator warrants.
 - Effectively, Ntegrator is paying S\$10.6m to Incredible for them to increase their stake in Ntegrator. In addition, Ntegrator also increases its stake in Incredible.
- (iv) Ntegrator is issuing perpetual convertible bonds and warrants to raise approx. S\$42.28m:
- Intended use of proceeds is to use S\$25.6m to subscribe for perpetual convertible bonds, perpetual bonds and shares of Incredible.
 - Incredible is the subscriber for the perpetual convertible bonds and warrants issued by Ntegrator totaling approx. S\$9.33m.

Effectively, based on the use of proceeds as disclosed in Incredible's announcement, Incredible is paying S\$9.33m to Ntegrator for them to increase their stake in Incredible. In addition, Incredible also increases its stake in Ntegrator.

Queries:

- (a) Given the above, why are the Proposed Issuance and Proposed Subscription *in substance*, not an IPT?

Company's Response:

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As stated in the announcement date 5 January 2022, Ntegrator is not an associate (as defined under the Catalist Rules) of Christian Kwok-Leun Yau Heilesen (“**Mr Heilesen**”), a director of the Company and Mission Well Limited, a controlling shareholder of the Company. Mr Heilesen is deemed interested in the shares held in Ntegrator through Mission Well Limited, representing approximately 11.7% of the total issued share capital of Ntegrator. Mr Heilesen is the sole shareholder and sole director of Mission Well Limited. Accordingly, the Proposed Subscription is not classified as an interested person transaction under Chapter 9 of the Catalist Rules.

Notwithstanding the above, an independent financial adviser will be appointed to advise the Board in connection with the Proposed Transactions. The Board will obtain an opinion from the independent financial adviser before forming its view on the Proposed Transactions. A circular containing the opinion of the independent financial adviser and the opinion of the Board on whether the Proposed Transactions are on normal commercial terms and whether the Proposed Transactions are prejudicial to the interests of the Company and its minority shareholders under Chapter 9 of Catalist Rule will be sent to shareholders of the Company in due course to provide shareholders with an opportunity to vote on the resolution in relation to the Proposed Transactions as interested person transaction under Chapter 9 of the Catalist Rules at the extraordinary general meeting to be held.

(b) Please provide the sponsor’s views as to whether the Proposed Issuance and Proposed Subscription are *in substance*, an IPT?

Company’s Response:

As stated in the announcement date 5 January 2022, Ntegrator is not an associate (as defined under the Catalist Rules) of Christian Kwok-Leun Yau Heilesen (“**Mr Heilesen**”), a director of the Company and Mission Well Limited, a controlling shareholder of the Company. Mr Heilesen is deemed interested in the shares held in Ntegrator through Mission Well Limited, representing approximately 11.7% of the total issued share capital of Ntegrator. Mr Heilesen is the sole shareholder and sole director of Mission Well Limited. Accordingly, the Proposed Subscription is not classified as an interested person transaction under Chapter 9 of the Catalist Rules.

We noted that the Company will obtain shareholders’ approval for the Proposed Issuance and Proposed Subscription under Chapter 9 of the Catalist Rules pursuant to the queries of SGX-ST.

(c) Please provide the views and considerations by Incredible’s board (only directors who are not also on the board on Ntegrator) on the valuation / prospects of Ntegrator, prior to the proposed issuances and subscriptions of both entities. Will Incredible be conducting a valuation of Ntegrator?

Company’s Response:

The rationale of the Proposed Transactions is for the Company to participate in the business growth and upside of the new and existing businesses of Ntegrator.

Incredible will not conduct a valuation on Ntegrator. Ms Koh is of the view that given that Ntegrator is listed on the Exchange, its financial information and prospects are publicly available through the announcements and annual reports which can be accessed on SGXNet. Furthermore, the Ms Koh is of the view that the valuation of Ntegrator based on the current market price as traded on the Singapore Exchange would suffice given the circumstances as stated.

(d) Please provide the views and confirmation by Incredible’s board (only directors who are not also on the board on Ntegrator) – on whether it is in the best interests of the Company and minority shareholders that in (iv) above, effectively, Incredible is paying Ntegrator S\$9.33m for Ntegrator to increase its stake in Incredible.

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Company's Response:

Ms Koh (who is the only director who is not also on the board of Ntegrator) is of the view that the benefits for the Proposed Transactions will outweigh the dilution effect on the minority shareholders' interest as the Company intends i) to participate in the business growth and upside of the new and existing businesses of Ntegrator; ii) subscribe for Ntegrator's share with zero (0) net fund flow impact on the Company and iii) bring value to all of the shareholders of the Company.

7. What would be the net fund flow impact to each of Ntegrator and Incredible after the Proposed Transactions?

Company's Response:

Pursuant to the Proposed Transactions, there will be zero (0) net fund flow impact on the Company as the Company will not be required to utilise its cash to subscribe for the Ntegrator's shares as a long-term investment.

The Board is of the view the Proposed Transactions would foster closer cooperation between the Company and Ntegrator, without utilising its cash resources, while enjoying the future growth of Ntegrator.

As stated in the Company's response for the first query, the Company is not privy to matters relating to Ntegrator and is therefore unable to comment on queries in relation to Ntegrator.

8. Please explain why, Ntegrator announced that Incredible will be subscribing to S\$10.6m

Company's Response:

As stated in the Company's response for the first query, the Company is not privy to matters relating to Ntegrator and therefore is unable to comment on queries in relation to Ntegrator.

By Order of Incredible Holdings Ltd.

Leung Kwok Kuen Jacob
Independent Non-Executive Chairman and Independent Director
11 January 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.