

ENTRY INTO OF SHARE SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL BY INCREDIBLE HOLDINGS LTD., OF THE ENTIRE SHARE CAPITAL IN LUXURY WATCH TRADING LIMITED

The Board of Directors of Incredible Holdings Ltd. (the “**Company**” and together with its subsidiaries the “**Group**”) wishes to announce that the Company entered into a share sale and purchase agreement with Christian Kwok-Leun Yau Heilesen (the “**Purchaser**”) who is the Executive Director of the Company and the controlling shareholder of the Company on 19 December 2019 (the “**Share Sale and Purchase Agreement**”) for the sale of the entire share capital in Luxury Watch Trading Limited (“**LW**”) to the Purchaser (the “**Proposed Disposal**”).

LW is a company with limited liability, incorporated in the Hong Kong SAR on 23 December 1998. LW has an existing registered capital of HKD10,000, 100% of which is held by the Company. LW ceased operation since 2017.

For the financial year ended 31 December 2018 (“**FY2018**”), LW recorded nil revenue and profit before tax of approximately S\$4.98 million (due mainly to write back intercompany balance which the Company deems it as an extraordinary item). As at 31 December 2018, LW was in net tangible liabilities position of approximately S\$5.06 million (due mainly to amount due to the Company). For the six months period ended 30 June 2019 (“**HY2019**”), LW did not record any revenue and incurred loss after tax of approximately S\$9 thousand. As at 30 June 2019, LW was in net tangible liabilities position of approximately S\$5.04 million (due mainly to amount due to the Company).

Consideration of the Proposed Disposal

The consideration of the Proposed Disposal (“**Consideration**”) will be HKD1.00, payable by the Purchaser to the Company by cash upon completion. The Consideration was arrived after arms’ length negotiations between the Company and the Purchaser on a willing seller and willing buyer basis and taking into consideration the negative net tangible liabilities position of LW. No valuation was conducted in relation with the Proposed Disposal. The Proposed Disposal is expected to result in a net gain of approximately S\$12 thousand.

Material Conditions precedent attached to the Proposed Disposal

- (a) The audited accounts of LW for the financial year ended 31 December 2018 and the management accounts of LW made up to 30 November 2019 to be delivered to the Purchaser within 7 working days of the request by the Purchaser.
- (b) The Purchaser conducting and completing its due diligence on LW within 7 days from the date of the Share Sale and Purchase Agreement, and satisfying itself (such satisfaction not to be unreasonably denied or withheld) that there will be no material adverse changes from what was represented by the Company in the Share Sale and Purchase Agreement;
- (c) The Company delivering to the Purchaser the management accounts of LW updated up to seven (7) days before the Completion Date, not less than 48 hours before the time of Completion; and
- (d) The Purchaser paying the Shares Consideration to the Company in the manner and at the time agreed upon in the Share Sale and Purchase Agreement.

Completion

Completion of the Proposed Disposal shall take place on the later of 31 December 2019 or after the approval from SGX (“**Completion Date**”) after the Conditions Precedent shall have been fulfilled.

Rationale of the Proposed Disposal

The Proposed Disposal is carried out so as to focus the Group’s resources on its scalable core business, being the distribution of consumable material for electronics industry and trading of luxury goods and part of its efforts

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to rationalize and streamline the Group's corporate structure. The trading of luxury goods is operated by Vashion Group (HK) Holdings Limited and not LW. Taking into consideration (a) LW ceased operation since 2017, (b) LW's net tangible liabilities position of approximately S\$5.04 million as at 30 June 2019, the Board has taken the advice of the Management and agreed that the Proposed Disposal would be in the best interest of the Group.

Financial effects of the Proposed Disposal

The pro forma financial effects of the Proposed Disposal on the Group set out below are for illustrative purposes only and are therefore, not indicative of the actual financial performance or position of the Group. The financial effects set out below have been prepared based on the audited consolidated financial statements of the Group for FY2018 and unaudited consolidated financial statements of the Group for HY2019 and on the following basis:

- (i) the effect of the Proposed Disposal on the earnings per share ("EPS") or losses per share ("LPS") of the Group is based on the assumption that the Proposed Disposal had been effected at the beginning of FY2018 (being 1 January 2018) and HY2019 (being 1 January 2019); and
- (ii) the effect of the Proposed Disposal on the consolidated net tangible assets("NTA") per share of the Group shown below is based on the assumption that the Proposed Disposal had been effected at the end of FY2018 (being 31 December 2018) and HY2019 (being 30 June 2019).

EPS/(LPS)

The effects of the Proposed Disposal on the EPS/(LPS) of the Group for FY2018 and HY2019 are as follows:-

	Before the Proposed Disposal	After the Proposed Disposal
FY2018		
Net profit/(loss) after tax (S\$'000)	(1,934)	(1,855)
EPS/(LPS) (cents) ⁽¹⁾	(0.20)	(0.19)
HY2019		
Net profit/(loss) after tax (S\$'000)	(1,000)	4,053
EPS/(LPS) (cents) ⁽²⁾	(0.08)	0.34

Notes:-

(1) The EPS or LPS is calculated by dividing the net loss after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue of 991,035,662.

(2) The EPS or LPS is calculated by dividing the net loss after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue of 1,199,375,920.

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(b) NTA

The effects of the Proposed Disposal on the NTA per share of the Group as at 31 December 2018 and 30 June 2019 are as follows:-

	<u>Before the Proposed Disposal</u>	<u>After the Proposed Disposal</u>
<u>FY2018</u>		
NTA (S\$'000)	6,200	11,243
NTA per share (cents) ⁽¹⁾	0.52	0.94
<u>HY2019</u>		
NTA (S\$'000)	5,189	10,233
NTA per share (cents) ⁽¹⁾	0.43	0.85

Notes:-

⁽¹⁾ NTA per share is calculated based on 1,199,375,920 ordinary shares outstanding as at 31 December 2018 and 30 June 2019.

No person is proposed to be appointed as a Director of the Company or any of its subsidiaries in connection with the Proposed Disposal.

Relative Figures under Rule 1006 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") Section B: Rules of Catalyst ("Catalist Rules")

For the purposes of Chapter 10 of the Catalyst Rules, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalyst Rules based on the latest announced consolidated financial statements of the Group for HY2019 are as follows:

Rule 1006	Proposed Disposal of LW	%
(a)	The net asset value of the assets to be disposed of compared with the group's net asset value.	-97.19% ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed compared with the Group's consolidated net profits.	0.91% ⁽²⁾
(c)	The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.0% ⁽³⁾⁽⁴⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves.	Not Applicable

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Notes:

- (1) LW is at net liabilities position of approximately S\$5.04 million as at 30 June 2019, while the Group is in net asset position of approximately S\$5.2 million as at 30 June 2019.
- (2) The net profits used for the computation is taken from the loss before income tax, minority interests and extraordinary items. The Group and LW recorded pre-tax loss of approximately S\$1 million and S\$9 thousand respectively in HY2019.
- (3) The market capitalization has been computed based on the Company's issued Share capital comprising 299,843,943 Shares and the weighted average price for the Company's shares on 18 December 2019, being the last trading day preceding the date of the Share Sale and Purchase Agreement, of S\$0.008 per Share.
- (4) Based on the exchange rate of S\$1: HK\$5.7439 as at 18 December 2019.

As the relative figure for Rule 1006(a) is a negative figure, the Company will, pursuant to Rule 1007(1) of the Catalyst Rules, consult the SGX-ST, through its Sponsor, on the applicability of Chapter 10 of the Catalyst Rules on the Proposed Disposal. The Company will update shareholders of the Company in due course.

Arbitration Awards Against Luxury Watch Trading Limited

On 17 January 2018, Luxury Watch Trading Limited ("**LW**") received the following arbitration orders from Shenzhen Arbitration Commission:

- (a) Charge for repayment of RMB10,490,000 (principal amount of RMB 5,500,000 and interest and related expenses of RMB4,990,000) to Mr Poon;
- (b) Charge for repayment of RMB 12,370,500 (principal amount of RMB 6,500,000 and interest and related expenses of RMB5,870,500) to Mr Poon; and
- (c) Charge for repayment of RMB2,152,200 (principal amount of RMB1,000,000 and interest and related expenses of RMB1,152,200) to Mr Fong,

(collectively, the "**Arbitration Orders**").

LW entered into guarantee agreements dated 14 November 2012, 20 November 2012 and 25 March 2013 (collectively, the "**Guarantee Agreements**") with the borrower, Raymond Fu Ngai Man, who was the former general manager of Shenzhen Louis Gianni Costume Co. Ltd and the lenders, 潘少斌 ("**Mr Poon**") and 方國釗 ("**Mr Fong**"). In the event of default in payment by the borrower, LW would be liable to make repayment to the Lenders.

The directors of LW were not aware of the existence of the Guarantee Agreements and none of the directors of LW have entered into and/or have authorised any person to enter into the Guarantee Agreements.

The arbitration proceedings to determine the above Arbitration Orders was held on 7 February 2018.

On 17 May 2018, LW received the following Arbitral Award made against LW:

- (a) LW was awarded to the charge for repayment of RMB10,490,000 (principal amount of RMB 5,500,000 and interest and related expenses of RMB4,990,000) to Mr Poon;
- (b) LW was awarded to the charge for repayment of RMB 12,370,500 (principal amount of RMB 6,500,000 and interest and related expenses of RMB5,870,500) to Mr Poon; and
- (c) LW was awarded to the charge for repayment of RMB2,152,200 (principal amount of RMB1,000,000 and interest and related expenses of RMB1,152,200) to Mr Fong,

(collectively, the "**Arbitral Awards**").

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The repayment of the amount awarded under the Arbitral Awards were due in 10 days from the date of the Arbitral Awards dated 8 May 2018. The amounts are currently outstanding as of the date of this announcement.

LW and the Company are separate legal entities. The liability of the Company, being the sole shareholder of LW in the event of the winding-up of LW, will be capped to the amounts of capital contributed. Based on the legal advice obtained, the Company cannot, *inter-alia* be held liable in law for the sums in the Award. Furthermore the Directors confirm that there are no obligations or contractual or regulatory requirement for the Company or any of its other subsidiaries to fulfil or indemnify any obligations or owings of LW.

The aforementioned arbitration has no impact (i.e the Company is not liable for the Arbitral Awards) to the Company in view of the proposed disposal.

INTERESTED PERSON TRANSACTIONS

Christian Kwok-Leun Yau Heilesen is the Executive Director of the Company and controlling shareholder of the Company with 29.99%. Accordingly, 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”). Based on the latest audited consolidated financial statement of the Group for the financial year ended 31 December 2018, the net tangible assets of the Group was approximately S\$6.2 million.

Pursuant to Rule 915(3), Rule 915 (1) and (2) does not apply to any transaction below \$100,000.

As at the date of this announcement, save for the Share Sale and Purchase Agreement, the Company has not entered into any interested person transactions as defined in Chapter 9 of the Catalist Rules.

Interest of directors and controlling shareholders

Other than the Purchaser, none of the Directors and substantial shareholders of the Company has any interest, direct or indirect, in the above transaction, other than through their respective interest (if any) in the Company.

Directors' responsibility statement

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

Documents for inspection

Shareholders should note that a copy of the Share Sale and Purchase Agreement will be available for inspection during normal business hours at the Company’s registered office at 280 Woodlands Industrial Park, E5 #10-50, Harvest @ Woodlands, Singapore 757322 for three (3) months from the date of this announcement.

By Order of the Board

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

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Christian Kwok-Leun Yau Heilesen
Executive Director
19 December 2019

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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9886.