

# INCREDIBLE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)  
(Company Registration Number 199906220H)

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## RESPONSE TO QUESTIONS RECEIVED FROM A SHAREHOLDER IN RESPECT OF THE COMPANY'S ANNUAL GENERAL MEETING TO BE HELD ON 15 AUGUST 2023 ("AGM")

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The board of directors (the "**Board**") of Incredible Holdings Ltd. (the "**Company**") refers to the Notice of AGM dated 28 July 2023 and the annual report ("**AR2022**") to shareholders issued by the Company on 31 July 2023;

The Board would like to provide the Company's response to the questions raised by a shareholder as set out below.

### **1. The company has been unprofitable for more than 8 years and counting. When will the company finally turn profitable? Please detail and elaborate.**

Response:

The Board and management is unable to provide a precise period on when the Company is expected to return to profitability. In the last 2 years, management has sought to execute on its various revenue growth strategies and marketing campaigns and to drive the growth of the Group through various acquisitions and fundraising exercises which the Board believes will lead the Group to profitability in the long run.

### **2. What (concrete) steps are being taken to ensure that the company turns profitable? What efforts are made to reduce costs and wastages? What efforts are made to increase revenue? What efforts are made to improve margins? Please detail and elaborate.**

Response:

To increase revenues, reduce costs and wastages, and improve margins, the Company is focusing on the following factors:

- (1) Drive improvements in our luxury watch trading business;
- (2) Streamline our costs;
- (3) Optimise our corporate overheads to turnaround our financial performance;
- (4) Tap into the capital markets to raise funds for our working capital and business expansions needs;
- (5) Strengthen our balance sheet; and
- (6) Continue to hunt for more earnings accretive acquisitions.

The Board and management are of the view that the Company's recent acquisitions to expand its trading of watches business into the retail sector and to more geographical areas will improve the financial performance of the Group.

### **3. The company was issued a Notice of Compliance by SGX Regco on 27 Jun 2022. More than one year has since passed, but the independent review is still ongoing. Why is the review taking so long? Please explain and elaborate.**

Response:

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**"). The scope of the Independent Review includes

reviewing and assessing the circumstances that led to these transactions and corporate actions, whether these transactions and corporate actions were entered into on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders, whether the transactions and corporate actions make commercial sense and how these transactions and corporate actions, if undertaken, will support each of the Company's and Ntegrator Holdings Limited's goals and plans. As the Independent Review entails various acquisitions and fundraising exercises and involves two companies, it understandably will take time to complete. The Company will make further announcements to update shareholders as and when there are material developments on this matter, including key findings of the Independent Review where appropriate.

**4. As per the auditor disclaimer, I note that the company incurred significant website development costs.**

**"As disclosed in Note 13(a) to the financial statements, the cost of the Group's website development costs amounted to \$1,678,304 (2021: \$1,274,814) as at 31 December 2022. During the financial year, management performed an impairment assessment to determine the recoverable amount of the website development costs. An impairment loss of \$403,490 (2021: \$1,274,814) was recognised to write down the website development costs to the recoverable amount of \$nil in the Group's financial statements"**

**Who are we paying to develop the website? Please identify the name of the company and the individual(s) concerned.**

**Why are the website development costs so expensive? Please explain and elaborate.**

**Can you provide the link for the website?**

**Could you at least provide a preview or sneak peek of the website to shareholders?**

**Why did the auditor write down the website development costs to the recoverable amount of \$nil? This seems to indicate that the website has been a waste of money. If so, who and why did the company management approve the development of the website? Please detail and elaborate.**

Response:

To maintain its' competitive advantage pertaining to its choice of vendor for the website development, the Company will not be disclosing the identity of the company or individual(s) concerned.

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. As the website is currently not in use and will only be launched in 2024, the management is not able to provide sufficient information on the appropriateness of the carrying value of the website development costs and has decided to make full impairment of S\$1,274,814 to the remaining carrying value of the website development costs in FY2021. As such, there will not be a link or preview to the website.

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. As such, there will not be a link or preview to the website.

Website development involving complex e-commerce platforms with advanced functionalities, user accounts, payment gateways, and integrations with other systems requires more time and effort to develop, which increases the overall cost.

**5. The market capitalization of the company is around 6 million SGD (based on last traded price). The CEO of the company is paid more than 500k (534k to be exact).**

**Can the remuneration committee justify the high salary of the CEO when the company recorded yet another year of losses, more than 8 years of losses? Please explain and elaborate.**

**Can the remuneration committee justify the high salary of the CEO when the company has only a market capitalization of around 6 million SGD (based on last traded price)? Please explain and elaborate.**

**I would like to suggest the CEO to lead by example and draw minimal pay until the company turns a profit.**

Response:

The remuneration committee ("RC") considers industry benchmarks and norms to determine the Executive Director's ("ED") salary. The Group operates in a highly competitive industry where attracting and retaining top executive talent is challenging, therefore, the RC views the higher salary as necessary to secure competent leadership.

The RC has considered the ED's qualifications, experience, and track record when justifying his salary. The ED possesses specialized skills, industry knowledge and a successful track record of leading companies through challenging times. As such, the RC is of the view that the ED's compensation reflects the value he will bring to the Company in the long run.

The RC also considered the ED's role in driving the Company's long-term strategy and investment decisions. The ED is responsible for making strategic changes and exploring new markets to drive future profitability and therefore his compensation provides an incentive for taking calculated risks and pursuing long-term growth.

**By Order of the Board  
Incredible Holdings Ltd.**

Christian Kwok-Leun Yau Heilesen  
Executive Director

10 August 2023

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*This announcement has been reviewed by the Company's Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

*The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.*