

Circular dated 14 January 2022

This Circular is important and requires your immediate attention. Please read it carefully.

If you are in doubt about its contents or the action that you should take, you should consult your stockbroker, bank manager, solicitor, accountant, tax adviser or other independent professional adviser immediately.

If you have sold or transferred all your ordinary shares in the share capital of Incredible Holdings Ltd. (the “**Company**”), you should forward this Circular together with the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or the transferee or to the stockbroker, bank or agent through whom the sale or transfer was effected for onward transmission to the purchaser or the transferee.

This Circular has been prepared by the Company and its contents have been reviewed by Hong Leong Finance Limited (the “**Sponsor**”) for compliance with the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalyst. This Circular has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

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.



Incredible Holdings Ltd.

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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

- (1) THE PROPOSED ACQUISITION OF BILLION CREDIT FINANCIAL COMPANY LIMITED;**
- (2) THE PROPOSED ACQUISITION OF GOLDEN ULTRA LIMITED; AND**
- (3) THE PROPOSED DIVERSIFICATION INTO THE E-COMMERCE BUSINESS**

Independent Financial Adviser in relation to the Proposed Acquisition of Billion Credit Financial Company Limited and the Proposed Acquisition of Golden Ultra Limited



W Capital Markets Pte. Ltd.

(Incorporated in the Republic of Singapore)
(Company Registration Number 201813207E)

Important Dates and Times:

Last date and time for lodgement of Proxy Form : 4 February 2022 at 12.00 p.m. (Singapore Time)

Date and time of Extraordinary General Meeting : 7 February 2022 at 12.00 p.m. (Singapore Time)

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CORPORATE INFORMATION

Board of Directors	: Leung Kwok Kuen, Jacob (Independent Non-Executive Chairman, Independent Director) Christian Kwok-Leun Yau Heilesen (Executive Director) Zhou Jia Lin (Non-Executive Non-Independent Director) Eunice Veon Koh Pei Lee (Independent Director) Leung Yu Tung Stanley (Independent Director)
Company Secretary	: Foo Soon Soo
Registered Office	: 280 Woodlands Industrial Park E5 #10-50 Harvest @ Woodlands Singapore 757322
Share Registrar and Share Transfer Office	: KCK Corpserve Pte. Ltd. 24 Raffles Place #07-07 Clifford Centre Singapore 048621
Sponsor	: Hong Leong Finance Limited 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581
Auditors	: Baker Tilly TFW LLP 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778
Legal Adviser to the Company on Singapore Law for:	: Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
(a) The Proposed Acquisition of Billion Credit Financial Company Limited	
(b) The Proposed Acquisition of Golden Ultra Limited	
(c) The Proposed Diversification into the E-Commerce Business	

DEFINITIONS

In this Circular, the following definitions apply throughout unless the context requires otherwise or unless otherwise stated:

- “associate” : (a) In relation to any director, chief executive officer, substantial shareholder or controlling shareholder (being an individual) means:
- (i) his immediate family;
 - (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and
 - (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and
- (b) In relation to a substantial shareholder or a controlling shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
- “Audit Committee” : The audit committee of the Company comprising Mr Leung Yu Tung Stanley (Chairman), Mr Leung Kwok Kuen Jacob and Ms Zhou Jia Lin
- “Billion Credit Consideration” : Consideration of HK\$5.8 million (equivalent to approximately S\$1 million) which shall be paid to the Billion Credit Vendor:
- (a) by way of Promissory note with 8% interest rate per annum; or
 - (b) such other payment method as the Company and the Billion Credit Vendor may agree in writing.
- Further details on the Billion Credit Consideration are set out in **Section 2.6** of this Circular.
- “Billion Credit IFA Letter” : The letter dated 14 January 2022 issued by the IFA containing the opinion of the IFA on whether the Proposed Acquisition of Billion Credit is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders as set out in **Appendix B** to this Circular
- “Billion Credit Independent Valuer” : Peak Vision Appraisals Limited
- “Billion Credit Promissory Note” : The promissory note to be issued by the Company as payment of the Billion Credit Consideration in relation to the Proposed Acquisition of Billion Credit
- “Billion Credit Recommending Directors” : The Audit Committee of directors regarded as independent for the purposes of the Proposed Acquisition of Billion Credit, namely, Mr Mr Leung Yu Tung Stanley, Mr Leung Kwok Kuen Jacob and Ms Zhou Jia Lin
- “Billion Credit Sale Shares” : The 10,000 ordinary shares in Billion Credit, representing the 100% of the issued share capital of Billion Credit as at the Latest

DEFINITIONS

	Practicable Date, to be acquired by the Company pursuant to the Proposed Acquisition of Billion Credit
“Billion Credit SPA”	: The sale and purchase agreement dated 27 September 2021 entered into between the Company and the Billion Credit Vendor in relation to the Proposed Acquisition of Billion Credit
“Billion Credit Valuation Report”	: The valuation report issued by the Billion Credit Independent Valuer on 27 September 2021 in relation to the valuation of the 100% equity interest of Billion Credit as set out in Appendix A to this Circular.
“Billion Credit Vendor”	: Great Winner Holdings Limited
“Board”	: The board of directors of the Company as at the date of this Circular or from time to time, as the case may be
“Catalist Rules”	: The SGX-ST Listing Manual Section B: Rules of Catalist, as may be amended, supplemented or modified from time to time
“Catalist”	: The sponsor-supervised listing platform of the SGX-ST
“CDP”	: The Central Depository (Pte) Limited
“Circular”	: This circular to Shareholders dated 14 January 2022 in relation to the Proposed Acquisition of Billion Credit, the Proposed Acquisition of Golden Ultra Limited and the Proposed Diversification into the E-Commerce Business
“Companies Act”	: The Companies Act 1967 of Singapore, as may be amended, supplemented or modified from time to time
“Company” or “Purchaser”	: Incredible Holdings Ltd.
“Constitution”	: The constitution of the Company, as may be amended, supplemented or modified from time to time
“controlling shareholder”	: A person who: (a) holds directly or indirectly 15% or more of the nominal amount of all voting shares in a company. The SGX-ST may determine that a person who satisfies this paragraph is not a controlling shareholder; or (b) in fact exercises control over a company
“Director”	: A director of the Company as at the date of this Circular or from time to time, as the case may be
“E-Commerce Business”	: The business of developing, operating and licensing e-commerce business, including but not limited to internet advertisement, payment systems and social media marketing, online e-commerce, applications and website development. For further details on the scope of the E-Commerce Business, please refer to Section 4.3 of this Circular.

DEFINITIONS

“EGM”	:	The extraordinary general meeting of the Company to be convened and held, notice of which is set out on page N-1 of this Circular
“EPS”	:	Earnings per Share
“FY”	:	Financial year ended or ending 31 December, as the case may be
“Group”	:	The Company and its subsidiaries collectively
“Golden Ultra Consideration”	:	Consideration of HK\$84 million (equivalent to approximately S\$14.6 million which shall be paid by the Company to Mr Heilesen: (a) by way of promissory note; or (b) such other payment method as the Company and Golden Ultra Vendor may agree in writing. Further details on the Golden Ultra Consideration are set out in Section 3.5 of this Circular.
“Golden Ultra IFA Letter”	:	The letter dated 14 January 2022 issued by the IFA containing the opinion of the IFA on whether the Proposed Acquisition of Golden Ultra Limited is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders as set out in Appendix D to this Circular
“Golden Ultra Independent Valuer”	:	FT Consulting Limited
“Golden Ultra Promissory Note”	:	The promissory note to be issued by the Company as payment of the Golden Ultra Consideration in relation to the Proposed Acquisition of Golden Ultra
“Golden Ultra Recommending Director”	:	The Special Committee (as defined in Section 3.14 of this Circular) regarded as independent for the purpose of the Proposed Acquisition of Golden Ultra Limited, namely, Ms Eunice Veon Koh Pei Lee
“Golden Ultra Sale Shares”	:	The 420 ordinary shares in Golden Ultra, representing 42% of issued share capital of Golden Ultra as at the Latest Practicable Date, to be acquired by the Company pursuant to the Proposed Acquisition of Golden Ultra
“Golden Ultra SPA”	:	The share purchase agreement dated 18 October 2021 entered into between the Company and the Golden Ultra Vendor in relation to the Proposed Acquisition of Golden Ultra
“Golden Ultra Valuation Report”	:	The valuation report issued by the Golden Ultra Independent Valuer on 18 October 2021 in relation to the valuation of the 100% equity interest of CKLY Trading Limited as set out in Appendix C to this Circular.
“Golden Ultra Vendor”	:	Mr Christian Kwok-Leun Yau Heilesen
“HK\$”	:	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“Hong Kong”	:	Hong Kong Special Administrative Region of the People’s Republic of China
“IFA”	:	W Capital Markets Pte. Ltd., the independent financial adviser, appointed by the Company to opine on whether the Proposed Acquisition of Billion Credit and the Proposed Acquisition of Golden Ultra Limited is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders
“Latest Practicable Date”	:	13 January 2022, being the latest practicable date prior to the issue of this Circular
“LPS”	:	Losses per Share
“Notice of EGM”	:	The notice of EGM which is set out on page N-1 of this Circular
“NTA”	:	Net tangible assets
“Ordinary Resolutions”	:	The ordinary resolutions as set out in the Notice of EGM
“Proposed Acquisition of Billion Credit”	:	The proposed acquisition of 10,000 ordinary shares in Billion Credit, representing 100% of the issued share capital of Billion Credit. Further details on the Proposed Acquisition of Billion Credit are set out in Section 2 of this Circular.
“Proposed Acquisition of Golden Ultra Limited”	:	The proposed acquisition of 420 ordinary shares in Golden Ultra, representing 42% of the issued share capital of the Golden Ultra. Further details on the Proposed Acquisition of Golden Ultra are set out in Section 3 of this Circular.
“Proxy Form”	:	The proxy form in respect of the EGM which is attached to this Circular
“Recommending Directors”	:	The Billion Credit Recommending Directors or the Golden Ultra Recommending Director, as may be applicable
“S\$” and “Singapore cents”	:	Singapore dollars and cents respectively, the lawful currency of Singapore
“Securities Accounts”	:	The securities accounts maintained by Depositors with CDP, but not including the securities accounts maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act 2001 of Singapore, as may be amended, supplemented or modified from time to time
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“Shareholders”	:	The registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” in relation to Shares held by CDP shall mean the persons named as Depositors in the Depository Register maintained by CDP and to whose Securities Accounts such Shares are credited

DEFINITIONS

“Shares”	:	Ordinary shares in the share capital of the Company
“Sponsor”	:	Hong Leong Finance Limited
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting Shares in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares in the Company
“%”	:	Per centum or percentage

The terms “Depositor”, “Depository Agent” and “Depository Register” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

The terms “associated company” and “subsidiary” shall have the same meanings ascribed to them in the Catalist Rules and the Companies Act, as the case may be.

Any reference in this Circular to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word or term defined under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof and used in this Circular shall, where applicable, have the same meaning ascribed to it under the Companies Act, the SFA, the Catalist Rules or any statutory modification thereof, as the case may be, unless the context requires otherwise.

Words importing the singular shall, where applicable, include the plural and *vice versa*, and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to “persons” shall, where applicable, include corporations.

Any reference to a time of day or date in this Circular shall be a reference to Singapore time and dates, unless otherwise stated.

Any discrepancies in the figures in this Circular between the listed amounts and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

LETTER TO SHAREHOLDERS



Incredible Holdings Ltd.

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

Board of Directors:

Leung Kwok Kuen, Jacob	(Independent Non-Executive Chairman, Independent Director)
Christian Kwok-Leun Yau Heilesen	(Executive Director)
Zhou Jia Lin	(Non-Executive Non-Independent Director)
Eunice Veon Koh Pei Lee	(Independent Director)
Leung Yu Tung Stanley	(Independent Director)

Registered Office:

280 Woodlands Industrial
Park
E5 #10-50
Harvest @ Woodlands
Singapore 757322

14 January 2022

To: The Shareholders of Incredible Holdings Ltd.

Dear Sir/Madam,

- (1) **THE PROPOSED ACQUISITION OF BILLION CREDIT FINANCIAL COMPANY LIMITED**
 - (2) **THE PROPOSED ACQUISITION OF GOLDEN ULTRA LIMITED**
 - (3) **THE PROPOSED DIVERSIFICATION INTO THE E-COMMERCE BUSINESS**
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1. INTRODUCTION

1.1 Extraordinary General Meeting

1.1.1 The Board is convening an EGM to seek Shareholders' approval for

- (a) the Proposed Acquisition of Billion Credit Financial Company Limited;
- (b) the Proposed Acquisition of Golden Ultra Limited; and
- (c) the Proposed Diversification into the E-Commerce Business.

1.1.2 The Proposed Acquisition of Billion Credit is an "interested person transaction" under Chapter 9 of the Catalist Rules which has a value of more than 5% of the Group's latest NTA. Accordingly, the Proposed Acquisition of Billion Credit is conditional upon approval by Shareholders at the EGM. Further details on the Proposed Acquisition of Billion Credit as an "interested person transaction" under Chapter 9 of the Catalist Rules are set out in **Section 2.10** of this Circular

1.1.3 Based on the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules, the Proposed Acquisition of Billion Credit is classified as a "discloseable transaction" under Chapter 10 of the Catalist Rules. Further details on the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules relating to the Proposed Acquisition of Billion Credit are set out in **Section 2.11** of this Circular.

LETTER TO SHAREHOLDERS

- 1.1.4 The Proposed Acquisition of Golden Ultra Limited is an “interested person transaction” under Chapter 9 of the Catalist Rules which has a value of more than 5% of the Group’s latest NTA. Accordingly, the Proposed Acquisition of Golden Ultra is conditional upon approval by Shareholders at the EGM. Further details on the Proposed Acquisition of Golden Ultra as an “interested person transaction” under Chapter 9 of the Catalist Rules are set out in **Section 0** of this Circular.
- 1.1.5 Based on the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules, the Proposed Acquisition of Golden Ultra is classified as a “major transaction” under Chapter 10 of the Catalist Rules. Accordingly, the Proposed Acquisition of Golden Ultra is conditional upon approval by Shareholders at the EGM. Further details on the relative figures computed on the bases set out in Rule 1006 of the Catalist Rules relating to the Proposed Acquisition of Golden Ultra are set out in **Section 0** of this Circular.

1.2 Circular

- 1.2.1 The purpose of this Circular is to provide Shareholders with relevant information relating to, and to seek Shareholders’ approval for, the Proposed Acquisition of Billion Credit Financial Company Limited, the Proposed Acquisition of Golden Ultra Limited and the Proposed Diversification into the E-Commerce Business. Shareholders’ approval will be sought at the EGM to be convened and held, notice of which is set out on page N-1 of this Circular.
- 1.2.2 The SGX-ST assumes no responsibility for the contents of this Circular, including the correctness of any of the statements or opinions made or reports contained in this Circular.

2. THE PROPOSED ACQUISITION OF BILLION CREDIT FINANCIAL COMPANY LIMITED

2.1 Introduction

- 2.1.1 On 27 September 2021, the Company announced that the Company has entered into a sale and purchase agreement (the “**Billion Credit SPA**”) with Great Winner Holdings Limited (the “**Billion Credit Vendor**”) in relation to, *inter alia*, the acquisition of 10,000 ordinary shares (the “**Billion Credit Sale Shares**”) in Billion Credit Financial Company Limited (“**Billion Credit**”), representing 100% of the issued share capital of Billion Credit, for a consideration of HK\$5.8 million (equivalent to approximately S\$1 million) (the “**Proposed Acquisition of Billion Credit**”). Upon the completion of the Proposed Acquisition of Billion Credit, Billion Credit will become a wholly-owned subsidiary of the Company.
- 2.1.2 On 27 September 2021, the Company announced, *inter alia*, that the Company had appointed W Capital Markets Pte. Ltd. as the independent financial adviser (“**IFA**”) to opine on whether the Proposed Acquisition of Billion Credit is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

2.2 Information on the Billion Credit Vendor

- 2.2.1 The Billion Credit Vendor is a private company limited by shares incorporated in the Hong Kong on 24 June 2016. The Billion Credit Vendor is an investment holding company.
- 2.2.2 As at the Latest Practicable Date, the Billion Credit Vendor is wholly-owned by Mr Christian Kwok-Leun Yau Heilesen (“**Mr Heilesen**”), who is the Executive Director and controlling shareholder of the Company.
- 2.2.3 As at the Latest Practicable Date, the Billion Credit Vendor does not hold any shares in the Company.

LETTER TO SHAREHOLDERS

2.3 Information on the Billion Credit Vendor, Mr Heilesen

- 2.3.1 Mr Heilesen is a director and a controlling shareholder of the Company. As at the Latest Practicable Date, Mr Heilesen is a director of Billion Credit and Mr Heilesen has indirect interest in the entire share capital of Billion Credit through the Billion Credit Vendor. Accordingly, Mr Heilesen is an “interested person” under Chapter 9 of the Catalist Rules and the Proposed Acquisition of Billion Credit is an “interested person transaction” under Chapter 9 of the Catalist Rules.
- 2.3.2 As at the Latest Practicable Date, Mr Heilesen holds indirectly, 1,770,461,781 shares in the Company, representing approximately 59.14% of the issued share capital of the Company.

2.4 Information on Billion Credit

2.4.1 Corporate Information

Billion Credit is a private company limited by shares incorporated in the Hong Kong on 20 June 2012 and has an issued share capital of HK\$10,000 comprising 10,000 ordinary shares as at the Latest Practicable Date. Billion Credit is principally in the business of money-lending mainly to individuals who provide assets as collateral. Mr Heilesen is the sole director of Billion Credit and Mr Heilesen and a team of two (2) staff manages the operations of Billion Credit.

In order to operate a loan financing business in Hong Kong, Billion Credit requires money lenders license and competent personnel. The money lenders license of Billion Credit expired on 18 August 2021. Billion Credit has applied for renewal of the license in early August 2021 and the application was approved from the court in Hong Kong on 28 October 2021.

2.4.2 Financial Information

Based on the audited financial statement for the financial year ended 31 December 2020:

- (a) The book value of the Billion Credit Sale Shares, representing 100% of the issued share capital of Billion Credit, was approximately negative HK\$2.3 million (equivalent to approximately negative S\$0.4 million) as at 31 December 2020;
- (b) the NTA value represented by the Billion Credit Sale Shares, representing 100% of the issued share capital of Billion Credit, was approximately negative HK\$2.3 million (equivalent to approximately negative S\$0.4 million) as at 31 December 2020; and
- (c) the net profits attributable to the Billion Credit Sale Shares, representing 100% of the issued share capital of Billion Credit, was approximately HK\$155,000 (equivalent to approximately S\$27 thousand) for the financial year ended 31 December 2020.

According to the audited financial statement of Billion Credit as at 31 December 2020, the current assets was HK\$14.9 million (equivalent to approximately S\$2.6 million) and the current liabilities was HK\$17.2 million (equivalent to approximately S\$3.0 million). The current assets consisted of 1) loan and trade receivable of HK\$14.8 million; 2) deposit and other receivables of HK\$58,000 and bank and 3) cash equivalent of HK\$46,000. The current liabilities consisted of 1) loan and other payables of HK\$14.4 million and 2) amount due to a director of HK\$2.8 million which the director of Billion Credit advanced for operation purpose.

According to the audited financial statements of Billion Credit for the financial year ended 31 December 2020, Billion Credit has a net liability of HK\$2.28 million. Accordingly, Billion Credit may have a going concern issue. Nonetheless, it is noted that the audit opinion in the audited financial statements is not qualified.

LETTER TO SHAREHOLDERS

2.4.3 Valuation

The Company has commissioned Peak Vision Appraisals Limited to conduct an independent valuation on the market value of the 100% equity interest of Billion Credit (the “**Billion Credit Independent Valuer**”). The Billion Credit Independent Valuer offers a broad range of independent third-party valuation services covering business enterprises, resources projects, real properties, intangible assets, financial instruments and plant and machinery, for the purposes of financial reporting and public disclosure for The Stock Exchange of Hong Kong Limited as well as other overseas stock exchange. The engagement partner, Mr Nick Chung Lai Kung, is a member of The Hong Kong Business Valuation Forum and RICS Registered Valuer.

The list of business valuation conducted by the Billion Credit Independent Valuer includes:

- (a) Valuation of 100% equity interest of Tak Shing International Holdings Limited and its subsidiaries in 2021;
- (b) Valuation of 100% equity interest of Harbour Group Holdings Limited and its subsidiaries in 2019;
- (c) Valuation of 100% equity interest of 北京安家世行融資擔保有限公司 in 2017; and
- (d) Valuation of 100% equity interest of Affluent Grand Limited in 2017.

The Board is of the view that the Billion Credit Independent Valuer is suitable in this proposed acquisition as he possesses the relevant experiences in equity valuation and is a qualified member of a professional body in the related field.

According to the valuation report issued by the Billion Credit Independent Valuer on 27 September 2021 prepared in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors and the International Valuation Standards (Effective 31 January 2020) published by the International Valuation Standards Council (the “**Billion Credit Valuation Report**”):

- (a) as at 30 June 2021, Billion Credit had a market value of HK\$4.73 million (equivalent to approximately S\$0.8 million); and
- (b) the Billion Credit Independent Valuer valued 100% equity interest of Billion Credit using the income approach.

The key valuation assumptions adopted in the valuation are as follows:

- (a) the financial information of Billion Credit have been prepared in a manner which truly and accurately reflect the financial performances and positions of the Target as at the respective financial statement date;
- (b) for Billion Credit to continue as a going concern, Billion Credit will successfully carry out all necessary activities for the development of its business;
- (c) the availability of finance will be a constraint on the forecast growth of Billion Credit's operations in accordance with the business plans and projections;
- (d) market trends and conditions where Billion Credit operates will not deviate significantly from the economic forecasts in general;
- (e) key management, competent personnel and technical staff will all be retained to support the ongoing operations of Billion Credit as they possess relevant knowledge, experience and familiar with regulation of Hong Kong Money Lender Ordinance and loan financing business;

LETTER TO SHAREHOLDERS

- (f) there will be no material changes in the business strategy of Billion Credit and its operating structure;
- (g) interest rates and exchange rates in the localities for the operations of Billion Credit will not differ materially from those presently prevailing;
- (h) all relevant approvals, business certificates, licences or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Target operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated;
- (i) there will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which Billion Credit operates or intends to operate, which would adversely affect the revenues and profits attributable to Billion Credit; and
- (j) the Billion Credit Independent Valuer is instructed by the management to perform the valuation based on the financial statement of Billion Credit as at 31 December 2020, and assumed that there are no material changes in the financial performance and position of Billion Credit during the period from 31 December 2020 to the valuation date.

During the course of the valuation, the Billion Credit Independent Valuer had conducted a company visit of Billion Credit in September 2021 and had discussions with the Company on the development and operations of Billion Credit. The Billion Credit Independent Valuer had also relied on the historical financial information such as income statements and balance sheets of Billion Credit and projections of Billion Credit which were provided by the Company in the valuation analysis. Other information in relation to Billion Credit were extracted from public sources such as government sources, Refinitiv and Duff & Phelps LLC.

In adopting the income approach in the valuation of Billion Credit, the Billion Credit Independent Valuer also considered the following factors:

- (a) In view of the general economic environment in Hong Kong as it gradually recovers in the next few years after the COVID-19 pandemic when it is under control, it is expected that the lending rate will gradually increase to historical lending rate of 30% in the following five (5) years by 2025;
- (b) As a result of the increasing lending rate, the forecast revenue is expected to grow at a cumulative annual growth rate of approximately 7.5% achieving revenue of approximately HK\$4.56 million by 2025;
- (c) The other operating expenses are expected to remain stable for the next few years. Accordingly, the operating costs is expected to grow at a rate of 2.4%, which is in line with forecast Hong Kong inflation rate published by International Monetary Fund; and
- (d) The other valuation inputs include the adoptions of the Hong Kong profit tax of 16.5%, discount rate of 11.44% (based on weighted average cost of capital, details are exhibited in Appendix III of the valuation report), terminal growth rate of 2.4% and lack of marketability discount of 20%.

Taking into account the above, the Billion Credit Independent Valuer is of the opinion that the market value of Billion Credit is HK\$4.73 million.

A copy of the Billion Credit Valuation Report is set out in **Appendix A** to this Circular. Shareholders are advised to refer to the full text of the Billion Credit Valuation Report for further details.

LETTER TO SHAREHOLDERS

2.5 Rationale for the Proposed Acquisition of Billion Credit

- 2.5.1 The Proposed Acquisition of Billion Credit is aligned with the Group's plan to diversify into the financing business for the provision of personal and business loan in Hong Kong. The Company's financing business for the provision of personal and business loans in Hong Kong which was approved by the Shareholders at the extraordinary general meeting of the Company held on 6 September 2017.
- 2.5.2 The Board believes that the Proposed Acquisition of Billion Credit will provide the Group with new revenue streams and improve its prospects, and in turn, enhance shareholder's value. In particular, the Board believes that the financing business (which Billion Credit is operating in) will:
- (a) complement the Group's existing businesses by (i) expanding the Group's core businesses into new markets utilising Billion Credit financing footprint; and
 - (b) provide the Group with an additional revenue stream to offset the Group's operating expenses in the event that any of the Group's existing business are impacted by COVID-19 or otherwise.
- 2.5.3 For the aforementioned reasons, the Board is confident that the Proposed Acquisition of Billion Credit will bring value to Shareholders and that the Proposed Acquisition of Billion Credit is in the best interests of the Company and its Shareholders.

2.6 Consideration

- 2.6.1 The consideration for the Proposed Acquisition of Billion Credit is HK\$5.8 million (equivalent to approximately S\$1 million) (the "**Billion Credit Consideration**") which shall be paid by the Company to the Billion Credit Vendor:
- (a) by way of a promissory note with 8% interest rate per annum (the "**Billion Credit Promissory Note**") in which the Company promises to pay S\$1 million to the Billion Credit Vendor in accordance with the terms of the Billion Credit Promissory Note; or
 - (b) such other payment method as the Company and the Billion Credit Vendor may agree in writing.
- 2.6.2 The Billion Credit Consideration was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:
- (a) the market value of Billion Credit set out in the Billion Credit Valuation Report;
 - (b) Billion Credit has been operating in the loan financing business in Hong Kong since 2014;
 - (c) Billion Credit is capable of demonstrating that it has (i) relevant knowledge and experience in loan financing business in Hong Kong, (ii) competent personnel (two employees and one director) who are familiar with regulation of Hong Kong Money Lender Ordinance and loan financing business to support the operation and (iii) existing customers, deals and networks;
 - (d) the net profits after tax recorded in the audited financial statements for the year ended 31 December 2020 of Billion Credit was HK\$155,000 (equivalent to approximately S\$27,000); and
 - (e) prevailing economic conditions.

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The Billion Credit Recommending Directors are of the view that the Proposed Acquisition of Billion Credit provides another avenue for the Company to grow its business. Taking into account the above, the Billion Credit Recommending Directors are of the view that the Proposed Acquisition of Billion Credit is not prejudicial to the shareholders of the Company. Please refer to **Section 7.1** for Billion Credit Recommending Directors' recommendation.

2.7 Source of Funds

The Billion Credit Consideration of HK\$5.8 million (equivalent to approximately S\$1 million) to be paid to the Billion Credit Vendor by way of the Billion Credit Promissory Note and the estimated costs and expenses to be incurred in connection with the Proposed Acquisition of Billion Credit of S\$30,000 shall be funded either through:

- (a) internal sources of funds;
- (b) fund raising exercises such as an issue of additional equity securities by way of a rights issue, placement or otherwise; or
- (c) a combination of both.

The Company is of the view that Billion Credit is self-sustainable without funding from the Company at the moment. However, the management of the Company may consider funding the financing business for expansion in the future.

2.8 Principal Terms of the Billion Credit SPA

According to the Billion Credit SPA:

2.8.1 Conditions Precedent

The obligations of the Company and the Billion Credit Vendor under the Billion Credit SPA are conditional upon, and completion shall not take place until, all the following conditions precedent have been fulfilled or waived (as the case may be) on or prior to the completion date:

- (a) the Billion Credit Vendor obtaining such approvals from the board of directors and/or shareholders of Billion Credit in connection with the Billion Credit SPA and the transactions contemplated therein as may be necessary;
- (b) the Company obtaining such approvals from its board of directors and/or shareholders in connection with the Billion Credit SPA and the transactions contemplated therein as may be necessary;
- (c) the Company being reasonably satisfied with the results of the legal, financial and tax due diligence to be carried out by the Company and/or its professional advisers on Billion Credit;
- (d) the rectification, or the procurement of such rectification, as reasonably determined by and to the reasonable satisfaction of the Company by the Billion Credit Vendor of all issues and/or irregularities uncovered by the Company and/or its professional advisers during the due diligence investigations on Billion Credit which are capable of rectification, unless waived by the Company in its absolute discretion;
- (e) all necessary consents, approvals and waivers (and in particular, with respect to change in control clauses) which are required for the transactions contemplated herein by any agreement, arrangement, understanding, contract or commitment to which Billion Credit is a party having been obtained by Billion Credit, and such consents, approvals and waivers not having been amended or revoked before the completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company in its absolute discretion and being fulfilled on or before the completion date;
- (f) the Company being satisfied in its absolute discretion that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, condition (financial or otherwise), assets, prospects, performance, financial position, results or operations of Billion Credit between the date

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- of the Billion Credit SPA and the completion date;
- (g) there is no breach by the Billion Credit Vendor of the Billion Credit Vendor's representations, warranties, covenants and indemnities contained in the Billion Credit SPA;
 - (h) each of the representations, warranties and undertakings remaining true, not misleading, correct and accurate in any respects at completion, as if repeated on the completion date, and at all times between the date of the Billion Credit SPA and completion of the Billion Credit SPA;
 - (i) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated in the Billion Credit SPA (including the waiver of any right of pre-emption or other restriction on the transfer of the Billion Credit Sale Shares conferred on any person under the constitution of Billion Credit or otherwise, if necessary) having been obtained by the Billion Credit Vendor and/or Billion Credit (as the case may be), and such consents, approvals and waivers not having been amended or revoked before completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company and being fulfilled on or before the completion date; and
 - (j) the renewal of the money lenders license regulated under the Money Lenders Ordinance in Hong Kong held by Billion Credit which had expired on 18 August 2021.

The application for the renewal of money lenders license was approved from the court in Hong Kong on 28 October 2021. All Conditions Precedent have been satisfied except item (b) that the Company will seek the shareholders approval before completion of the Proposed Acquisition of Billion Credit.

2.8.2 If any of the conditions precedent above is not fulfilled on or before the Billion Credit Long Stop Date and such non-fulfilment is not waived by the party who has the benefit of such condition precedent, the Billion Credit SPA shall *ipso facto* cease and determine. In that event, the parties shall be released and discharged from their respective obligations under the Billion Credit SPA, other than the provisions of the Billion Credit SPA which survive the termination of the Billion Credit SPA and no party shall have any claim against the other party for costs, damages, compensation or otherwise under the Billion Credit SPA, save for any claim by any party against the other party in respect of any antecedent breach of the Billion Credit SPA.

2.8.3 The Billion Credit SPA shall be governed and construed in accordance with the laws of Singapore.

2.9 Principal Terms of the Billion Credit Promissory Note

According to the Billion Credit SPA, the salient terms of the Billion Credit Promissory Note are as follows:

2.9.1 The Company promises and undertakes unconditionally to pay the principal amount of HK\$5.8 million (equivalent to approximately S\$1 million) to the Billion Credit Vendor by the maturity date which falls on 30 September 2022.

2.9.2 The Company may at any time give the Billion Credit Vendor 14 business days' notice in writing to redeem the Billion Credit Promissory Note at the principal amount (or any part thereof), and the date falling on the 14th business day after the date of receipt of the redemption notice shall be the "Billion Credit Elected Redemption Date". All accrued interest up to the Billion Credit Elected Redemption Date shall be paid on the Billion Credit Elected Redemption Date. The Promisor shall deliver the payment of the principal amount (or any part thereof) to the Billion Credit Vendor by a cashier's order or banker's draft drawn on a bank licensed in Singapore or Hong Kong and made out in favour of the Billion Credit Vendor, or in such other manner as may be agreed in writing between the Company and the Billion Credit Vendor.

2.9.3 Interest shall accrue on the principal amount or any part thereof that remains outstanding from the date on which the Billion Credit Promissory Note is issued at the rate of 8% per annum,

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payable annually in arrears for as long as the principal amount or any part thereof remains outstanding.

2.10 The Proposed Acquisition of Billion Credit as an “Interested Person Transaction” under Chapter 9 of the Catalist Rules

2.10.1 Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020, the Group’s latest audited NTA amounts to approximately S\$0.84 million.

2.10.2 The current total of all transactions (excluding transactions less than S\$100,000) with Mr Heilesen and his associates for the period commencing on 1 January 2021 up to the Latest Practicable Date is set out in the table below.

Description of Transaction	Before Completion of the Proposed Acquisition of Billion Credit		After Completion of the Proposed Acquisition of Billion Credit	
	Amount	% ⁽²⁾	Amount	% ⁽²⁾
Proposed Acquisition of Billion Credit Financial Company Limited	-	-	S\$1.08 million	129
Proposed Acquisition of Golden Ultra Limited ⁽¹⁾	-	-	S\$14.6 million	1,738
Total	-	-	S\$15.68 million	1,867

Notes:

(1) The Company had, on 18 October 2021, entered into a share purchase agreement with Christian Kwok-Leun Yau Heilesen, to acquire 420 ordinary shares in Golden Ultra Limited, representing 42% of the issued share capital of Golden Ultra Limited, for an aggregate consideration of HK\$84 million (equivalent to approximately S\$14.6 million). Upon completion, the Company will hold 420 ordinary shares representing 42% of the issued share capital of Golden Ultra Limited. Please refer to the Company’s announcement dated 18 October 2021 for further details in relation to the proposed acquisition of Golden Ultra Limited./

(2) The percentage was calculated using the Group’s latest audited NTA of approximately S\$0.84 million based on the audited consolidated financial statements of the Group for FY2020.

2.10.3 As the value of the Proposed Acquisition of Billion Credit as an “interested person transaction” under Chapter 9 of the Catalist Rules is more than 5% of the Group’s latest audited NTA, the Proposed Acquisition of Billion Credit is conditional upon approval by Shareholders in the EGM pursuant to Rule 906 1(a) of the Catalist Rules.

2.10.4 Pursuant to Rule 921 of the Catalist Rules, the circular to shareholders must include a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction. Accordingly, Mr Heilesen and his associates shall not vote on the Ordinary Resolution approving the Proposed Acquisition of Billion Credit. Mr Heilesen and his associates shall also refrain from accepting appointments as proxies unless specific instructions as to voting are given, in accordance with Catalist Rules 919.

2.10.5 The Company will disregard any votes cast on the Ordinary Resolution relating to the Proposed Acquisition of Billion Credit by Mr Heilesen and his associates.

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2.11 Relative Figures computed on the bases set out in Rule 1006 of the Catalist Rules relating to the Proposed Acquisition of Billion Credit

2.11.1 The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules for the Proposed Acquisition of Billion Credit are as follows:

Rule 1006(a) of the Catalist Rules	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	Not Applicable ⁽²⁾
Rule 1006(b) of the Catalist Rules	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. ⁽³⁾	(1.49)% ⁽⁴⁾
Rule 1006(c) of the Catalist Rules	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	9.62% ⁽⁵⁾
Rule 1006(d) of the Catalist Rules	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁶⁾
Rule 1006(e) of the Catalist Rules	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁷⁾

Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) The Proposed Acquisition of Billion Credit is an acquisition of assets not a disposal of assets.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on the unaudited financial statements of Billion Credit for the financial period ended 30 June 2021, the net profits attributable to the Billion Credit Sale Shares, representing 100% of the issued share capital of Billion Credit, was approximately S\$18 thousand for the half year ended 30 June 2021 which represents approximately 1.49% of the Group's net loss of approximately S\$1.2 million as at 30 June 2021 on an absolute basis.
- (5) Based on the Billion Credit Consideration of HK\$5.8 million (equivalent to approximately S\$1 million) and the interest of S\$80,000 for the Promissory Note amounting to a total of S\$1.08 million which expressed as a percentage of the Company's market capitalisation of approximately S\$11.2 million on 24 September 2021, being the last full market day on which trades were done preceding the date of the Billion Credit SPA. The Company's market capitalisation was determined by multiplying the number of shares in issue (2,993,532,545 shares) by the weighted average price of such shares of S\$0.00375 transacted on 24 September 2021.
- (6) No equity securities will be issued by the Company in connection with the Proposed Acquisition of Billion Credit.
- (7) The Company is not a mineral, oil and gas company.

2.11.2 Under Rule 1007(1) of the Catalist Rules, if any of the relative figures computed pursuant to Rule 1006 of the Catalist Rules involves a negative figure, Chapter 10 of the Catalist Rules may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10A of the Catalist Rules.

2.11.3 Pursuant to Practice Note 10A paragraph 4.1 of the Catalist Rules, in some cases, tests based on assets under Rule 1006(a) of the Catalist Rules and profits under Rule 1006(b) of the Catalist

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Rules may involve a negative figure in the numerator, denominator or both, which may not give a meaningful indication of the significance of a transaction to the issuer, in instance where, for example, the issuer is loss-making and/or an acquisition of a loss-making asset.

- 2.11.4 Pursuant to Practice Note 10A paragraph 4.4(b) of the Catalist Rules, immediate announcement is required for the acquisition of a profitable asset by a loss-making issuer, where the absolute relative figures computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 75% and the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the issuer (taking into account only the absolute value).
- 2.11.5 The Group was loss-making based on the unaudited consolidated financial statements of the Group for the financial year ended 30 June 2021 and Billion Credit was profitable based on the audited financial statements of Billion Credit for the financial year ended 31 December 2020.
- 2.11.6 It is noted that (a) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 75% and (b) the net profit attributable to the Billion Credit Sale Shares, representing 100% of the issued share capital of Billion Credit, based on the audited financial statements of Billion Credit for the financial year ended 31 December 2020 was approximately S\$27 thousand as at 31 December 2020 which represents approximately 2.29% of the Group's net loss of approximately S\$1.2 million as at 30 June 2021 (taking into account only the absolute value). As such, the Company had, on 27 September 2021, immediately announced the Proposed Acquisition of Billion Credit and the said announcement contained the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 of the Catalist Rules, where applicable pursuant to Practice Note 10A paragraph 4.4(b) of the Catalist Rules.

2.12 Financial Effects of the Proposed Acquisition of Billion Credit

- 2.12.1 The financial effects of the Proposed Acquisition of Billion Credit on the NTA per share and the EPS of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.
- 2.12.2 For illustrative purpose, the financial effects of the Proposed Acquisition of Billion Credit have been prepared based on, *inter alia*, the following assumptions:
- (a) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Acquisition of Billion Credit was completed 31 December 2020;
 - (b) the financial effects on the EPS of the Group are computed assuming that the Proposed Acquisition of Billion Credit was completed on 1 January 2020; and
 - (c) the costs and expenses in connection with the Proposed Acquisition of Billion Credit shall be disregarded.
- 2.12.3 Financial Effects on the NTA per share of the Group

	Before Completion of the Proposed Acquisition of Billion Credit	After completion of the Proposed Acquisition of Billion Credit
NTA as at 31 December 2020 (S\$'000)	836	836
Number of Shares in the Company, excluding treasury shares and subsidiary holdings	299,843,943	299,843,943

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	Before Completion of the Proposed Acquisition of Billion Credit	After completion of the Proposed Acquisition of Billion Credit
NTA per Share (Singapore cents)	0.28	0.28

2.12.4 Financial Effects on the EPS of the Group

	Before Completion of the Proposed Acquisition of Billion Credit	After completion of the Proposed Acquisition of Billion Credit
Net (Loss) earnings for the financial year ended 31 December 2020 (\$'000)	(4,124)	(4,067)
Weighted average number of Shares in the Company, excluding treasury shares and subsidiary holdings	299,843,943	299,843,943
EPS (LPS) (Singapore cents)	(1.38)	(1.37)

2.12.5 The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

2.13 **Risk Factors associated with the Proposed Acquisition of Billion Credit**

Shareholders should note that the Proposed Acquisition of Billion Credit may change the risk profile of the Group. Shareholders should carefully consider and evaluate each of the following considerations and all of the other information set out in this Circular in relation to the Proposed Acquisition of Billion Credit. Some of the following considerations relate principally to only certain and not all of the industries pertaining to the Proposed Acquisition of Billion Credit. Other considerations relate principally to general economic and political considerations.

If any of the following considerations and uncertainties develops into actual events, the business, financial condition, results of operations or prospects of the Group may be materially and adversely affected. The risks discussed below also includes forward-looking statements and the actual results of the Group and of the Company may differ substantially from those discussed in these forward-looking statements.

To the best of the Directors' knowledge and belief, all risk factors which are material in making an informed decision in relation to the Proposed Acquisition of Billion Credit have been set out below.

Sub-headings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

The following considerations are not exhaustive and not intended to be exhaustive.

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The Group may not be able to effectively manage the credit risk and the quality of the loan portfolio under the financing business

As a licensed lender, the Group may face the risk of impairment loss in view of non-performing loans and contingent liabilities, including credit commitments, credit support and financial guarantees issued. In order to effectively manage the risk of non-performing loans, the Group intends to implement credit risk management measures to assess the creditworthiness of borrowers (including, *inter alia*, establishment of an approval policy and credit risk committee). There is no assurance that the credit risk management measures to be established by the Group will result in effective credit risk management. Failure of the Group's credit risk management measures may result in an increase in the level of non-performing loans and thus adversely affect the quality of the loan portfolio. In addition, the quality of the Group's loan portfolio may also deteriorate due to other external factors, such as a decline in property and stock market prices, weak business environment and other general economic factors.

The financing business is dependent on Hong Kong as its only market

The financing business will operate solely in Hong Kong and as at the Latest Practicable Date, the Company has no plans to expand the financing business outside of Hong Kong. As a result, the financing business is entirely dependent on the business environment, macroeconomic, political and industrial factors of Hong Kong. Such undiversified country risk may adversely and materially affect the financial performance of the financing business. A slowdown in the Hong Kong economy and any changes in laws, regulations and policies may have a direct adverse impact on the financing business.

The Hong Kong financial services industry is highly competitive and the Group may not be able to keep up with the competition

The Hong Kong financial services industry is highly competitive. Many competitors in the financial services industry may have greater financial and marketing resources than the Group. An increase in competition and the Group's failure to keep up with the intense competition may have a material and adverse effect on the financial condition and results of the financing business.

The Group may not have adequate financing for its financing business and may require additional funding for its future growth

The financing business is capital-intensive in nature and the Group may require a substantial amount of capital for its operations and for future expansion. As the Group establishes and grows its financing business, its working capital requirements may increase. The Group may have to raise additional funds to meet new financial requirements. These additional funds may be raised by way of a placement or by further rights offering (which would be subject to Shareholders' approval if necessary) or by way of borrowings. In the event that new Shares are issued, Shareholders who are unable or unwilling to participate in such fund-raising will suffer a dilution in his investment. Further, if the Group fails to utilise the new equity to generate a commensurate increase in earnings, the Group's earnings per Share will be diluted and could lead to a decline in the Share price. Any additional debt financing may, apart from increasing interest expense and gearing, contain restrictive covenants with respect to dividends, future fund-raising exercises and other financial and operational matters. If the Group is unable to procure the additional funding that may be required, its growth or financial performance will be adversely affected.

The value of the security provided by borrowers may not be sufficient to pay off loans

The loans advanced to corporate and individual borrowers may, from time to time, be secured by a mortgage, charge or lien on the assets provided by borrowers. The value of such security may be adversely affected by conditions such as damage, loss, devaluation or over-supply of the underlying assets. If the value of the assets or the residual value of the mortgaged assets

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declines, the safety margin of the loan will be reduced and the Group risks not being able to recover the full amount of their loans in the event of default. If the full amount of loans is not recoverable, the Group's financial condition and results of operations may be materially and adversely affected.

Changes in market interest rates may adversely affect demand for the Group's services and its results of operations and financial condition may be materially and adversely affected

The Group intends to closely monitor its pricing strategy to stay responsive to changing market interest rates. However, increases in market interest rates, or the perception that an increase may occur, could adversely affect the Group's ability to originate new finance receivables and the ability of the financing business to grow.

The Group may be subject to claims arising from disputes over the interpretation or enforceability of loan or investment documentation and the Group may not be able to successfully enforce its rights to the underlying contract

In respect of the financing business, the Group may enter into loan contracts or investment agreements with borrowers from time to time. In this regard, the Group will face the risk of disputes over the interpretation or enforceability of the documentation and may be subject to claims arising from disputes by borrowers or other counterparts. If the claims are successful, the Group may be required to compensate the claimant. Furthermore, even though the Group may from time to time take security over assets under its financing contracts, there is no absolute assurance that upon default under the terms of the contract, the Group would be entitled to the security in the event of a dispute. In the event of successful claims against the Group or if the Group is unable to bring an enforcement action on the security, the Group's financial condition and results of operations may be adversely affected.

2.14 Independent Financial Advisor

- 2.14.1 On 27 September 2021, the Company announced, *inter alia*, that the Company had appointed W Capital Markets Pte. Ltd. as the IFA to advise the Audit Committee in connection with the Proposed Acquisition of Billion Credit and to opine on whether the Proposed Acquisition of Billion Credit is on normal commercial terms and whether the Proposed Acquisition of Billion Credit is prejudicial to the interests of the Company and its minority Shareholders.
- 2.14.2 The Billion Credit IFA Letter issued by the IFA containing the opinion of the IFA on whether the Proposed Acquisition of Billion Credit is on normal commercial terms and whether the Proposed Acquisition of Billion Credit is prejudicial to the interests of the Company and its minority Shareholders is set out in **Appendix B** to this Circular. The following is an extract from the Billion Credit IFA Letter and should be read by Shareholders in conjunction with, and in the context of, the full text of the Billion Credit IFA Letter. All capitalised terms used in the extract below shall have the meanings ascribed to them in the Billion Credit IFA Letter, unless the context requires otherwise or unless otherwise stated.

"6. OUR OPINION

In arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition of Billion Credit. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key considerations which we consider to be pertinent to our assessment of the Proposed Acquisition of Billion Credit:

- (a) *The rationale for the Proposed Acquisition of Billion Credit, details of which are set out in Paragraph 5.1 of this IFA Letter;*

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- (b) *The analysis of the historical financial performance of Billion Credit, details of which are set out in Paragraph 5.2 of this IFA Letter;*
- (c) *Assessment of the fairness of the Billion Credit Consideration for the Proposed Acquisition of Billion Credit, details of which are set out in Paragraph 5.3 of this IFA Letter. In this regard, it is noted that the Billion Credit Consideration represents a 22.6% premium (or HK\$1.07 million in absolute value) to the market value of Billion Credit as assessed by the Billion Credit Independent Valuer and that in arriving at the Billion Credit Consideration of HK\$5.80 million, apart from the Valuation Report, the Directors have also taken into account various non-quantitative factors as set out in Paragraph 5.3;*
- (d) *Assessment of the reasonableness of interest rates of the Billion Credit Promissory Note, details of which are set out in Paragraph 5.4 of this IFA Letter. In this regard, we are of the view that the interest rate of 8% per annum for the Billion Credit Promissory Note, which is on an unsecured basis, is reasonable taking into account the prevailing market interest rates for corporate loans; and*
- (e) *Other relevant considerations, details of which are set out in Paragraph 5.5 of this IFA Letter, which relates to our assessment on the Proposed Acquisition of Billion Credit.*

Having regard to the foregoing considerations as set out above and information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition of Billion Credit is not on normal commercial terms and may be prejudicial to the interests of the Company and its Minority Shareholders, taking into consideration in particular that the Billion Credit Consideration is at a 22.6% premium to the market value of Billion Credit as assessed by the Billion Credit Independent Valuer whilst Billion Credit is in a net liabilities position.

Shareholders are advised to read the Billion Credit IFA Letter set out in Appendix C to this Circular carefully.

2.15 Audit Committee Statement

The members of the Audit Committee (who are also the Billion Credit Recommending Directors) are considered independent for the purposes of the Proposed Acquisition of Billion Credit.

The Audit Committee, having considered, *inter alia*, the opinion of the IFA contained in the Billion Credit IFA Letter, the rationale and information relating to the Proposed Acquisition of Billion Credit as set out in **Section 2.5** of this Circular, is of the view that the Valuation Report does not take into account benefits to the Group arising from the Proposed Acquisition of Billion Credit. The Audit Committee takes into consideration the reasons for the premium over the valuation include but is not limited to the following:

- (a) The Proposed Acquisition makes sense economically – there are time and cost savings for the Group to acquire Billion Credit which has a range of existing customer-base, security system, existing staff and capabilities to rapidly expand the Group's business;
- (b) Billion Credit has a team of experienced staffs (two employees and one director) who are familiar with regulation of Hong Kong Money Lender Ordinance and relevant knowledge in loan financing business;
- (c) the net profits after tax recorded in the audited financial statements for the year ended 31 December 2020 of Billion Credit was HK\$155,000 (equivalent to approximately S\$27,000);
- (d) the license for loan financing license was approved from the court in Hong Kong on 28 October 2021, the Group can commence the operation which is aligned with the Group's plan to diversify into the financing business for the provision of personal and business loan in Hong Kong;

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- (e) the Billion Credit's existing office and setup that will speed up the expansion of the Company's expansion efforts into Hong Kong; and
- (f) the Proposed Acquisition of Billion Credit is in line with the Group's plan to grow the Group's loan financing business by providing personal and business loans in Hong Kong.

The Audit Committee having considered, (i) the terms and conditions, and (ii) the rationale of the Proposed Acquisition as set out in **Section 2.5** of this circular and (iii) the reasons above and notwithstanding the opinion of the IFA as contained in the IFA letter, is of the view that the Proposed Acquisition of Billion Credit, when viewed together with other commercial factors beneficial to the group as a whole, strengthen both its business and financial positions, is fair and in the interests of the company and its shareholders as a whole, and accordingly recommends that shareholders vote in favour of the ordinary resolution relating to the Proposed Acquisition of Billion Credit at the EGM.

The Board is of the view that the Proposed Acquisition of Billion Credit provides another avenue for the Company to grow its business. Taking into account the above, the Directors are of the view that the Proposed Acquisition of Billion Credit is fair and is not prejudicial to the shareholders of the Company.

2.16 Interests of Directors and Substantial Shareholders

Save for Mr Heilesen, none of the directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition of Billion Credit, other than through their respective shareholdings in the Company, if any.

2.17 Service Contracts in connection with the Proposed Acquisition of Billion Credit

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition of Billion Credit and no service contracts in relation thereto is proposed to be entered into by the Company.

2.18 Confirmation by the Company

The Company confirms that the Proposed Acquisition of Billion Credit does not contravene any laws and regulations governing the Company and the Constitution of the Company.

3. THE PROPOSED ACQUISITION OF GOLDEN ULTRA LIMITED

3.1 Introduction

3.1.1 On 18 October 2021, the Company announced that the Company has entered into a share purchase agreement (the "**Golden Ultra SPA**") with Mr Heilesen (the "**Golden Ultra Vendor**") in relation to, *inter alia*, the acquisition of 420 ordinary shares (the "**Golden Ultra Sale Shares**") in Golden Ultra Limited (the "**Golden Ultra**"), representing 42.0% of the issued share capital of the Golden Ultra, for a consideration of HK\$84 million (equivalent to approximately S\$14.6 million) (the "**Proposed Acquisition of Golden Ultra**").

3.1.2 Upon completion of the Proposed Acquisition of Golden Ultra, the Company will hold 420 ordinary shares representing 42.0% of the issues share capital of Golden Ultra and shall be entitled to the risks and rewards in proportion of its equity interest in Golden Ultra. The business of Golden Ultra will be managed jointly by the Company and Ntegrator and the board of directors of Golden Ultra will comprise 3 directors, two (2) of which will be appointed by Ntegrator and one (1) will be appointed by the Company.

3.1.3 On 18 October 2021, the Company announced, *inter alia*, that the Company had appointed W Capital Markets Pte. Ltd. as the IFA to opine on whether the Proposed Acquisition of Golden

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Ultra is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders.

3.2 Information on the Golden Ultra Vendor, Mr Heilesen

3.2.1 The Golden Ultra Vendor, Mr Heilesen, is a director and a controlling shareholder of the Company. As at the Latest Practicable Date, Golden Ultra is wholly-owned by Mr Heilesen. Accordingly, Mr Heilesen is an “interested person” under Chapter 9 of the Catalist Rules and the Proposed Acquisition of Golden Ultra is an “interested person transaction” under Chapter 9 of the Catalist Rules.

3.2.2 As at the Latest Practicable Date, Mr Heilesen holds, directly and indirectly, 1,770,461,781 shares in the Company, representing approximately 59.14% of the issued share capital of the Company.

3.3 Information on Golden Ultra Group

3.3.1 Corporate Information

(a) *Golden Ultra Limited*

Golden Ultra is a private company limited by shares incorporated in British Virgin Islands on 2 July 2021 and has an issued capital of US\$1,000 comprising 1,000 ordinary shares as at the Latest Practicable Date. Golden Ultra is an investment holding company.

(b) *CKLY Trading Limited*

As at the Latest Practicable Date, CKLY Trading Limited is a wholly-owned subsidiary of Golden Ultra. CKLY Trading Limited is a private company limited by shares incorporated in Hong Kong on 14 May 2015 and has an issued share capital of HK\$10,000 comprising 10,000 shares as at the Latest Practicable Date. CKLY Trading Limited is principally in the business of trading of watches through the online platform known as www.bestwatch.com.hk, which provides various luxury watch brands to customers in Hong Kong and other countries. The website www.bestwatch.com.hk commenced operations in 2019 and is one of the sales channel of CKLY Trading Limited.

According to Mr Heilesen, incorporation of Golden Ultra is comparatively inexpensive as compared to other jurisdictions such as Hong Kong or Singapore. The restructure of the Golden Ultra Group is to streamline the financial reporting in the organisation moving forward.

3.3.2 Golden Ultra and CKLY Trading Limited will become associated companies of the Group upon completion of the Proposed Acquisition of Golden Ultra.

3.3.3 Golden Ultra, together with CKLY Trading Limited, is hereinafter collectively referred to as the “**Golden Ultra Group**” or “**Golden Ultra Group Companies**”.

3.3.4 Financial Information

Based on the pro forma combined financial statements of the Golden Ultra Group for the six months ended 30 June 2021:

- (a) the aggregate book value and NTA value attributable by the Golden Ultra Sale Shares, representing 42% of the issued share capital of Golden Ultra, was approximately HK\$4.7 million (equivalent to approximately S\$0.8 million) as at 30 June 2021. The Golden Ultra Group has no intangible assets; and
- (b) the net profits attributable to the Golden Ultra Sale Shares, representing 42% of the

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issued share capital of the Golden Ultra, was approximately HK\$1.2 million (equivalent to approximately S\$0.2 million) for the financial year ended 30 June 2021.

3.3.5 Valuation

The Company has commissioned FT Consulting Limited (“**Golden Ultra Independent Valuer**”) to conduct an independent valuation on the market value of the 100% equity interest of CKLY Trading Limited (the “**Golden Ultra Valuation Report**”). The Golden Ultra Independent Valuer provides solutions in business and market research consultancy, business valuation and sustainability advisory services. The engagement partner, Mr Leo Ming Yan Lo, who possesses over 17 years of experience as a valuer, is a member of the Royal Institution of Chartered Surveyors which is a United Kingdom based professional body for surveyors.

Please see the list of business valuation conducted by the Golden Ultra Independent Valuer:

- (a) Valuation of 100% equity interest of Shanghai Ziji Information Technology Co., Ltd in 2020;
- (b) Valuation of 100% equity interest of 广东新明珠陶瓷集团有限公司 in 2020; and
- (c) Valuation of 100% equity interest of 成都威尔斯普物业管理有限公司 in 2021.

The Board is of the view that the Golden Ultra Independent Valuer is suitable for the Proposed Acquisition of Golden Ultra as he possesses the relevant experiences in equity valuation and is a qualified member of a professional body in the related field.

According to the Golden Ultra Valuation Report issued by the Golden Ultra Independent Valuer on 11 October 2021, the market value of the 100% equity interest of CKLY Trading Limited, as at 30 June 2021, was HK\$138,290,000 (equivalent to approximately S\$24.1 million).

The valuation is based primarily on the income approach and the discounted cash-flow method was used in the valuation. The Golden Ultra Independent Valuer determined that the income approach was the most appropriate valuation approach as it takes the future revenue that can be obtained by taking the intangible asset of the Golden Ultra Group into consideration. The intangible asset of the Golden Ultra Group refers to the website and customer relationships owned by CKLY Trading Limited as CKLY Trading Limited trades its luxury watches through its own established website, which is a key sales channel for CKLY Trading Limited to promote and sell the inventories to customers. Besides, CKLY Trading Limited has also built good customer relationships with the existing clients, many of whom are returning customers and would refer new clients to CKLY Trading Limited.

As the main revenue of CKLY Trading Limited is generated through these intangible assets that cannot be efficiently measured through cost approach or market approach, the income approach was the most appropriate valuation approach for the valuation of the equity interest of CKLY Trading Limited. Accordingly, the value of intangible assets has been captured into the equity interest of CKLY Trading Limited via the financial projection provided by the CKLY Trading Limited’s management, and the expected future cash flows are discounted back to the valuation date with an appropriate discount rate that reflects the business risk.

The key valuation assumptions adopted in the valuation are as follows:

- (a) According to the last three-year audited financial statements, CKLY Trading Limited has experienced a significant increase in revenue with a compound annual growth rate of 23% between 2017 to 2020. In the first half of 2021, the sales has already reached 70% of the year-round sales in 2020. Considering the recovery of overall economy in next few years, the management are of opinion that the performance of annual sales will be better than historical performance.

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- (b) With the restriction of traveling during COVID-19, there is a growing tendency for customers to purchase the goods they want by the online platform. In China, there is around 56% of consumers prefer to choose digital channel to collect the information related to luxury watches. As predicted by Mckinsey & Company, the global online share of the watches market will increase from 5% to 12% in 2025. Therefore, the increasing demand in online luxury watches markets will be expected to boost the sales of CKLY Trading Limited.
- (c) CKLY Trading Limited is mainly focused on Hong Kong market at present. In the future, CKLY Trading Limited has planned to expand luxury watches online markets in mainland China, East Asia and Europe. With the expansion of the target market, CKLY Trading Limited will be expected to achieve higher revenue growth in the future years, and then enter into a stable development stage.
- (d) Once CKYL Trading Limited realizes the expansion of the overseas market, the revenue is expected to experience a significant high growth. After taking above aspects into consideration, the management predicted that the annual revenue growth in the first two years will increase to around 38%, and then decrease to a stable level gradually.

Please see below projected income/revenue/net profits include in the next five (5) years as provided in the Golden Ultra Valuation Report:

Year	2021*	2022	2023	2024	2025
Revenue	257,419	716,667	995,523	1,274,269	1,478,152
Profit before Tax	5,438	14,920	24,455	33,937	40,616

Currency: HKD'000

Note: 2021 represents 1 July 2021 to 31 December 2021

The Golden Ultra Independent Valuer confirms that the valuation has complied with Professional Standards published by the Royal Institute of Chartered Surveyors and the International Valuation Standards published by the International Valuation Standards Council.

A copy of the Golden Ultra Valuation Report is set out in **Appendix C** to this Circular. Shareholders are advised to refer to the full text of the Golden Ultra Valuation Report for further details.

3.4 Rationale for the Proposed Acquisition Golden Ultra

- 3.4.1 The Proposed Acquisition of Golden Ultra is aligned with the Group's plan to expand its trading of luxury goods business into the retail sector and to more geographical areas to enhance the financial performance of the Group. According to the audited financial statements of CKLY Trading Limited, CKLY Trading Limited recorded a net profit after tax of approximately HK\$3.4 million (equivalent to approximately S\$0.6 million) for the financial year ended 31 December 2020 and a net profit after tax of approximately HK\$2.1 million (equivalent to approximately S\$0.35 million) for the financial year ended 31 December 2019. Accordingly, the Board believes that the Proposed Acquisition of Golden Ultra would strengthen the profitability of the Group and bring value to the Shareholders. The Board also believes that acquiring profitable and experienced businesses will benefit the Group in the long term.

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- 3.4.2 The Board believes that the Proposed Acquisition of Golden Ultra would bring new revenue stream of revenues and opportunities to the Company, and plans to continue exploring potential investment opportunities in order to expand and diversify the Group's business, and improve the Group's operating results in the foreseeable future.

3.5 Consideration

- 3.5.1 The consideration for the Golden Ultra Sale Shares shall be HK\$84 million (equivalent to approximately S\$14.6 million) (the "**Golden Ultra Consideration**") which shall be paid by the Company to Mr Heilesen:

- (a) by way of a promissory note (the "**Golden Ultra Promissory Note**") in which the Company promises to pay HK\$84 million (equivalent to approximately S\$14.6 million) in cash to Mr Heilesen in accordance with the terms of the Golden Ultra Promissory Note; or
- (b) such other payment method as the Company and Mr Heilesen may agree in writing.

The Golden Ultra Promissory Note is interest free and will be accounted as a liability in the financial statement of the Company.

- 3.5.2 The Golden Ultra Consideration of HK\$84 million (equivalent to approximately S\$14.6 million) represents a premium of 44.62% or about HK\$25.9 million (equivalent to approximately S\$4.5 million) to the market value stated in the Golden Ultra Valuation Report.

- 3.5.3 The Golden Ultra Consideration was arrived at arm's length and on a willing-buyer-willing-seller basis after taking into account, *inter alia*, the following:

- (a) the market value of the 100% equity interest of CKLY Trading Limited as set out in the Golden Ultra Valuation Report;
- (b) the net profits after tax recorded in the audited financial statements of CKLY Trading Limited; and
- (c) the prevailing economic conditions.

The Golden Ultra Valuation Report formed a basis for the Golden Ultra Consideration for Golden Ultra.

The Board is of the view that Golden Ultra has been operating in the watch retailing business since 2016. Golden Ultra has been profitable for five (5) years in a row, and with a positive and growing EBITDA. As a result of its omni-channel approach to watch retailing, they are able to sell to and attract customers through online means as well as for clients that walk-in at the shop/office level.

Please see below table revenues, costs of sales, net profits, EBITDA and current net asset/liability and total net asset/liability figures of CKLY for FY2017 to HY2021:

	FY2017	FY2018	FY2019	FY2020	HY2021
Revenue (HK\$'000)	200,216	299,494	310,870	310,870	258,503
Cost of sales (HK\$'000)	197,191	291,538	300,523	357,252	250,620
Net profits (HK\$'000)	848	2,268	2,071	3,371	2,778

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	FY2017	FY2018	FY2019	FY2020	HY2021
EBITDA (HK\$'000)	1,137	3,671	4,943	8,052	4,863
Current net assets (HK\$'000)	815	2,799	4,909	8,341	11,111
Total net assets (HK\$'000)	815	3,082	5,153	8,524	11,302

Golden Ultra is capable of demonstrating that it has the following other benefits to the Company:

- (1) relevant knowledge and experience than many of the similar competitors due to its profitable track record for the past four years;
- (2) competent know-how and personnel (15 employees) to support the operation and expansion of the business;
- (3) extensive network of existing suppliers, customers, dealers and connections from the dealing of watches for the last 5 to 6 years;
- (4) value of its own website on www.bestwatch.com.hk, and the search engine optimisation ("SEO") that is included in the website;
- (5) the Proposed Acquisition of Golden Ultra makes sense economically in terms of time and cost savings for the Company to acquire Golden Ultra with a profitable track record as new projects and businesses developed by the Company will take time, management resources and significant costs to setup. Furthermore, it may not achieve a good outcome or profitable outcome for the Company. The Proposed Acquisition of Golden Ultra will shortcut the Company's road to profitability while enabling the Company to execute in a quick and fast manner;
- (6) the consideration shall be paid by way of Golden Ultra Promissory Notes that are not satisfied out of Company's existing capital and cash resources, and hence enables the Company to enter into a sale and purchase contract without straining the cashflow of the Company immediately;
- (7) Golden Ultra's existing office and setup located at Floor 4, Fontaine Building, 18 Mody Road, Tsim Sha Tsui Hong Kong will speed up the expansion of the Company's expansion efforts into Hong Kong; and
- (8) the Board is also of the view that the Proposed Acquisition of Golden Ultra provides another avenue for the Company to grow its businesses.

3.5.4 Taking into account the above factors, the Golden Ultra Recommending Director is of the view that the Golden Ultra Consideration is fair and represents a good structure to ensure all parties are aligned for the successful execution of the Golden Ultra SPA, and the future goal to ensure the Group can grow and expand profitably using the extensive supplier and distribution network that Golden Ultra has accumulated over the years. Please refer to **Section 3.14** for Special Committee Statement.

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3.6 Source of Funds

The Golden Ultra Consideration of HK\$84 million (equivalent to approximately S\$14.6 million) to be paid to the Golden Ultra Vendor by way of the Golden Ultra Promissory Note and the estimated costs and expenses to be incurred in connection with the Proposed Acquisition of Golden Ultra of S\$80,000 shall be funded either through:

- (a) loans from controlling shareholders of the Company;
- (b) fund raising exercises such as an issue of additional equity securities by way of a rights issue, placement or otherwise; or
- (c) a combination of both.

The Company is of the view that Golden Ultra is self-sustainable without funding from the Company at the moment. However, the Company believes that should Golden Ultra require further working capital or funding in the future, the funding will be in proportion to the Company's equity interest in Golden Ultra.

3.7 Principal Terms of the Golden Ultra SPA

According to the Golden Ultra SPA:

3.7.1 Conditions Precedent

The obligations of the Company and the Golden Ultra Vendor are conditional upon, and completion of the Proposed Acquisition of Golden Ultra shall not take place until, all of the following conditions have been fulfilled or waived (as the case may be) on or prior to the completion date:

- (a) the Golden Ultra Vendor having procured all necessary approvals from the board of directors and/or the shareholders of the Golden Ultra in connection with the Golden Ultra SPA and the transactions contemplated therein as may be necessary;
- (b) the Company obtaining such approvals from its board of directors and/or shareholders in connection with the Golden Ultra SPA and the transactions contemplated therein as may be necessary;
- (c) the Company being reasonably satisfied with the results of the legal, financial and tax due diligence to be carried out by the Company and/or its professional advisers on each of the Golden Ultra Target Group Companies (the "**Due Diligence Investigations**");
- (d) the rectification, or the procurement of such rectification, as reasonably determined by and to the reasonable satisfaction of the Company by the Golden Ultra Vendor of all issues and/or irregularities uncovered by the Company and/or its professional advisers during the Due Diligence Investigations on each of the Golden Ultra Group Companies which are capable of rectification, unless waived by the Company in its absolute discretion;
- (e) all necessary consents, approvals and waivers (and in particular, with respect to change in control clauses) which are required for the transactions contemplated herein by any agreement, arrangement, understanding, contract or commitment to which each of the Golden Ultra Group Companies is a party having been obtained by each of the Golden Ultra Group Companies, and such consents, approvals and waivers not having been amended or revoked before the completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company in its absolute discretion and being fulfilled on or before the completion date;
- (f) the Company being satisfied in its absolute discretion that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, condition (financial or otherwise), assets, prospects, performance, financial position, results or operations of each of the Golden Ultra Group Companies between the date of the Golden Ultra SPA and the completion date;

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- (g) there is no breach by the Golden Ultra Vendor of the Golden Ultra Vendor's representations, warranties, covenants and indemnities contained in the Golden Ultra SPA;
- (h) each of the representations, warranties and undertakings remaining true, not misleading, correct and accurate in any respects at completion, as if repeated on the completion date, and at all times between the date of the Golden Ultra SPA and completion; and
- (i) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated in the Golden Ultra SPA (including the waiver of any right of pre-emption or other restriction on the transfer of the Golden Ultra Sale Shares conferred on any person under the constitution of Golden Ultra or otherwise, if necessary) having been obtained by the Golden Ultra Vendor and/or each of the Golden Ultra Group Companies (as the case may be), and such consents, approvals and waivers not having been amended or revoked before completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company and being fulfilled on or before the completion date.

If any of the conditions precedent are not fulfilled by any party on or before the long stop date, being 31 March 2022, and such non-fulfilment is not waived by the other party, the Golden Ultra SPA shall *ipso facto* cease and determine. In that event, the parties shall be released and discharged from their respective obligations under the Golden Ultra SPA, other than the provisions of the Golden Ultra SPA which survive the termination of the Golden Ultra SPA and no party shall have any claim against the other party for costs, damages, compensation or otherwise under the Golden Ultra SPA, save for any claim by any party against the other party in respect of any antecedent breach of the Golden Ultra SPA; and

The Golden Ultra SPA shall be governed and construed in accordance with the laws of Singapore.

All Conditions Precedent have been satisfied except item (b) that the Company will seek the shareholders approval before completion of the Proposed Acquisition of Golden Ultra.

3.8 Principal terms of the Golden Ultra Promissory Note

According to the Golden Ultra SPA, the salient terms of the Golden Ultra Promissory Note are as follows:

- 3.8.1 The company promises and undertakes unconditionally to pay the principal amount of HK\$84 million (equivalent to approximately S\$14.6 million) to the Golden Ultra Vendor by the maturity date which falls on 30 September 2022.
- 3.8.2 The Company may at any time give the Golden Ultra Vendor 14 business days' notice in writing to redeem the Golden Ultra Promissory Note at the principal amount (or any part thereof), and the date falling on the 14th business day after the date of receipt of the redemption notice shall be the "Golden Ultra Elected Redemption Date". The promisor shall deliver the payment of the principal amount (or any part thereof) to the Golden Ultra Vendor by a cashier's order or banker's draft drawn on a bank licensed in Singapore or Hong Kong and made out in favour of the Golden Ultra Vendor, or in such other manner as may be agreed in writing between the Company and the Golden Ultra Vendor.
- 3.8.3 The Golden Ultra Promissory Note shall be governed by, and construed in accordance with, the laws of Singapore. In relation to any legal action or proceeding arising out of or in connection with this Golden Ultra Promissory Note, the parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore.
- 3.8.4 The Golden Ultra Promissory Notes will not be secured by any assets of the Company or guarantee provided by the Company.

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3.9 The Proposed Acquisition of Golden Ultra as an “Interested Person Transaction” under Chapter 9 of the Catalist Rules

3.9.1 Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020, the Group’s latest audited NTA amounts to approximately S\$0.84 million.

3.9.2 The current total of all transactions (excluding transactions less than S\$100,000) with Mr Heilesen and his associates for the period commencing on 1 January 2021 up to the date of this announcement is set out in the table below.

Description of Transaction	Before Completion of the Proposed Acquisition of Golden Ultra		After Completion of the Proposed Acquisition of Golden Ultra	
	Amount	% ⁽²⁾	Amount	% ⁽²⁾
Proposed Acquisition of Billion Credit Financial Company Limited ⁽¹⁾	S\$1.08 million	129	S\$1.08 million	129
Proposed Acquisition of Golden Ultra	-	-	S\$14.6 million	1,738
Total	S\$1.08 million	129	S\$15.68 million	1,867

Notes:

(1) The Company had, on 27 September 2021, entered into a sale and purchase agreement with Great Winner Holdings Limited, to acquire 10,000 ordinary shares in Billion Credit Financial Company Limited, representing 100% of the issued share capital of Great Winner Holdings Limited, for an aggregate consideration of HK\$5.8 million (equivalent to approximately S\$1 million). Upon completion, Great Winner Holdings Limited will become a wholly-owned subsidiary of the Company. Please refer to the Company’s announcement dated 27 September 2021 for further details in relation to the proposed acquisition of Billion Credit Financial Company Limited.

(2) As a percentage of the Group’s latest audited NTA.

3.9.3 As the value of the Proposed Acquisition of Golden Ultra as an “interested person transaction” under Chapter 9 of the Catalist Rules is more than 5% of the Group’s latest audited NTA, the Proposed Acquisition of Golden Ultra is conditional upon approval by Shareholders in the EGM pursuant to Rule 906 1(a) of the Catalist Rules.

3.9.4 Pursuant to Rule 921 of the Catalist Rules, the circular to shareholders must include a statement that the interested person will abstain, and has undertaken to ensure that its associates will abstain, from voting on the resolution approving the transaction. Accordingly, Mr Heilesen and his associates shall not vote on the Ordinary Resolution approving the Proposed Acquisition of Golden Ultra. Mr Heilesen and his associates shall also refrain from accepting appointments as proxies unless specific instructions as to voting are given, in accordance with Catalist Rules 919.

3.9.5 The Company will disregard any votes cast on the Ordinary Resolution relating to the Proposed Acquisition of Golden Ultra by Mr Heilesen and his associates.

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3.10 Relative Figures computed on the bases set out in Rule 1006 of the Catalist Rules relating to the Proposed Acquisition of Golden Ultra

3.10.1 The relative figures computed on the bases set out in Rule 1006 of the Catalist Rules for the Proposed Acquisition of Golden Ultra are as follows:

Rule 1006(a) of the Catalist Rules	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	Not Applicable ⁽²⁾
Rule 1006(b) of the Catalist Rules	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. ⁽³⁾	(17.20)% ⁽⁴⁾
Rule 1006(c) of the Catalist Rules	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued Shares excluding treasury shares.	98.96% ⁽⁵⁾
Rule 1006(d) of the Catalist Rules	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable ⁽⁶⁾
Rule 1006(e) of the Catalist Rules	The aggregate volume or amount proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil or gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁷⁾

Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) The Proposed Acquisition of Golden Ultra is an acquisition of assets not a disposal of assets.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on the pro forma combined financial statements of the Golden Ultra Group for the six months ended 30 June 2021, the net profits attributable to the Golden Ultra Sale Shares, representing 42% of the issued share capital of the Golden Ultra, was approximately S\$0.2 million as at 30 June 2021 which represents approximately 17.20% of the Group's net loss of approximately S\$1.2 million as at 30 June 2021 on an absolute basis.
- (5) The consideration to be received is HK\$84 million (equivalent to approximately S\$14.6 million) which represents approximately 98.96% of the Company's market capitalisation of approximately S\$15 million on 15 October 2021, being the last full market day on which trades were done preceding the date of the Golden Ultra SPA. The Company's market capitalisation was determined by multiplying the number of shares in issue (2,993,532,545 shares) by the weighted average price of such shares of S\$0.00494 transacted on 15 October 2021.
- (6) No equity securities will be issued by the Company in connection with the Proposed Acquisition of Billion Credit.
- (7) The Company is not a mineral, oil and gas company.

3.10.2 As one of the relative figures computed on the bases set out in Catalist Rule 1006 exceeds 75% but is less than 100%, the Proposed Acquisition of Golden Ultra is classified as a "major transaction" under Chapter 10 of the Catalist Rules

3.10.3 Catalist Rule 1014 shall apply to the Proposed Acquisition of Golden Ultra.

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- 3.10.4 Catalyst Rule 1014 requires, *inter alia*, that (a) the Company immediately announce the information required in Catalyst Rules 1010, 1011, 1012 and 1013, where applicable; and (b) the Proposed Acquisition of Golden Ultra must be made conditional upon approval by shareholders in a general meeting. The required information has been disclosed accordingly and this Circular contains the information required in Catalyst Rules 1010, 1011, 1012 and 1013 where applicable.

3.11 Financial Effects of the Proposed Acquisition of Golden Ultra

- 3.11.1 The financial effects of the Proposed Acquisition of Golden Ultra on the NTA per share and the EPS of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

- 3.11.2 For illustrative purpose, the financial effects of the Proposed Acquisition of Golden Ultra have been prepared based on, *inter alia*, the following assumptions:

- (d) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Acquisition of Golden Ultra was completed on 31 December 2020;
- (e) the financial effects on the EPS of the Group are computed assuming that the Proposed Acquisition of Golden Ultra was completed on 1 January 2020; and
- (f) the costs and expenses incurred or to be incurred in connection with the Proposed Acquisition of Golden Ultra shall be disregarded.

3.11.3 Financial Effects on the NTA per share of the Group

	Before Completion of the Proposed Acquisition of Golden Ultra	After completion of the Proposed Acquisition of Golden Ultra
NTA as at 31 December 2020 (S\$'000)	836	836
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings	299,843,943	299,843,943
NTA per Share (Singapore cents)	0.28	0.28

3.11.4 Financial Effects on the EPS of the Group

	Before Completion of the Proposed Acquisition of Golden Ultra	After completion of the Proposed Acquisition of Golden Ultra
Net (Loss) / Profit for FY2020 (S\$'000)	(4,124)	(3,877)

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	Before Completion of the Proposed Acquisition of Golden Ultra	After completion of the Proposed Acquisition of Golden Ultra
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings	299,843,943	299,843,943
EPS (LPS) (Singapore cents)	(1.38)	(1.29)

- 3.11.5 The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group upon completion of the Proposed Acquisition of Golden Ultra. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

3.12 Risk Factors associated with the Proposed Acquisition of Golden Ultra

Shareholders should note that the Proposed Acquisition of Golden Ultra may change the risk profile of the Group. Shareholders should carefully consider and evaluate each of the following considerations and all of the other information set out in this Circular in relation to the Proposed Acquisition of Golden Ultra. Some of the following considerations relate principally to only certain and not all of the industries pertaining to the Proposed Acquisition of Golden Ultra. Other considerations relate principally to general economic and political considerations.

If any of the following considerations and uncertainties develops into actual events, the business, financial condition, results of operations or prospects of the Group may be materially and adversely affected. The risks discussed below also includes forward-looking statements and the actual results of the Group and of the Company may differ substantially from those discussed in these forward-looking statements.

To the best of the Directors' knowledge and belief, all risk factors which are material in making an informed decision in relation to the Proposed Acquisition of Golden Ultra have been set out below.

Sub-headings are for convenience only and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

The following considerations are not exhaustive and not intended to be exhaustive.

The Group may lose its access to the supply of luxury watches, in particular Rolex, Patek Philippe, Audemars Piguet and Franck Mueller watches, and its business, financial condition and results of operations will be materially adversely affected

The success of the Group's watch retailing business is largely dependent on its sales of luxury watches. The manufacture of key luxury watch brands is highly concentrated among a limited number of brand owners and the production of luxury watches is limited by the small number of master watchmakers and the availability of artisanal skills. Owners of luxury watch brands control distribution through strict, selective distribution agreements. If the Group were to lose any of its major suppliers for luxury watches, in particular for Rolex watches, or if the owners of luxury watch brands were to fail to supply their watches in the desired models or quantities to the Group (which, for example, occurred in 2018 due to a shortage in supply of certain models of Rolex and Patek Philippe watches as compared to its demand), the Group's business, financial condition and results of operations will be materially adversely affected.

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The Group may not be able to deliver products to its customers in a timely and cost-effective manner

The Group is subject to the risks associated with its ability to provide delivery services. The Group offers flexible delivery options and its online operations rely on third-party carriers and transportation providers for all of the Group's product shipments. The Group's shipments are subject to various risks, including labour strikes and adverse weather, which may impact third-party carriers and transportation providers' ability to provide delivery services that adequately meet the Group's needs. An inability to fulfil the Group's delivery orders due to high demand and insufficient capacity or any increase in charges, changes in delivery terms or restrictions on operations by such delivery companies could result in delivery of the Group's products being delayed or cancelled or the costs of deliveries increasing. This risk may be exacerbated by any future growth in the volume of products that the Group delivers to its customers.

Any significant interruption to, or delay in, the delivery of products, could result in reduced sales and have a material adverse effect on the Group's reputation, business, financial conditions and results of operations. Even a minor delay in the delivery of products during a peak trading period such as ahead of the Christmas period, could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group or its suppliers may not be able to anticipate, identify and respond to changing consumer preferences in a timely manner, and the Group may not manage its inventory in line with customer demand

Online retail, including on mobile devices and tablets, is rapidly evolving and is subject to changing technology and shifting consumer preferences. As new generations of global luxury consumers emerge, they may fundamentally change the way luxury watches are purchased. Online retail companies and digital marketplaces (such as Chronext, Chrono24 and StockX), including emerging start-ups, may be able to innovate and attract suppliers and customers to purchase luxury watches faster than the Group can, and may be willing to price their products more aggressively in order to gain market share. The Group may have to incur significantly higher and more sustained advertising and promotional expenditures or offer more incentives in order to increase its online sales and in-store sales.

The Group's luxury watches also compete with pre-owned luxury watches sold through retailers such as Watchfinder and eBay, as well as products sold in the grey market. Luxury watches sold through the grey market are often offered at steep discounts by unauthorised dealers (who often acquire inventory that authorised dealers have failed to sell and offer them at a lower price, often with an equivalent warranty), which appeal to price-conscious shoppers. The grey market may facilitate pricing pressure by allowing online retailers to reach a larger number of potential customers without incurring significant fixed costs. High discounts attainable in the grey market may damage the aura of prestige associated with luxury watch brands and make it harder to sell luxury watches at the full price, which could undermine the selective distribution channel on which the Group's business model is based. The offerings in the grey market may also be counterfeit, which could adversely affect the reputation of the third-party brands that the Group sells.

The Group may not be able to adequately protect its intellectual property and may be required to engage in costly litigation as a protective measure

To establish and protect its intellectual property rights, the Group relies upon a combination of trademark and trade secret laws, together with licences, exclusivity agreements and other contractual covenants. In particular, trademarks and trade names are of significant value to the Group's operations, and any loss of rights in or damage to the value of those trademarks and/or trade names would adversely affect its watch retailing business.

The Group does not have exclusive rights to its trade names in every country, and third-party retailers may use the same or similar trade names. This contemporaneous usage by third

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parties of the Group's trade names could result in confusion among consumers between the Group's brand and such other brands, which may undermine the Group's reputation and brand image and reduce the value of its trade names. The existence of retailers outside Singapore and Hong Kong operating under the same or similar trade names as the Group may also adversely affect the Group's ability to expand its operations into such jurisdictions, including securing new supplier arrangements.

The measures the Group takes to protect its intellectual property rights may prove inadequate to prevent misappropriation of its intellectual property, which may result in the Group's trademarks becoming generic and losing the protection of intellectual property laws. If a third party gains intellectual property rights over a name or a symbol that the Group uses in its business, the Group may not be able to continue using such name or symbol in its business. Monitoring the unauthorised use of the Group's intellectual property is difficult and if the Group fails to discover any infringements of its intellectual property rights or is otherwise unable to obtain, defend and enforce successfully rights in its intellectual property, its business, brand image, reputation, financial condition and results of operations could be materially adversely affected. Litigation may be necessary to enforce the Group's intellectual property rights or to determine the validity and scope of the proprietary rights of others, which could result in substantial costs and diversion of resources, may result in counterclaims or other claims against the Group and could significantly harm its results of operations.

The Group also relies heavily on its ability to market and sell third-party branded products. Others may in the future try to challenge the validity of the use by the Group of such intellectual property. If the Group is unable to defend successfully against allegations of infringement, it may face various sanctions, including injunctions, monetary sanctions, alternations to its intellectual property rights and marketing materials, which could result in adverse publicity, significant expense and may have a material adverse effect on the Group's financial condition and results of operations.

A decline in consumer spending may unfavourably impact the Group's business, financial condition and results of operations

The Group's business depends on consumer demand for the products it offers. All of the Group's product categories – luxury watches and, fashion and classic watches – are discretionary products, which are highly dependent on trends in consumer spending and, consequently, are sensitive to a number of factors that are beyond the Group's control. Factors that influence consumer spending include, among others, general macro-economic and global political conditions (particularly in Singapore and Hong Kong), consumer confidence in future economic and political conditions, inflation and interest rates (which could increase the cost of credit), foreign exchange rates, tax rates, custom duties and tariffs, trade policies, adverse weather conditions, pandemics, travel disruption, terrorism, acts of war or other exogenous events or fear of such events, tourism levels (particularly by high net worth individuals), employment levels, disposable consumer income and availability and cost of credit.

Adverse changes in factors affecting discretionary consumer spending could reduce consumer demand for the Group's products, which could lead to a decrease in sales. A decrease in sales may be proportionately greater than the level of any wider economic decline as customers may choose to delay making luxury purchases, or may purchase less expensive alternative products. In addition, the Group may respond to a decrease in consumer demand by increasing discounts or initiating marketing promotions to reduce excess inventory, which could have a material adverse effect on its business, financial condition and results of operations.

Deterioration in the strength of the brands of the products that the Group sells, or failure to promote and sustain favourable brand recognition, could have an adverse impact on sales and future growth

Primary factors in determining customer buying decisions in the luxury watch sectors include customer confidence in the retailer and in the brands it sells, together with the level and quality

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of customer service. The strength of a luxury watch brand is based on its reputation for authentic, high-end luxury products that maintain their value, complemented by consistent customer service. The ownership of key luxury watch brands is highly concentrated among a limited number of brand owners. As such, the Group relies on such owners being incentivised to maintain the longevity and appeal of their brands. If the owners of luxury watch and/or luxury jewellery brands that the Group sells fail to maintain high quality standards, desirability and favourable recognition of their respective brands, this may have a material adverse effect on consumers' confidence in such brands, and the Group may not be able to maintain current prices and/or sales volumes, which may materially adversely affect its business, growth strategy, financial condition and results of operations. In contrast to luxury watches, fashion and classic watch brands are more susceptible to brand volatility and, if the brands that the Group sells in these categories deteriorate in strength, this may adversely affect the Group's sales.

Factors affecting brand recognition are often outside the Group's control and, if the Group is unable to differentiate its stores (online and in-store) and merchandise from competitors by its branding, visual merchandising, product presentation, marketing, social media and other advertising programmes, it may fail to attract customers to purchase its products. The Group's relationships with, and the level of support it receives from, watch brands may also deteriorate, and the Group may fail to realise the benefits of having made significant investments, including for marketing and advertising campaigns.

The Group's reputation and brand image may be impaired if it or its suppliers fail to maintain high ethical, social and environmental standards, comply with local laws and regulations or if it or its suppliers become subject to other negative events or adverse publicity.

Any of these events could have a material adverse effect on the Group's business, financial condition and results of operations.

3.13 Independent Financial Advisor

- 3.13.1 On 18 October 2021, the Company announced, *inter alia*, that the Company had appointed W Capital Markets Pte. Ltd. as the IFA to advise the Audit Committee in connection with the Proposed Acquisition of Golden Ultra and to opine on whether the Proposed Acquisition of Golden Ultra is on normal commercial terms and whether the Proposed Acquisition of Golden Ultra is prejudicial to the interests of the Company and its minority Shareholders.
- 3.13.2 The Golden Ultra IFA Letter issued by the IFA containing the opinion of the IFA on whether the Proposed Acquisition of Golden Ultra is on normal commercial terms and whether the Proposed Acquisition of Golden Ultra is prejudicial to the interests of the Company and its minority Shareholders is set out in **Appendix D** to this Circular. The following is an extract from the Golden Ultra IFA Letter and should be read by Shareholders in conjunction with, and in the context of, the full text of the Golden Ultra IFA Letter. All capitalised terms used in the extract below shall have the meanings ascribed to them in the Golden Ultra IFA Letter, unless the context requires otherwise or unless otherwise stated.

“6. OUR OPINION

In arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition of Golden Ultra Limited. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key considerations which we consider to be pertinent to our assessment of the Proposed Acquisition of Golden Ultra Limited:

- (a) *the rationale for the Proposed Acquisition of Golden Ultra Limited, details of which are set out in Paragraph 5.1 of this IFA Letter;*

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- (b) *the analysis of the historical financial performance and financial condition of CKLY Trading Limited, details of which are set out in Paragraph 5.2 of this IFA Letter;*
- (c) *assessment of the fairness of the Golden Ultra Consideration for the Proposed Acquisition of Golden Ultra Limited, details of which are set out in Paragraph 5.3 of this IFA Letter. In this regard, it is noted that the Golden Ultra Consideration represents a premium of HK\$25.9 million (or approximately 44.6%) to the market value attributable to the Golden Ultra Sale Shares with reference to the independent valuation of CKLY Trading Limited. It is further noted that in arriving at the Golden Ultra Consideration of HK\$84.0 million, apart from the Golden Ultra Valuation Report, the Directors have also taken into account various non-quantitative factors as set out in Paragraph 5.3.1; and*
- (d) *other relevant considerations, details of which are set out in Paragraph 5.4 of this IFA Letter, which relates to our assessment on the Proposed Acquisition of Golden Ultra Limited.*

Having regard to the foregoing considerations as set out above and information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition of Golden Ultra Limited is not on normal commercial terms and may be prejudicial to the interests of the Company and its Minority Shareholders, taking into consideration in particular that the Golden Ultra Consideration for the Proposed Acquisition of Golden Ultra Limited is at a 44.6% premium to the valuation based on the Golden Ultra Valuation Report and that the NTA of Golden Ultra Group will be reduced to HK\$0 upon the completion of the Ntegrator CKLY Acquisition as a result of the Pre-completion Dividend Payout.”

Shareholders are advised to read the Golden Ultra IFA Letter set out in Appendix D to this Circular carefully.

3.14 Special Committee Statement

The members of the Audit Committee comprise Mr Leung Kwok Kuen Jacob, Mr Leung Yu Tung Stanley and Ms Zhou Jia Lin (who are considered not independent for the purposes of the Proposed Acquisition of Golden Ultra, please refer to **Section 3.14** for more details).

Accordingly, the Company constituted a special committee (the “**Special Committee**”) comprising Ms Eunice Veon Koh Pei Lee to form a view on the Proposed Acquisition of Golden Ultra. Ms Eunice Veon Koh Pei Lee is the Golden Ultra Recommending Director.

The Special Committee is of the view that the valuation of Golden Ultra was conducted properly as the Golden Ultra Independent Valuer is a professional with certificate of professional authority and the valuation was conducted based on their relevant experience, with studies and research of the industry of the Golden Ultra Target Group. The Special Committee is also of the view that the Golden Ultra Promissory Note is interest free and is a fair market rate.

Ms Eunice Veon Koh Pei Lee is of the view that the CKLY Trading Limited has been operating in the watch retailing business since 2016. The Target has been profitable for four years in a row, and with a positive and growing EBITDA. As a result of its omni-channel approach to watch retailing, they are able to sell to and attract customers through online means as well as for clients that walk-in at the shop/office level.

The Special Committee takes into consideration the reasons for the premium over the valuation include but is not limited to the following:

- (1) relevant knowledge and experience than many of the similar competitors;
- (2) competent know-how and personnel (fifteen employees) to support the operation and expansion of the business;

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- (3) extensive network of existing suppliers, customers, dealers and connections from the dealing of watches for the last five to six years;
- (4) value of its own website on www.bestwatch.com.hk, and the search engine optimisation (“SEO”) that is included in the website;
- (5) the Proposed Acquisition makes sense economically in terms of time and cost savings for the Company to acquire the Target with existing staff, a profitable track record with new projects, businesses and website. The Proposed Acquisition will shortcut the Company’s road to profitability while enabling the Company to execute in a quick and fast manner;
- (6) The consideration shall be paid by way of Promissory Notes that are not satisfied out of Company’s existing capital and cash resources, and hence enables the Company to enter into a sale and purchase contract (“S&P”) without straining the cashflow of the Company immediately;
- (7) The Target’s existing office and setup that will speed up the expansion of the Company’s expansion efforts into Hong Kong; and
- (8) The Special Committee is also of the view that the Proposed Acquisition provides another avenue for the Company to grow its businesses;

Given the limited existing financial resources of the Company, Board believes the ability to pay with an unsecured promissory note for a profitable asset (the Target Company) that can contribute to the Company is a good opportunity for the Company to expand and grow the top line and bottomline of the Company.

Given the recommendation from the Special Committee, the Board is of the view that (i) the terms and conditions, and (ii) the rationale of the Proposed Acquisition as set out in **Section 3.4** of this Circular and (iii) the reasons above and notwithstanding the opinion of the IFA as contained in the IFA letter, is of the view that the Proposed Acquisition of Golden Ultra, when viewed together with other commercial factors as a whole, is in the interests of the company and its shareholders as a whole.

Taking into account the above factors and recommendation from the Special Committee, the Directors are of the view that the Golden Ultra Consideration is fair and represents a good structure to ensure all parties are aligned for the successful execution of the Golden Ultra SPA, and the future goal to ensure the Group can grow and expand profitably using the extensive supplier and distribution network that Golden Ultra has accumulated over the years.

3.15 Interests of Directors and Substantial Shareholders

On 12 October 2021, Ntegrator International Ltd. (Company Registration Number 199904281D) (“**Ntegrator**”), a public company incorporated in Singapore on 24 July 1999 listed on the Catalist Board of the SGX-ST announced a proposed acquisition of 55% of the issued share capital of Golden Ultra (the “Ntegrator CKLY Acquisition”), it was agreed between the Ntegrator and Mr Heilesen, *inter alia*, that Golden Ultra Group shall declare dividends to Mr. Heilesen (“Pre-completion Dividend Payout”), such amount to be determined on completion of the Ntegrator CKLY Acquisition which will result in the NTA of Golden Ultra Group to be reduced to HK\$0. As at the date of the Ntegrator Announcement, CKLY Trading Limited has declared and paid a dividend of HK\$10 million to Mr. Heilesen. The Company believes that Ntegrator also commissioned Golden Ultra Independent Valuer to conduct an independent valuation on the market value of the 100% equity interest of CKLY Trading Limited.

Mr Heilesen, who is a director and substantial shareholder of the Company, is a director and a substantial shareholder of Ntegrator. Mr Leung Kwok Kuen Jacob, Mr Leung Yu Tung Stanley and Ms Zhou Jia Lin, who are directors of the Company, are directors of Ntegrator.

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Save as disclosed in this Circular, none of the directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition of Golden Ultra, other than through their shareholdings in the Company, if any.

3.16 Service Contracts in connection with the Proposed Acquisition of Golden Ultra

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition of Golden Ultra and no service contracts in relation thereto is proposed to be entered into by the Company.

3.17 Confirmation by the Company

The Company confirms that the Proposed Acquisition of Golden Ultra does not contravene any laws and regulations governing the Company and the Constitution of the Company.

4. THE PROPOSED DIVERSIFICATION INTO THE E-COMMERCE BUSINESS

4.1 Introduction

4.1.1 The Directors are seeking Shareholders' approval for the diversification of the Group's business to include the E-Commerce Business at the EGM to be convened as set out in the Notice of EGM.

4.1.2 This section is intended to provide Shareholders with information relating to and explaining the rationale for the Group's diversification into the E-Commerce Business.

4.2 Background Information

4.2.1 Existing businesses of the Group

The existing businesses of the Group comprise of 4 core divisions, namely:

- (a) distribution of specialty chemical products and consumable material for electronic industry ("**Distribution Business**");
- (b) switchgear design and assembly ("**Switchgear Business**");
- (c) provision of individual and corporate loans in Hong Kong ("**Financing Business**"); and
- (d) retail and trading of new and used luxury consumer goods ("**Luxury Business**").

At its inception, the Group was principally engaged in the Distribution Business and Switchgear Business. At an extraordinary general meeting of the Company held on 6 September 2017, the Company sought for and obtained Shareholders' approval to diversify into the Financing Business and Luxury Business. The diversification into the Financing Business and Luxury Business was part of the Group's strategy to pursue diversification and long-term growth by introducing more income streams to the Group, to enhance the Group's business sustainability and to increase Shareholders' value.

The diversification into the Financing Business involved the Group operating as a licensed lender in Hong Kong, which is subject to the Money Lenders Ordinance, and providing loans to individuals as well as corporate clients. The diversification into the Luxury Business involved wholesale sourcing, wholesale sales as well as retails sales in Hong Kong and Singapore and any geographical areas the Company deems fit for new and second-hand luxury goods such as watches, jewellery and handbags. For detailed information on the Financing Business and Luxury Business, please refer to the Company's circular to Shareholders dated 18 August 2017.

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4.3 Scope of the E-Commerce Business

- 4.3.1 The Board proposes to diversify into the E-Commerce Business which shall include developing, operating and licensing e-commerce business, including but not limited to, internet advertisement, payment systems, social media marketing, online e-commerce, applications, website and/or mobile content development in any geographical areas as the Group deems fit.
- 4.3.2 The Group's Proposed Diversification into the E-Commerce Business is part of the Group's business expansion. The Group intends to engage in the E-Commerce Business on a prudent basis with discretion.
- 4.3.3 The Group may also explore joint ventures and/or strategic alliances with third-parties who have the relevant expertise and resources to carry out the E-Commerce Business as and when the opportunity arises. The decision on whether a project should be undertaken by the Group on its own or in collaboration with third-parties will be made by the Board after taking into consideration various factors, including but not limited to, the nature and scale of each project, amount of investment required and risks associated with such an investment, nature of expertise required, the period of time that is required to complete the project and conditions in the market, taking into account the opportunities available.

4.4 Rationale for the Proposed Diversification into the E-Commerce Business

The Board proposes to diversify into the E-Commerce Business for the following reasons:

- 4.4.1 The Proposed Diversification into the E-Commerce Businesses can bring about various benefits to the Group

Additional and recurrent revenue streams with a view to achieving long-term growth – The Board envisions that the Proposed Diversification into the E-Commerce Business can provide additional and recurrent revenue streams for the Group. Such additional and recurrent revenue streams arising from the Proposed Diversification into the E-Commerce Business may include, amongst others, capital gains and recurring dividend income from its investments as well as fee income.

Wider network of contacts and business opportunities – The Board envisions that the scope of the E-Commerce Business will augment and strengthen the Group's existing businesses, by providing greater access to financial services and funding, and increasing the Group's network of contacts, which may potentially lead to fresh business opportunities for the Group when the Group invests in its investee entities.

Diversity of business and income base, and reduced reliance on the Group's existing businesses – The Proposed Diversification into the E-Commerce Business will be beneficial to the Group's efforts to sustained performance in the future. Given the uncertainties prevailing in the current global economic outlook, the Board believes that it is prudent to take active steps to reduce reliance on the Group's existing businesses. The Proposed Diversification into the E-Commerce Business may provide the Group with a more diversified businesses and income base for future growth, and to enable the Group to develop new expertise and know-how in the e-commerce industry.

The Board also believes that the Proposed Diversification into the E-Commerce Business creates the opportunity for geographical diversification. The Group intends to explore investment opportunities with no geographical limit. This allows the Group to be flexible in seeking out and capturing such opportunities and to be adaptable to the fluidity of investment deals around the world and through information technology.

Capitalising on the growth prospects of both Singapore, Hong Kong and overseas markets – The Directors believe that the Proposed Diversification into the E-Commerce Business will enable the Group to be better-positioned to capitalise on high growth industries

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in Singapore, Hong Kong and overseas, particularly the e-commerce industry. Capitalising on such investment opportunities may enhance the performance of the Group, and thereby strengthen the Group's turnover and profit and enhance shareholder value and return.

4.4.2 Flexibility to enter into transactions relating to the E-Commerce Business in the ordinary course of business

After Shareholders' approval for the Proposed Diversification into the E-Commerce Business has been obtained, the Group may, in the ordinary course of business, enter into transactions relating to the E-Commerce Business without having to seek Shareholders' approval. This will eliminate the need for the Company to convene separate general meetings on each occasion to seek Shareholders' approval as and when potential transactions relating to the E-Commerce Business arise. This will allow the Group greater flexibility to pursue business and investment opportunities which may be time-sensitive in nature, and may also substantially reduce the expenses associated with the convening of general meetings from time to time.

However, in accordance with the SGX-ST's recommended practice in relation to diversification of business, if an issuer has not operated in the new business space and did not provide sufficient information about the new business at the time when it is seeking shareholders' approval for the diversification mandate, where the issuer enters into the first Major Transaction involving the new business (the "**First Major Transaction**"), or where any of the figures computed based on Rule 1006 of the Catalist Rules in respect of several transactions involving the new business aggregated (the "**Aggregated Transactions**") over the course of a financial year exceeds 75%, such First Major Transaction or the last of the Aggregated Transactions will be made conditional upon shareholders' approval.

For the avoidance of doubt, notwithstanding the Proposed Diversification into the E-Commerce Business, in respect of transactions:

- (a) where any of the relative figures as computed on the bases set out in Rule 1006 of the Catalist Rules exceeds 100% or more or results in a change in control of the issuer, Rule 1015 of the Catalist Rules will still apply and such transactions must be, among others, made conditional upon approval by Shareholders in general meeting;
- (b) which constitute an "interested person transaction" as defined under the Catalist Rules, Chapter 9 of the Catalist Rules will apply and the Company will comply with the provisions of Chapter 9 of the Catalist Rules;
- (c) the First Major Transaction or the last of the Aggregated Transactions will be made conditional upon Shareholders' approval, if applicable; and
- (d) Paragraph 2 of Practice Note 10A of the Catalist Rules will apply to acquisitions or disposals of assets (including options to acquire or dispose assets) which will change the risk profile of the Company. Such transactions must therefore be, among others, made conditional upon approval by Shareholders at a general meeting.

Rule 1005 of the Catalist Rules states that "the sponsor may aggregate separate transactions completed within the last 12 months and treat them as if they were one transaction. The SGX-ST retains the discretion to determine whether the aggregation was correctly applied, and/or to direct the sponsor to aggregate other transactions."

4.5 **Future plan for the E-Commerce Business**

The Group's future plan is to make use of the E-Commerce Business platforms for the principal activities of the Group. The Group may leverage on the E-Commerce Business to aid in the Group's daily operations and business intelligence.

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4.6 Management and relevant expertise

Although the E-Commerce Business is different from the existing business of the Group, the Board recognises that the relevant experience and expertise required can be acquired and developed internally or externally, by way of joint ventures or partnerships, by the Group over time. As such, the Group will assess the manpower required once the E-Commerce Business materialise and will update the Shareholders and make the necessary announcements as and when appropriate. The strategic management of the E-Commerce Business shall be jointly managed by the Group's Executive Director, Mr Christian Kwok-Leun Yau Heilesen and the management of the E-Commerce Business (whom the Company will appoint). Mr Christian Kwok-Leun Yau Heilesen has significant experience with the management and operation of an e-commerce watch business and depending on the needs and requirements of the E-Commerce Business, the Board will recruit suitable individuals with the appropriate experience to manage the E-Commerce Business. Where necessary, the Group will also hire external consultants, industry experts and professionals. The Group may also outsource certain functions where appropriate and in doing so, the Group will take into account the specific expertise and competencies necessary for the E-Commerce Business.

4.7 Licences

As and where necessary and if required, or where any research or marketing activities or any other matters carried out under the E-Commerce Business requires any particular licences, permits and/or approval, the Group will apply for the requisite licences, permits and/or approvals for the E-Commerce Business. Where it is not possible or practicable for the Group to obtain such required licences, permits and/or approval, the Group intends to seek strategic partnerships or collaborations with entities which are in possession of such required licenses, permits and/or approval.

4.8 Funding for the E-Commerce Business

The Company intends to fund the diversification into the E-Commerce Business through a combination of internal sources of funds, proceeds from any future fund raising exercises, and borrowings from financial institutions. As and when necessary and deemed appropriate, the Group may explore secondary fund-raising exercises by tapping the capital markets, including but not limited to rights issues, share placements and/or issuance of debt instruments.

4.9 Risk factors associated with the E-Commerce Business

The diversification of the Group's business into the E-Commerce Business involves a number of risks, some of which, including operational, legal and regulatory risks, could be material. To the best of the Directors' knowledge and belief, all risk factors which are material to Shareholders in making an informed decision on the diversification of the Group's business into the E-Commerce Business have been set out below. If any of the factors and/or uncertainties described below develops into actual events affecting the E-Commerce Business, this may have a material and adverse impact on the E-Commerce Business and consequently, the overall results of operations, financial condition and prospects of the Group could be similarly impacted.

The risks described below are not intended to be exhaustive. New risk factors may emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the E-Commerce Business or the extent to which any factor, or combination of factors, may affect the E-Commerce Business. There may also be other risks associated with the entry into the E-Commerce Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

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4.9.1 General Risk Factors Associated with the Proposed Diversification into the E-Commerce Business

The Group's performance in the E-Commerce Business will be subject to exposure to macro-economic risks

The E-Commerce Business can be affected by many factors which are beyond the Group's control. Any of the following factors may cause fluctuations and/or declines in the markets in which the Group operates or invests:

- (a) legal and regulatory changes;
- (b) government policies;
- (c) economic and political conditions;
- (d) level and volatility of liquidity and risk aversion;
- (e) concerns about natural disasters, terrorism and war;
- (f) the level and volatility of equity, debt, property, commodity and other financial markets;
- (g) the level and volatility of interest rates and foreign currency exchange rates;
- (h) concerns over inflation; and
- (i) changes in investor confidence levels.

Any of the above-mentioned factors could adversely impact the performance of the E-Commerce Business, which in turn may affect the Group's revenue, results of operations and/or financial condition.

The Group may not be successful in implementing its strategies

The Group's expansion strategy into the E-Commerce Business will include a number of risks. Such risks include the risk that the expected results may not materialise, the new strategies may have certain conflict which may or may not be resolved in order for the strategies to materialise, detract from or compete against its existing businesses, or the processes, controls and procedures that the Group develop will prove insufficient or inadequate, among other risks. If the Group is not successful in implementing its expansion strategies in the event that conflicts are not resolved and ensuring that all the businesses of the Group do not adversely affect one another, there may be a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial condition.

The Group has no prior track record and operating history in the E-Commerce Business

The Group does not have a significant proven track record in the E-Commerce Business and there is no guarantee that the E-Commerce Business will be commercially successful, or that the Group will be capable of deriving sufficient revenue from the E-Commerce Business to offset the capital and start-up costs involved.

Further, the success of the E-Commerce Business is dependent on the Group's ability and expertise to navigate the challenges posed by the E-Commerce Business and to adapt its existing knowledge and resources accordingly. There is no guarantee that the Group's existing knowledge and experience will be sufficient or that the Group will be able to attract and retain suitable candidates with the appropriate qualifications and experience. While the Group may appoint third-party professionals and consultants to assist in its management of the E-Commerce Business, there is no guarantee that these third-party professionals and/or consultants will be able to deliver or perform satisfactorily.

The Group will be dependent on certain key personnel for the success of the E-Commerce Business

The Group's success in the E-Commerce Business will be highly reliant on the contributions and expertise of the Executive Director and management. The success and growth in the E-Commerce Business will also depend, to a large extent, on the Group's ability to retain and

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motivate other key management personnel in these businesses. The loss of service of our Executive Director or any of the other Directors without suitable and timely replacement, or the inability to attract and retain other qualified personnel, would have an adverse impact on our prospects, operations and financial performance.

The Group's success in carrying out the E-Commerce Business depends on the Group's ability to attract highly skilled personnel

The Group's success to carry out the E-Commerce Business will depend on its ability to attract, train, retain and motivate skilled employees and professionals in the relevant fields of expertise and with the relevant track record for the E-Commerce Business. If the Group is unable to attract, retain and/or motivate the necessary highly skilled personnel, there may be a material adverse effect on the Group's business, growth prospects, fee income, results of operations and/or financial condition. The Group's ability to attract, train, retain and motivate skilled employees and professionals is dependent on the Group's ability to offer attractive remuneration and incentives, among other benefits. Efforts to attract, train, retain and motivate such personnel may result in significant additional expenses, which could adversely affect the financial condition of the Group.

The Group may not be successful in applying for and maintaining the requisite registrations and/or licenses

The E-Commerce Business may be subject to governmental regulations and rules by the relevant authorities. Some of these include the requirement to apply for and obtain certain registrations, licences and approvals, as well as fulfilling all continuing obligations in connection with such registrations, licences and approvals. There can be no assurance that the Group will be successful in applying for and obtaining the requisite registrations, licences and approvals, or that the Group will be able to maintain and/or renew these licences. Failure to obtain and/or renew registrations, licences and approvals when necessary may delay the commencement of, or prevent revenue growth in the E-Commerce Business, which may materially and adversely affect the results of operations or financial position of the Group.

The Group's business operations may be disrupted if the Group's key external service providers and key vendors fail to fulfil their service obligations

Many aspects of the E-Commerce Business would depend on a combination of internal resources and external service providers and vendors. Such external services include network and software engineering, IT security, data centres, hardware maintenance, hardware and software leasing and data storage. Although the Group will implement service-level agreements and establish monitoring controls, the Group's operations could be disrupted if relationships with service providers and vendors are not successfully managed, the service providers and vendors do not perform or are unable to perform agreed-upon service levels, or if the service providers and vendors are unwilling to make their services available to the Group at reasonable prices. If the service providers and vendors do not perform their service obligations, it could adversely affect the Group's reputation, business, financial condition and results of operations.

The Group relies on information systems to conduct its E-Commerce Business and failure to protect these systems against security breaches, resulting in these systems failing or becoming unavailable for any significant period of time, could adversely affect the E-Commerce Business and results of operations

The efficient operation of the E-Commerce Business is dependent on computer hardware and software systems. Information systems are vulnerable to security breaches by computer hackers and cyber terrorists. The Group relies on industry accepted security measures and technology to securely maintain confidential and proprietary information maintained on its information systems. However, these measures and technology may not adequately prevent security breaches. In addition, the unavailability of the information systems or the failure of these systems to perform as anticipated for any reason could disrupt the E-Commerce

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Business and could result in decreased performance and increased operating costs, thereby adversely affecting the E-Commerce Business and results of operations.

The Group may be exposed to risk of loss and potential liabilities that may not be covered by insurance

While the Group will, where appropriate, obtain insurance policies to cover losses for its E-Commerce Business, the insurance obtained may not be sufficient to cover all potential losses. Examples of such potential losses include losses arising out of extraordinary events such as natural disasters like earthquakes or floods. Losses arising out of damages not covered by insurance policies in excess of the amount that is being insured would affect the Group's profitability. The Group may also have to commit additional resources to meet the uninsured losses which would also adversely affect the financial performance of the Group.

The Group may be affected by the actions of its employees and/or the professionals it engages

Whilst the Group intends to put in place internal policies and risk management guidelines, such precautions may not be effective in all cases. It may not always be possible to detect employee misconduct. Employee misconduct and/or negligence may result in legal liability, regulatory sanctions and unquantifiable damage to the Group's reputation. This may materially and adversely affect the Group's business operations and financial performance. In addition, the laws, rules and regulations applicable to the professionals engaged by the Group may also impose restrictions and/or penalties on the Group. In the event such laws, rules or regulations are breached, or alleged to be breached by the professionals, the Group's competitiveness and financial performance may consequently be materially and adversely affected.

The success of the E-Commerce Business is heavily dependent on the Group's reputation. Any adverse publicity could have an adverse effect on the Group's business and financial performance

The success of the E-Commerce Business will rely heavily on the market's perception of the Group. This arises from the nature of the E-Commerce Business, wherein integrity (and the perception thereof), trust and confidence (from clients and counterparties) are extremely crucial. Negative publicity or adverse reputational events (whether or not justified) associated with the Group or any of its officers or employees may adversely impact the Group's reputation and result in a loss of clients. Therefore, any perception of, or alleged mismanagement, fraud or failure to discharge legal, contractual, regulatory or fiduciary duties, responsibilities, liabilities or obligations may have an adverse effect on the Group's growth prospects, business operations and financial performance.

The Group may be exposed to foreign exchange risk

The Group's reporting currency is in Singapore Dollars, whilst it is anticipated that the currencies used in the operations of the E-Commerce Business may span a wide range of currencies. Upon consolidation, the financial statements of the E-Commerce Business will be translated into Singapore Dollars at the exchange rate in effect at the balance sheet date. All profit and loss accounts are translated using the average exchange rates for the period. Accordingly, the Group will have translation foreign exchange exposure.

In addition, to the extent that the Group's revenue and operating expenses are not naturally matched in the same currency and to the extent that there are timing differences between invoicing and collection, the Group is also exposed to transactional foreign exchange exposure. Accordingly, any significant currency fluctuations will have a material impact on the Group's financial performance.

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The Group may face operational risk from errors made in the execution, confirmation or settlement of transactions of the E-Commerce Business and the Group's dependence on third-party providers may have an adverse impact on the Group's ability to continue to grow the E-Commerce Business

The Group may face operational risk from errors made in the execution, confirmation or settlement of transactions of the E-Commerce Business. The Group may also face operational risk from transactions not being properly recorded, evaluated or accounted for in the Group's books and/or accounting system. The Group relies on third-party service providers, including marketing affiliates, retail operational partners, independent software vendors, and various professional service providers for certain aspects of the Group's businesses, including certain information systems, technology and administration of investments and compliance matters. To the extent that these third-party service providers are unable to provide satisfactory services to the Group's customers on commercially acceptable terms or at all, or if the Group fails to retain existing or attract new quality service providers to its ecosystem, the Group's ability to retain or attract potential customers may be severely limited. In addition, any interruption or deterioration in the performance of these third parties could impair the quality of the operations of the E-Commerce Business and could impact the Group's reputation and limit its ability to grow which may have a material and adverse effect on the Group's business, financial condition and results of operations.

The Group's investments, acquisitions, joint ventures or other arrangements may expose the Group to increased risks

The Group may, from time to time, undertake investments, acquisitions, joint ventures or other arrangements. Such potential investments, acquisitions, joint ventures and other arrangements may expose the Group to additional business and operating risks and uncertainties, including the possible diversion of management's attention from the Group's existing business operations and the loss of capital deployed in such investments, acquisitions, joint ventures, strategic alliances or other arrangements. Furthermore, the Group may fail to select appropriate investments, acquisition targets or joint venture partners, or may not be able to negotiate optimal arrangements, including arrangements to finance any acquisition. There is also a risk that if any of the partners or alliances is unable to deliver their obligations or commitments, or if any dispute arises between the counterparties, it may result in additional costs, such as legal cost, to the Group. In such events, the Group's operations, financial position and financial condition may be adversely affected.

The Group may face competition from existing competitors and new market entrants in the E-Commerce Business

The E-Commerce Business is competitive, with strong competition from established industry participants as well as new entrants. Some of these competitors may possess longer operating histories, significantly greater financial, technical and marketing resources and larger teams of technical and professional staff than the Group. There is no assurance that the Group will be able to compete effectively with existing and future competitors and adapt quickly to changing market conditions and trends. In the event that the Group is not able to compete successfully against its competitors or adapt to market conditions, the Group's business operations, financial performance and financial condition may be adversely affected.

The Group may not be able to protect the intellectual property and proprietary rights of its E-Commerce Business

The existing intellectual properties and intellectual properties which may be acquired by the Group in the course of undertaking the E-Commerce Business in future may be challenged, infringed or declared generic or determined to be infringed on other marks. The Group may also not be able to protect its rights to these trademarks and trade names, which the Group needs to build name recognition by potential partners or customers in the Group's markets of interest. In the long term, if the Group is unable to establish name recognition based on its

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intellectual property, the Group may not be able to compete effectively and its business, results of operations and financial condition may be materially and adversely affected.

The Group may be exposed to litigation

Notwithstanding that there is no on-going litigation as at the Latest Practicable Date in respect of the E-Commerce Business, the E-Commerce Business may be subject to a complex legal and regulatory environment in future. Although the Group has not in the past faced material litigation involving direct claims of infringement, the possibility of intellectual property claims against the Group increases as the Group diversifies into the E-Commerce Business and continues to grow, particularly internationally. Such claims, whether or not having merit, may result in an increase in significant financial expenditure and management's resources. Any litigation brought against the Group in the future in relation to the E-Commerce Business could have a material adverse effect on the Group's reputation, business, growth prospects, fee income, results of operations and/or financial performance.

The Group may face force majeure and other events beyond the control of the Group

In addition to the general macroeconomic conditions and business environment of various jurisdictions and sectors that may affect the E-Commerce Business, diverse factors such as natural disasters, epidemics, pandemics or acts of terrorism and international disputes that affect economic and business conditions may disrupt the operations of the E-Commerce Business. Consequently, the costs of funding, revenue, financial performance and business prospects of the Group may thereby be materially and adversely affected.

The outbreak and spread of the Coronavirus Disease 2019 ("COVID-19") and its variants or other highly infectious diseases may adversely impact the E-Commerce Business and customers of the E-Commerce Business and disrupt its operations

The spread of COVID-19 and its variants or other infectious diseases could have a material adverse effect on the Group's business, financial condition and operations. In the event that any of the employees in the premises or facilities, or those of the suppliers, is affected with COVID-19 and its variants or other infectious diseases, (a) the Group or the suppliers may be required to temporarily shut down their premises and facilities to prevent the spread of such diseases; (b) there may be quarantine restrictions imposed on customers who came into close contact with the Group or the suppliers; and (c) the reputation of the Group may also be affected.

Further, the outbreak and spread of COVID-19 and its variants have already resulted in restrictions on travel and public transport and prolonged closures of workplaces, premises and facilities, causing the slowing down or disruption of supply chains and business activities in general.

4.9.2 Specific Risk Factors Associated with the E-Commerce Business

The risk factors discussed below pertain to additional risk factors arising from the E-Commerce Business. The risks described below are not intended to be exhaustive. New risk factors emerge from time to time, and it is not possible for the management to predict all risk factors, nor can the Group assess the impact of all factors on the diversification of the E-Commerce Business or the extent to which any factor, or combination of factors, may affect the E-Commerce Business. There may also be other risks associated with the entry into the E-Commerce Business which are not presently known to the Group, or that the Group may currently deem immaterial and as such, have not been included in the discussion below. Shareholders should evaluate carefully the following considerations and the other information in this Circular before deciding on how to cast their votes at the EGM.

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The Group may not be able to compete effectively and its business, financial condition and results of operations may be materially and adversely affected

The Group faces intense competition from global internet companies and compete to attract, engage and retain customers based on the variety and value of products and services provided by the Group, overall user experience and convenience and availability of payment settlement services. The Group also compete based on the usefulness of the products and services provided, including internet advertising, social media marketing, the availability of supporting services including payment settlement and the quality of its customer service. The Group also compete for talent and personnel, including software engineers, product developers and marketing executives that serve critical functions in the development of its products and services.

The Group's ability to compete depends on a number of other factors as well, some of which may be out of the Group's control, including:

- the timely introduction and market acceptance of the products and services the Group offer, compared to those of its competitors;
- the Group's ability to innovate and develop new technologies;
- the Group's ability to maintain and enhance its leading position in mobile commerce in Asia;
- the Group's ability to benefit from new business initiatives; and
- alliances, acquisitions or consolidations within the internet industry that may result in stronger competitors.

If the Group is not able to compete effectively, the number of customers using its products and services may decrease significantly, which could materially and adversely affect its business, financial condition and results of operations and brand.

Failure to maintain or improve the Group's technology infrastructure could harm the Group's business and prospects

The Group will, from time to time, upgrade its e-commerce platforms to provide increase in scale and improve performance for online users. The adaptation of new products and services, and the upgrading of the Group's e-commerce platforms require significant investment of time and resources, including adding new hardware, updating software and recruiting and training new engineering personnel. Maintaining and improving the Group's technology infrastructure requires significant levels of investment. Adverse consequences could include unanticipated system disruptions, slower response times, impaired quality of users' experiences and delays in reporting accurate operating and financial information. In the event the Group experiences problems with the functionality and effectiveness of the software or e-commerce platforms, or is unable to maintain and constantly improve the technology infrastructure to handle the Group's business needs, the Group's business, financial condition, results of operations and prospects as well as reputation could be materially and adversely affected.

Systems failure and resulting interruptions in the availability of the Group's website and e-commerce platforms could adversely affect the E-Commerce Business of the Group, the financial condition, and results of operations

It is critical to the E-Commerce Business that customers are able to access the Group's website and e-commerce platforms at all times. The Group's systems, or those of third parties upon which the Group rely on, may experience service interruptions or degradation or other performance problems because of hardware or software defects or malfunctions. The Group's disaster recovery plan which will be implemented may not be sufficient for all eventualities and the Group may not be able to identify the cause or causes of these performance problems within an acceptable period of time. A prolonged interruption in the availability or reduction in the availability, speed, or other functionality of the Group's website or platforms could adversely affect the E-Commerce Business and the Group's reputation, and could result in the loss of customers.

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The Group's ecosystem could be disrupted by network interruptions

The Group's e-commerce platforms depend on the efficient and uninterrupted operation of its computer and communications systems. Although the Group have prepared for contingencies through redundancy measures and disaster recovery plans, such preparation may not be sufficient and the Group may not have business interruption insurance. Despite any precautions that the Group may take, the occurrence of a natural disaster, such as an earthquake, flood or fire, or other unanticipated problems at the Group's facilities in Singapore or Hong Kong, including power outages, telecommunications delays or failures, break-ins to the Group's systems or computer viruses, could result in delays or interruptions to the e-commerce platforms, loss of customers' data and business interruption of the E-Commerce Business and customers. Any of these events could damage the Group's reputation, significantly disrupt the Group's operations and the operations of participants in Group's ecosystem and subject the Group to liability, which could materially and adversely affect our business, financial condition and results of operations.

The Group's inability to keep pace with rapid technological developments to provide new and innovative products and services could reduce the use of the Group's products and services and consequently cause its revenues to decline

Rapid, significant, and disruptive technological changes continue to impact the E-Commerce Business of the Group, including, among others, developments in payment card tokenization, mobile, social commerce (i.e. E-commerce through social networks), authentication, virtual currencies, distributed ledger technologies, near field communication and other proximity payment devices, such as contactless payments. The Group cannot predict the effects of such technological changes on the E-Commerce Business of the Group. In addition to the Group's own initiatives and innovations, the Group relies in part on third parties, including some of its competitors, for the development of and access to new technologies. The Group expects that new services and technologies applicable to the E-Commerce Business will continue to emerge and may be superior to, or render obsolete, the technologies the Group currently uses in its products and services. Developing and incorporating new technologies into the Group's products and services may require substantial expenditures, take considerable time, and ultimately may not be successful. In addition, the Group's ability to adopt new products and services and develop new technologies may be inhibited by industry-wide standards, payments networks, changes to laws and regulations, resistance to change from consumers or merchants, third-party intellectual property rights, or other factors. The success of the E-Commerce Business will depend on the ability to develop and incorporate new technologies and adapt to technological changes and evolving industry standards and any inability to do so in a timely or cost-effective manner could have a material adverse effect on the E-Commerce Business of the Group, financial condition and results of operations of the Group.

User behaviour on mobile devices is rapidly evolving, and if the Group fail to successfully adapt to these changes, the Group's competitiveness and market position may suffer

Customers and other participants are increasingly using mobile devices for a wide range of purposes, including for e-commerce. While this trend may increase the online traffic to the Group's E-Commerce Business, this area is relatively new and developing rapidly and the Group may not be able to continue to increase the level of mobile access to and engagement on the Group's e-commerce platforms. The variety of technical and other configurations across different mobile devices and platforms increases the challenges associated with this environment. The Group's ability to successfully expand the use of mobile devices to access its platform will be affected by the following factors:

- the Group's ability to continue to provide compelling commerce platforms and tools in a multi-device environment;
- the quality of the mobile offerings, or mobile-based payment services provided by the Group;

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- the Group's ability to successfully deploy apps on popular mobile operating systems that it do not control, such as iOS and Android;
- the Group's ability to adapt to the device standards used by third-party manufacturers and distributors; and
- the attractiveness of alternative platforms.

The processing, storage, use and disclosure of personal data could give rise to liabilities as a result of governmental regulation, conflicting legal requirements or differing views of personal privacy rights

In the processing of consumer and online transactions, the Group receives, transmits and stores a large volume of personally identifiable information and other user data. The sharing, use, disclosure and protection of this information shall be governed by the privacy and data security policies to be implemented by the Group. Moreover, there are international laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and user data. Specifically, personally identifiable information is increasingly subject to legislation and regulations in numerous jurisdictions around the world, the intent of which is to protect the privacy of personal information that is collected, processed and transmitted in or from the governing jurisdiction. The Group could be adversely affected if legislation or regulations are expanded to require changes in business practices or privacy policies, or if governing jurisdictions interpret or implement their legislation or regulations in ways that negatively affect the Group's E-Commerce Business, financial condition and results of operations.

The E-Commerce Business may also become exposed to potential liabilities as a result of differing views on the privacy of consumer and other user data collected. The Group's failure and/or the failure by the various third party vendors and service providers with which the Group does business to comply with applicable privacy policies or similar international laws and regulations or any compromise of security that results in the unauthorized release of personally identifiable information or other user data could damage the reputation of the Group, discourage potential users from trying the Group's products and services and/or result in fines and/or proceedings by governmental agencies and/or consumers, one or all of which could adversely affect the E-Commerce Business, financial condition and results of operations.

Security breaches and attacks against the Group's systems and network, and any potentially resulting breach or failure to otherwise protect confidential and proprietary information, could damage the Group's reputation and negatively impact the Group's business, as well as materially and adversely affect the Group's financial condition and results of operations.

Although the Group will be employing significant resources to develop security measures against breaches, the Group's cybersecurity measures may not detect or prevent all attempts to compromise its systems, including distributed denial-of-service attacks, viruses, malicious software, break-ins, phishing attacks, social engineering, security breaches or other attacks and similar disruptions that may jeopardize the security of information stored in and transmitted by the Group's systems. Breaches of the Group's cybersecurity measures could result in unauthorized access to its systems, misappropriation of information or data, deletion or modification of client information, or a denial-of-service or other interruption to our business operations. As techniques used to obtain unauthorized access to or sabotage systems change frequently and may not be known until launched against the Group or its third-party service providers, the Group may not be able to anticipate, or implement adequate measures to protect against these attacks.

In the event the Group and/or its third-party service providers are subject to these types of attack and the Group and/or its third-party service providers are unable to avert these attacks and security breaches, the Group could be subject to significant legal and financial liability. The Group's reputation would also be harmed, and the Group could sustain substantial revenue loss from lost sales and customer dissatisfaction. The Group may not have the resources or

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technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks, and cyber-attackers may target the Group, its customers, other participants or the communication infrastructure on which the Group depend on. Actual or anticipated attacks and risks may cause the Group to incur significantly higher costs, including costs to deploy additional personnel and network protection technologies, train employees, and engage third-party experts and consultants.

The Group may be accused of infringing intellectual property rights of third parties and content restrictions of relevant laws.

Third parties may claim that the technology used in the operation of the Group's platforms or service offerings infringes upon their intellectual property rights. Although the Group has not in the past faced material litigation involving direct claims of infringement, the possibility of intellectual property claims against the Group increases as the Group diversifies into the E-Commerce Business and continues to grow, particularly internationally. Such claims, whether or not having merit, may result in an increase in significant financial expenditure and management's resources. The Group may be required to obtain licences from third parties who allege that the Group has infringed their intellectual property rights. Such licenses may not be available on terms that are acceptable to the Group. These risks have been amplified by the increase in third parties whose sole or primary business is to assert such claims.

The outcome of any claims, investigations and proceedings is inherently uncertain, and in any event, defending against these claims could be both costly and time-consuming. Defending against claims, investigations and proceedings could also significantly divert the efforts and resources of the management and other personnel. An adverse determination in any such litigation or proceedings could result in the Group paying damages, as well as legal and other costs. Such adverse determination in any litigation or proceedings could limit the Group's ability to conduct the E-Commerce Business or may require the Group to change the manner in which it operates its E-Commerce Business.

The Group's brand name and business may be harmed by aggressive marketing and communications strategies of the Group's competitors.

Due to intense competition in the internet industry, the Group may be the target of incomplete, inaccurate and false statements about the Group, its products and services that could damage the Group's reputation and brand, and materially deter customers from the products and services offered by the Group. The Group's ability to respond to the competitors' misleading marketing efforts may be limited, therefore affecting the Group's business, financial condition and results of operations.

4.10 Risk management measures and safeguards

- 4.10.1 The Group recognises that the E-Commerce Business is different from its other core businesses. Before undertaking any investment in the E-Commerce Business, the management will prepare a proposal containing a cost-benefit analysis, credentials of the management of the E-Commerce Business, joint venture partners or co-investor partners (if any) and will, if necessary, seek the advice of external consultants and experts. The Board will also assess and consider whether the Group has sufficient financial resources to invest in the project and the gearing ratios and liquidity of the Group as a result of such a project. Further, the Board will assess whether the management team has the relevant experience and expertise to manage such a project and, if not, whether any lack of such experience can be supplemented by professional advisors. In evaluating any new projects or investments based on the aforementioned factors, the Board is guided by the overarching consideration of whether the project will be able to generate revenue for the Group and optimise returns to Shareholders.

Before undertaking any investment activity into a new jurisdiction for any new project or investment under the E-Commerce Business, the Group will conduct market research and analysis and carry out due diligence. As and where necessary and if required, the Group will

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apply for the requisite licences and/or permits required in relation to any project or investment under the E-Commerce Business.

The risk management and internal control system, no matter how sophisticated in design, still contains inherent limitations caused by misjudgement or fault. As such, there is no assurance that the risk management and internal control systems are adequate or effective notwithstanding the Group's efforts, and any failure to address any internal control matters and other deficiencies may result in investigations and/or disciplinary actions, or even prosecution being taken against the Group and/or its employees, disruption to the risk management system, and an adverse effect on the Group's financial condition and results of operations.

As at the Latest Practicable Date, the Audit Committee comprises Mr Stanley Leung Yu Tung (Chairman), Mr Leung Kwok Kuen Jacob and Ms Zhou Jia Lin.

4.11 Disclosure of Financial Results of the E-Commerce Business

The E-Commerce Businesses will be accounted for as a new business segment in the Group's financial statements in line with the Singapore Financial Reporting Standards (International) and accordingly, the Group will disclose the financial results of the E-Commerce Business with the Group's financial statements. The financial results of the E-Commerce Business together with the Group's financial statements will be periodically announced pursuant to the requirements as set out in Chapter 7 of the Catalist Rules. In these periodic announcements, the Group may provide segmented financial results relating to the E-Commerce Business where appropriate or if required under any applicable accounting standards.

5. CONSENTS

5.1 Independent Valuers

The Billion Credit Independent Valuer and Golden Ultra Independent Valuer have given its respective consents to act in its respective capacities and have not before the issue of this Circular withdrawn their written consents to the issue of this Circular with the inclusion therein of their name, the Billion Credit Valuation Report and the Golden Ultra Valuation Report, and all references thereto, in the form and context which they appear in this Circular

5.2 Independent Financial Adviser

The IFA has given consent to act as the IFA in relation to the Proposed Acquisition of Billion Credit and the Proposed Acquisition of Golden Ultra Limited and have not before the issue of this Circular withdrawn its written consent to the issue of this Circular with the inclusion of its name, the Billion Credit IFA Letter and the Golden Ultra IFA Letter containing its opinions to the Recommending Directors and all references thereto, in the form and context in which they appear in this Circular as set out in **Appendix B** and **Appendix D**, respectively, to this Circular.

6. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and the Substantial Shareholders in the Shares as at the Latest Practicable Date are set out below:

	Direct Interest		Deemed interest		Total interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Directors						
Christian Kwok-Leun Yau Helesen ⁽²⁾	-	-	1,770,461,781	59.14	1,770,461,781	59.14

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	Direct Interest		Deemed interest		Total interest	
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾
Leung Kwok Kuen Jacob	-	-	-	-	-	-
Leung Yu Tung Stanley	-	-	-	-	-	-
Zhou Jia Lin	-	-	-	-	-	-
Eunice Veon Koh Pei Lee	-	-	-	-	-	-
Substantial Shareholders (other than Directors)						
Mission Well Limited	1,709,659,281	57.11	-	-	1,709,659,281	57.11
Zhou QiLin	207,854,251	6.94	-	-	207,854,251	6.94

Notes:

- (1) Based on 2,993,532,545 Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings, as at the Latest Practicable Date.
- (2) Mission Well Limited holds 1,709,659,281 Shares in the issued and paid-up share capital of the Company. Mr Christian Kwok-Leun Yau Heilesen is deemed to have an interest in the Shares held by Mission Well Limited.

Save as disclosed in this Circular, none of the Directors and/or the Substantial Shareholders have any interest, direct or indirect, in the Proposed Acquisition of Billion Credit and the Proposed Acquisition of Golden Ultra, other than through their respective shareholdings in the Company, if any.

7. DIRECTORS' RECOMMENDATION

7.1 The Proposed Acquisition of Billion Credit

Having considered, *inter alia*, (a) the rationale and information relating to the Proposed Acquisition of Billion Credit as set out in **Section 2.5** of this Circular; and (b) the Audit Committee's view that the Proposed Acquisition of Billion Credit is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders as set out in **Section 2.15** of this Circular, the Billion Credit Recommending Directors are of the opinion that the Proposed Acquisition of Billion Credit is in the best interests of the Company. Accordingly, the Billion Credit Recommending Directors recommends that Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Acquisition of Billion Credit.

7.2 The Proposed Acquisition of Golden Ultra

Having considered, *inter alia*, (a) the rationale and information relating to the Proposed Acquisition of Golden Ultra as set out in **Section 3.4** of this Circular; and (b) the Special Committee's view that the Proposed Acquisition of Golden Ultra is on normal commercial terms and not prejudicial to the interests of the Company and its minority Shareholders as set out in **Section 3.14** of this Circular, the Golden Ultra Recommending Director, is of the opinion that the Proposed Acquisition of Golden Ultra is in the best interests of the Company. Accordingly, the Golden Ultra Recommending Director recommend that the Shareholders vote in favour of the Ordinary Resolution relating to the Proposed Acquisition of Golden Ultra.

7.3 The Proposed Diversification into the E-Commerce Business

Having considered, *inter alia*, the rationale and information relating to the Proposed Diversification into the E-Commerce Business as set out in **Section 4.4** of this Circular, the Board is of the opinion that the Proposed Diversification into the E-Commerce Business is in the best interests of the Company. Accordingly, the Board recommends that Shareholders vote

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in favour of the Ordinary Resolution relating to the Proposed Diversification into the E-Commerce Business at the EGM.

8. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Acquisition of Billion Credit, the Proposed Acquisition of Golden Ultra and the Proposed Diversification into the E-Commerce Business, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in this Circular 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 Circular in its proper form and context.

9. EXTRAORDINARY GENERAL MEETING

The EGM, notice of which is set out on page N-1 of this Circular, will be held by way of electronic means on the date and at the time as set out in the Notice of EGM for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the Proposed Acquisition of Billion Credit, the Ordinary Resolution relating to the Proposed Acquisition of Golden Ultra and the Proposed Diversification into the E-Commerce Business as set out in the Notice of EGM.

10. ACTIONS TO BE TAKEN BY SHAREHOLDERS

10.1 Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on 7 February 2022 at 12.00 p.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the Proposed Acquisition of Billion Credit, the Proposed Acquisition of Golden Ultra and the Proposed Diversification into the E-Commerce Business.

10.2 Notice of EGM, Circular and Proxy Form

Printed copies of the Notice of EGM, this Circular and the Proxy Form will not be sent to Shareholders. Instead, the Notice of EGM, this Circular and the Proxy Form may be accessed at the Company's website at the URL www.incredible.sg. The Notice of EGM, this Circular and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

10.3 Attendance at the EGM

Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, **the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person.**

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10.4 Participation at the EGM

10.4.1 Alternative arrangements have been made by the Company to allow Shareholders to participate at the EGM via electronic means. Such alternative arrangements include:

- (a) arrangements by which Shareholders may attend a virtual information session where real-time electronic communication facilities will be available to enable questions to be raised, and responded to, at the virtual information session (the “**Virtual Information Session**”);
- (b) arrangements by which Shareholders may electronically access the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream;
- (c) arrangements by which Shareholders may submit comments, queries and/or questions to the chairman of the EGM (the “**Chairman of the Meeting**”) in advance of the EGM;
- (d) arrangements by which the Board and the management may address substantial and relevant comments, queries and/or questions before the EGM; and
- (e) arrangements by which Shareholders may appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.

10.4.2 Details of the steps for pre-registration for the live audio-visual webcast or live audio-only stream, submission of comments, queries and/or questions in advance of the EGM and submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM are set out in the **Appendix E** to this Circular.

10.5 Key Dates and Times

Key Dates and Times	Actions to be taken by Shareholders
12.00 p.m. on Friday, 21 January 2022	<p>Deadline for Shareholders to submit comments, queries and/or questions in advance of the EGM.</p> <p>The comments, queries and/or questions raised by Shareholders will be addressed at the Virtual Information Session in addition to any further comments, queries and/or questions received during the Virtual Information Session.</p>
12.00 p.m. on Saturday, 22 January 2022	<p>Deadline for Shareholders to pre-register for the Virtual Information Session.</p> <p>The agenda for the Virtual Information Session is to enable Shareholders to raise questions in relation to the Proposed Acquisition of Billion Credit, Proposed Acquisition of Golden Ultra Limited and the Proposed Diversification into the E-Commerce Business at the Virtual Information Session.</p>
12.00 p.m. on Monday, 24 January 2022	<p>Shareholders, who have pre-registered for the Virtual Information Session and who have been verified by the Company’s Share Registrar, KCK Corpserve Pte. Ltd., will receive an email which will contain the user ID and password details as well as the URL to access the Virtual Information Session (the “VIS Confirmation Email”).</p> <p>Shareholders who have pre-registered for the Virtual Information Session but who have not received the VIS Confirmation Email</p>

LETTER TO SHAREHOLDERS

Key Dates and Times	Actions to be taken by Shareholders
	by 12.00 p.m. on 24 January 2022, should contact the Company at ihl-egm@kckcs.com.sg .
12.00 p.m. on Tuesday, 25 January 2022	Shareholders may participate at the Virtual Information Session via electronic means by: <ul style="list-style-type: none"> (a) accessing the URL in the VIS Confirmation Email and entering the user ID and password to access the live audio-visual webcast; or (b) calling the toll-free telephone number to access the live audio-only stream.
12.00 p.m. on Friday, 4 February 2022	Deadline for Shareholders to: <ul style="list-style-type: none"> (a) pre-register for the live audio-visual webcast or live audio-only stream; and (b) submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM.
12.00 p.m. on Sunday, 6 February 2022	Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream and who have been verified by the Company's Share Registrar, KCK Corpserve Pte. Ltd., will receive an email which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the " Confirmation Email "). Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 12.00 p.m. on 6 February 2022, should contact the Company at ihl-egm@kckcs.com.sg .
12.00 p.m. on Monday, 7 February 2022	Shareholders may participate at the EGM via electronic means by: <ul style="list-style-type: none"> (a) accessing the URL in the Confirmation Email and entering the user ID and password to access the live audio-visual webcast; or (b) calling the toll-free telephone number to access the live audio-only stream.

10.6 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the EGM at short notice. For the latest updates on the arrangements for the EGM, Shareholders should check the Company's website at the URL www.incredible.sg. Such updates will also be made available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

LETTER TO SHAREHOLDERS

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at the registered office of the Company located at 280 Woodlands Industrial Park E5 #10-50 Harvest @ Woodlands Singapore 757322 during normal business hours for three (3) months from the date of this Circular:

- (a) the Billion Credit SPA;
- (b) the Billion Credit Valuation Report;
- (c) the letter of consent dated 14 January 2022 from the Billion Credit Independent Valuer;
- (d) the letter of consent dated 14 January 2022 from the IFA in relation to the Proposed Acquisition of Billion Credit;
- (e) the Golden Ultra SPA;
- (f) the Golden Ultra Valuation Report
- (g) the letter of consent dated 14 January 2022 from the Golden Ultra Independent Valuer
- (h) the letter of consent dated 14 January 2022 from the IFA in relation to the Proposed Acquisition of Golden Ultra;
- (i) the Constitution of the Company; and
- (j) the annual report of the Company for FY2020.

Yours faithfully,
For and on behalf of the Board of Directors of
Incredible Holdings Ltd.

Leung Kwok Kuen Jacob
Independent Non-Executive Chairman and Independent Director
14 January 2022

APPENDIX A
Billion Credit Valuation Report



Peak Vision
Appraisals Limited

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Tel (852) 2187 2238
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27 September 2021

The Board of Directors
Incredible Holdings Limited
280 Woodlands Industrial Park E5
#10-50 Harvest@Woodlands
Singapore 757322

Our Ref : NK/BV210506R/B

Dear Sirs,

Re : Valuation of 100% equity interest of Billion Credit Financial Company Limited

In accordance with the instruction from Incredible Holdings Limited (the “**Company**”), we have conducted a valuation of the market value of 100% equity interest of Billion Credit Financial Company Limited (the “**Business Enterprise**”). It is our understanding that the Business Enterprise is principally engaged in money lending business in Hong Kong. We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Business Enterprise as at 30 June 2021 (the “**Valuation Date**”).

This report states the purpose of valuation and basis of value, sources of information, identifies the business valued, describes the methodology of our valuation, investigation and analysis, assumptions and limiting conditions, and presents our opinion of value.

1.0 PURPOSE OF VALUATION

This report is being prepared solely for the use of the directors and management (the “**Management**”) of the Company for public disclosure purpose for inclusion in the circular to seek approval from the Company’s shareholders in relation to the proposed acquisition of the Business Enterprise. The Company is listed on the Catalist of the Singapore Exchange Limited.

Peak Vision Appraisals Limited (“**Peak Vision Appraisals**”) acknowledges that this report may be used by the Company as one of the sources of information for the proposed acquisition (the “**Acquisition**”) of the Business Enterprise by the Company. The Acquisition, if materialised, and the corresponding transaction price would be the result of negotiations between the transacting parties. The Management should be solely responsible for determining the consideration of the Acquisition, in which Peak Vision Appraisals is not involved in the negotiation and has no comment on the agreed consideration. Peak Vision Appraisals assumes no responsibility whatsoever to any person other than the Management in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

2.0 BASIS OF VALUE

Our valuation has been prepared in accordance with the HKIS Valuation Standards 2020 (the “**HKIS Valuation Standards**”) published by the Hong Kong Institute of Surveyors and the International Valuation Standards (Effective 31 January 2020) (the “**IVS**”) published by the International Valuation Standards Council.

Our valuation of the Business Enterprise is based on the going concern premise and conducted on a market value basis. **Market Value** is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion”.

3.0 SOURCES OF INFORMATION

In the course of our valuation, we have conducted a company visit of the Business Enterprise in September 2021 and had discussion with the Management on the development of the Business Enterprise. We have also relied on the following major documents and information in the valuation analysis. Some of the information and materials have been provided by the Management. Other information is extracted from public sources such as government sources, Refinitiv, Duff & Phelps, LLC, etc.

The major documents and information include the following :

- Copies of certificate(s) or license(s) and other relevant information of the Business Enterprise as provided by the Management or extracted from public sources;
- Historical financial information such as income statements and balance sheets of the Business Enterprise as provided by the Management.
- Operational information of the Business Enterprise as discussed with the Management;
- Projections of the Business Enterprise provided by the Management; and
- Industry and economic data.

We consider that we have obtained adequate information from the sources described above to provide a reliable opinion of market value of the Business Enterprise.

4.0 LIMITATIONS AND RELIANCE ON INFORMATION

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

This report is based upon financial, business and other information provided by the Management. We have made reference to or reviewed the above information and data and assumed such information and data are true and accurate without independent verification except as expressly described herein. We have made reasonable enquiries and exercised our judgment on the reasonable use of such information and found no reason to doubt the accuracy or reliability of the information.

Preparation of this report does not imply that Peak Vision Appraisals has audited in any way the financial or other information of the Business Enterprise. It is understood that the financial information provided is prepared in accordance with generally accepted accounting principles and has been prepared in a manner which truly and accurately reflects the financial performances and positions of the Business Enterprise as at the respective financial statement dates.

In arriving at our opinion of value, it is assumed that the projections provided to us are based on the assumptions reflecting the best available estimates, judgment and knowledge of the Management in relation to the proposed operations of the subject business, and are reasonable, reflecting market conditions and economic fundamentals. However, we do not express any opinion regarding the accuracy of the projections provided by the Management.

We do not express an opinion as to whether the actual results of the operations of the Business Enterprise will approximate the projections applied in our valuation because assumptions regarding future events by their nature are not capable of independent substantiation. We are making no representation that the business operations will be successful, or that market growth and penetration will be realized.

5.0 BUSINESS REGISTRATION DETAILS

Billion Credit Financial Company Limited (the Business Enterprise) is a limited liability company incorporated in Hong Kong on 20 June 2012 under CR No. 1762549. The Business Enterprise holds a Money Lenders Licence (the “**Licence**”) which is regulated under the Money Lenders Ordinance in Hong Kong, and is principally engaged in the money lending business in Hong Kong. The address of the Business Enterprise’s registered office and principal place of business is 2nd Floor, 1 - 3 San Lau Street, Hung Hom, Kowloon, Hong Kong.

6.0 BUSINESS OVERVIEW

6.1 Background

The Business Enterprise holds the Licence which is regulated under the Money Lenders Ordinance in Hong Kong, and is principally engaged in the money lending business focusing primarily on providing customers with short-term personal loans and long-term property mortgage loans to meet their financial needs.

The Business Enterprise approaches their target customers through various channels, e.g. referral, direct sales teams, tele-marketing, etc. After analyzing the financial positions of the borrowers, the Business Enterprise will advise on the means of financing and facilitate the borrowers to secure the necessary funds. Like conventional banking operations, the Business Enterprise charges interests on the loans and sets specific repayment plans with payments including interest and a portion of principal due at regular intervals (i.e. installment payments). The interest rates of the loans are determined with reference to the associated default risk of the potential borrowers and the terms of the loans, and are generally higher than the rates offered by traditional financial institutions.

6.2 Money Lenders Licence

Under Section 7 of the Money Lenders Ordinance of Hong Kong, no person shall carry on business as a money lender (a) without a Money Lenders Licence (the Licence); (b) at any place other than the premises specified in the Licence; or (c) otherwise than in accordance with the conditions of the Licence. Generally, the Licence issued to a corporate is not transferrable, and it only entitles the person or any entity named in the Licence to conduct money lending business.

The Licence is valid for twelve months from the date on which it is granted, and the licensee may apply for renewal of the licence for another twelve months annually. The licensee may apply for such renewal within three months before the expiry of the Licence.

As at the Valuation Date, the Business Enterprise had obtained the Licence with MLR No. 4139 and Money Lenders Licence No. 1815/2020 which expired on 18 August 2021. The Management is of the view that the Business Enterprise will have no difficulty in renewing the Licence upon expiry.

6.3 Lending Rate and Type of Customers

As advised by the Management, the Business Enterprise would review the bank statements and income certificates of the borrowers to analyze their financial positions before the loan offering. Such review is conducted by the Business Enterprise every half year. The loans offered by the Business Enterprise were historically charged with an average interest rate of approximately 30% per annum and most of the customers of the Business Enterprise are individual borrowers.

6.4 Source of Funds

The funds of the Business Enterprise are mainly sourced from third party lenders, which are either interests bearing or non-interest bearing. As advised by the Management, as at the Valuation Date, the effective borrowing rate of the Business Enterprise was approximately 10% per annum. The Business Enterprise will continue to seek financial support from third party lenders to expand its lending business.

6.5 Historical Financial Performance and Financial Position

Based on the financial information provided by the Management, the financial performance of the Business Enterprise for the year ended 31 December 2020 was as follows :

<i>(HK\$)</i>	Year ended 31 December 2020
Revenue	3,175,000
Operating expenses	<u>(3,019,000)</u>
Operating income	<u>156,000</u>

* *Figures above are subject to rounding*

Table 1 : Historical performance of the Business Enterprise

Source : Management

The Business Enterprise had a net liability position of approximately HK\$2,278,000 as at 31 December 2020.

7.0 INVESTIGATION AND ANALYSIS

Our investigation included discussion with the Management in relation to the money lending industry in Hong Kong, and the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant enquiries and obtained such further information including financial and business information, and statistical figures from other sources as we consider necessary for the purpose of this valuation. As part of our analysis, we have made reference to the financial information, projections of the Business Enterprise and other pertinent data concerning the Business Enterprise provided to us by the Management.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which affect the operations of the business and its ability to generate future investment returns. The factors considered in this valuation include the following :

- Nature and operations of the Business Enterprise;

- Financial performances and positions of the Business Enterprise;
- Proposed business development of the Business Enterprise;
- Regulations and rules of the money lending industry in Hong Kong;
- Economic and industry data affecting the money lending industry and other dependent industries;
- Market-derived investment return(s) of similar business; and
- General global economic outlook.

8.0 GENERAL VALUATION APPROACHES AND METHODS

There are three generally accepted approaches to obtain the market value of the Business Enterprise, namely the Market Approach, the Asset Approach and the Income Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the specific characteristics of the subject of the valuation.

8.1 Market Approach

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to pay for an equally desirable alternative. By adopting this approach, we will first look for an indication of value from the prices of other similar companies or equity interest in companies that were sold recently.

The right transactions employed in analyzing for indications of value need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

The derived multiples (most commonly used are: price to earnings, price to revenues and price to book multiple) based on the analysis of those transactions are then applied to the fundamental financial variables of the subject business entity and to arrive an indication of value.

8.2 Asset Approach

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and debt capital). In other words, the value of the business entity is represented by the fund that has been made available to purchase the business assets needed.

This fund comes from investors who buy stocks of the business entity (equity) and investors who lend fund to the business entity (debt). After collecting the total amounts of fund from equity and debt, and converted into various types of assets of the business entity for its operation, the sum of such assets equals the value of the business entity.

From a valuation perspective, we will restate the value of all types of assets of a business entity from book value, i.e. historical cost minus depreciation to appropriate standards of value. After the restatement, we can identify the indicated value of the business entity, or, by applying the accounting principle “assets minus liabilities”, to arrive at the value of the equity interest of the business entity.

8.3 Income Approach

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. The underlying theory of this approach is that the value of a business entity can be measured by the present worth of the economic benefits to be received over the life of the business entity.

Based on this valuation principle, the Income Approach estimates the future economic benefits and discounts these benefits to its present value using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

9.0 VALUATION ANALYSIS

9.1 Valuation Methodology

In the process of valuing the Business Enterprise, we have taken into consideration the business nature, specialty of its operations, its current condition, and the industry it is participating. Having considered the three general valuation methodologies, we consider that the Income Approach would be appropriate and reasonable in the valuation of the market value of the Business Enterprise.

In this valuation, the Market Approach is not adopted as we consider it to be less representative than the Income Approach since the Market Approach may not fully reflect the economic benefits attributable to the Business Enterprise. Compared with the Market Approach, the Income Approach specifically reflects the projected incomes derived from the money lending operations and attributable to the Business Enterprise. Meanwhile, since there are insufficient comparable transactions or guideline public companies in similar stage of development or financial performance as the Business Enterprise to form a reliable opinion of value. The Asset Approach is not appropriate as it ignores the future economic benefits of the business as a whole. We have therefore solely relied on the Income Approach in determining our opinion of value.

It is simple adopting the Income Approach to state the value of a business entity in present value terms. This method is well accepted by most analysts and practitioners. One common method under the Income Approach involves looking from the perspective of the equity investors of the business entity i.e. the free cash flow available to the equity investors of the business entity.

9.2 Projections

The Management has provided the projections for the incomes attributable to the Business Enterprise for the next 6 months and the following 4 years ended 31 December, which are presented as follows:

	6 months ended 31 Dec 2021	Year ended 31 December			
		2022	2023	2024	2025
<i>(HK\$'000)</i>					
Revenue	1,707	3,670	3,944	4,240	4,558
Operating expenses	(1,665)	(3,433)	(3,536)	(3,642)	(3,749)
Operating income	42	237	408	598	809

* *Figures above are subject to rounding*

** *Our valuation is based on the projections provided by the Management as above. We do not express any opinion regarding the accuracy of the projections provided by the Management*

Table 2 : Projected performance of the Business Enterprise

Source : Management

9.3 Income Tax

The Business Enterprise is subject to a profit tax of 16.50%.

9.4 Net Change in Working Capital

The net change in working capital is assumed to be insignificant as the loan receivables are assumed to be fully financed by loan borrowings.

9.5 Discount Rate

In determining the discount rate, we have applied the cost of equity appropriate for the Business Enterprise. Based on our analysis, which is set out in Appendix III, the discount rate as at the Valuation Date was 11.44%, which is a nominal post tax discount rate applied to nominal post tax cash flows.

9.6 Terminal Growth Rate

After the initial projection period up to 31 December 2025, further incomes are projected using a terminal growth rate. We have applied a terminal growth rate of 2.4%, which is based on the projected inflation rate in Hong Kong according to the data published by the International Monetary Fund.

9.7 Maintenance Capital Expenditure

The maintenance capital expenditure in the projections is assumed to be the same as depreciation and thereby completely offset by depreciation.

9.8 Lack of Marketability Discount

We have adopted a lack of marketability discount of approximately 20% as ownership interest in closely held companies are typically not readily marketable compared to similar interest in publicly listed companies. Therefore, a share of stock in a privately held company is usually worth less than an otherwise comparable share in a publicly held company.

10.0 VALUATION ASSUMPTIONS

- We are instructed by the Management to perform this valuation based on the financial statements of the Business Enterprise as at 31 December 2020, and assumed that there are no material changes in the financial performance and position of the Business Enterprise during the period from 31 December 2020 to the Valuation Date;

- The financial information of the Business Enterprise as supplied to us have been prepared in a manner which truly and accurately reflect the financial performances and positions of the Business Enterprise as at the respective financial statement dates;
- For the Business Enterprise to continue as a going concern, the Business Enterprise will successfully carry out all necessary activities for the development of its business;
- The availability of finance will not be a constraint on the forecast growth of the Business Enterprise's operations in accordance with the business plans and projections;
- Market trends and conditions where the Business Enterprise operates will not deviate significantly from the economic forecasts in general;
- Key management, competent personnel and technical staff will all be retained to support the ongoing operations of the Business Enterprise;
- There will be no material changes in the business strategy of the Business Enterprise and its operating structure;
- Interest rates and exchange rates in the localities for the operations of the Business Enterprise will not differ materially from those presently prevailing;
- All relevant approvals, business certificates, licenses or other legislative or administrative authority from any local, provincial or national government, or private entity or organization required to operate in the localities where the Business Enterprise operates or intends to operate will be officially obtained and renewable upon expiry unless otherwise stated; and
- There will be no major changes in the political, legal, economic or financial conditions and taxation laws in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues and profits attributable to the Business Enterprise.

11.0 LIMITING CONDITIONS

Our conclusion of the market value is derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. This valuation reflects facts and conditions existing as at the Valuation Date. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report is reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others, which have been used in formulating this analysis, are gathered from reliable sources, however, no guarantee is made nor liability assumed for their accuracies.

We have relied to a considerable extent on the information provided by the Management in arriving at our opinion of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibility for operational and financial information that has not been provided to us is accepted.

Certain facts, information, statistics and data relating to the economic and industry overview that are presented in this report are derived from publicly available official government sources as well as industry reports prepared by external independent market researchers. We are of the view that the sources of this information are appropriate sources for such information and have exercised reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, and thus no representation is given as to its accuracy or correctness, and accordingly, it should not be unduly relied on.

We have not investigated the title to or any legal liabilities against the Business Enterprise and have assumed no responsibility for the title to or any legal liabilities against the Business Enterprise. In forming our opinion, we have assumed that matters such as title, compliance with laws and regulations and contracts in place are in good standing and will remain so and that there are no material legal proceedings, other than as publicly disclosed.

To the extent that there are legal issues relating to financial instruments, assets, properties, or business interests or issues relating to compliance with applicable laws, regulations, and policies, Peak Vision Appraisals assumes no responsibility and offers no legal opinion or interpretation on any issue.

In accordance with our standard practices, we must state that this report is for the exclusive use of the party to whom it is addressed and for the specific purpose stated above. Furthermore, the report and conclusion of value are not intended by the author, and should not be construed by the reader, to be investment advice in any manner whatsoever. The conclusion of value represents the consideration based on information provided by the Management, engagement parties and other sources only. No responsibility is accepted to any third party for the whole or any part of its contents.

Actual transactions involving the Business Enterprise might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

We would particularly point out that our valuation was based on the information such as company background, business nature, market share, future prospect as well as the projections of the Business Enterprise provided to us.

Our valuation has been prepared based on economic, market and other conditions as they existed on, and information made available to us as of the Valuation Date only. It has come to our attention that since the Valuation Date, the outbreak of Coronavirus Disease (COVID-19) has caused significant disruption to economic activities around the world. It is uncertain how long the disruption will last and to what extent it will affect the economy and it may cause volatility and uncertainty that the input parameters and assumptions adopted in our valuation may change significantly and unexpectedly over short period of time. It should therefore be noted that any market volatility, policy, geopolitical and social changes or other circumstances after the Valuation Date may affect the market value of the Business Enterprise after the Valuation Date.

12.0 REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HK\$).

The Management has reviewed and confirmed the factual content and has agreed to the assumptions and limiting conditions of this report.

We hereby confirm that we have no material connection or involvement with the Business Enterprise, the Company and its subsidiaries and associated companies or the value reported herein and that we are in a position to provide an objective and unbiased valuation.

13.0 OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed and key assumptions appended above, we are of the opinion that the market value of the Business Enterprise as at the Valuation Date was in the sum of **HK\$4,730,000 (HONG KONG DOLLARS FOUR MILLION SEVEN HUNDRED AND THIRTY THOUSAND ONLY).**

Yours faithfully,

For and on behalf of

Peak Vision Appraisals Limited



Nick C. L. Kung ~~MRICS, MFKS, RPS (G.P.), RICS Registered Valuer, MCIREA~~

Director

Corporate Valuations

Appendix I

Industry Overview

Appendix I - Industry Overview

Background

Money lending business has a long history in Hong Kong even before the enactment of the Money Lenders Ordinance (Chapter. 163) of the laws of Hong Kong in 1980. Major lending businesses include: (i) consumer and commercial loan, (ii) mortgage, (iii) vehicle, plant and equipment leasing, (iv) credit card, (v) Small and Medium Enterprises loan, (vi) cheque and invoice discounting, (vii) loan syndication.

Hong Kong maintains a three-tier banking system. These three-tier institutions are, namely, licensed banks, restricted license banks and deposit-taking companies. They are collectively known as authorized institutions (the “AIs”) under the Banking Ordinance. The Hong Kong Monetary Authority (the “HKMA”) is the licensing authority for all three types of AIs. As at June 2021, there were 31 licensed banks incorporated in Hong Kong, 131 licensed banks incorporated outside Hong Kong; 12 restricted license banks incorporated in Hong Kong and 4 incorporated outside Hong Kong; and 12 deposit-taking companies incorporated in Hong Kong.

Other than AIs, anyone wishing to carry on business as a Money Lender must apply to a licensing court for a license under the Money Lenders Ordinance. As at June 2021, there were 2,450 licensed money lenders incorporated in Hong Kong. Lending businesses are monitored by the Hong Kong Police Force (Licensing Office). Business license is granted by the Licensing Court while general administrative work is handled by the Companies Registry - Money Lenders Section.

Hong Kong Money Lending Market

According to the HKMA, there were a total of approximately HK\$10,812 billion loans and advances granted by AIs as at 31 May 2021, which represents an increase of approximately HK\$95 billion or 1% when compared to loans and advances outstanding as at 31 May 2020. Further according to HKMA, these loans and advances can be categorized by types, including loans and advances used, as follows : (i) to finance imports and exports and re-exports from Hong Kong; (ii) to finance merchandising trade not touching Hong Kong; (iii) loans and advances for use in Hong Kong; and (iv) other loans for use outside Hong Kong. Of which, loans and advances for use in Hong Kong was the largest type, accounting for more than 66.05% of total loans and advances outstanding as at 31 May 2021. Breakdown of share of total loans and advances by types as at 31 May 2021 is as follows :

Appendix I - Industry Overview

Loans and advances for use in Hong Kong	66.05%
Other loans for use outside Hong Kong	29.37%
To finance imports to and exports and re-exports from Hong Kong	2.50%
To finance merchandising trade not touching Hong Kong	2.08%
Other loans where the place of use is not known	0.00%

Table 3 : Loans and Advances by Types as at 31 May 2021

Source : HKMA

Loans and advances for use in Hong Kong can be subdivided by economic sectors, including manufacturing, transport and transport equipment, electricity and gas, recreational activities, information technology, building and construction and property, wholesale and retail trade, and miscellaneous sectors. Of which, as at 31 March 2021, loans and advances used by professional and private individuals (including loans for purchases of residential properties) under miscellaneous uses sector, and loans and advances for building and construction and property sector were the largest 2 sectors in Hong Kong, accounting for approximately 34.82% and 23.55% respectively of all loans and advances use in Hong Kong, which is approximately HK\$4,190 billion.

Manufacturing	4.48%
Transport and transport equipment	4.76%
Electricity and gas	1.79%
Recreational activities	0.18%
Information technology	1.87%
Building and construction, property	23.55%
Wholesale and retail trade	4.88%
Miscellaneous	58.49%

Table 4 : Loans and Advances by Economic Sector in Hong Kong as at 31 March 2021

Source : HKMA

Loans and advances for use in Hong Kong recorded growth of approximately HK\$3,591 billion, from approximately HK\$3,361 billion in December 2011 to HK\$6,952 billion in December 2020.

Appendix I - Industry Overview

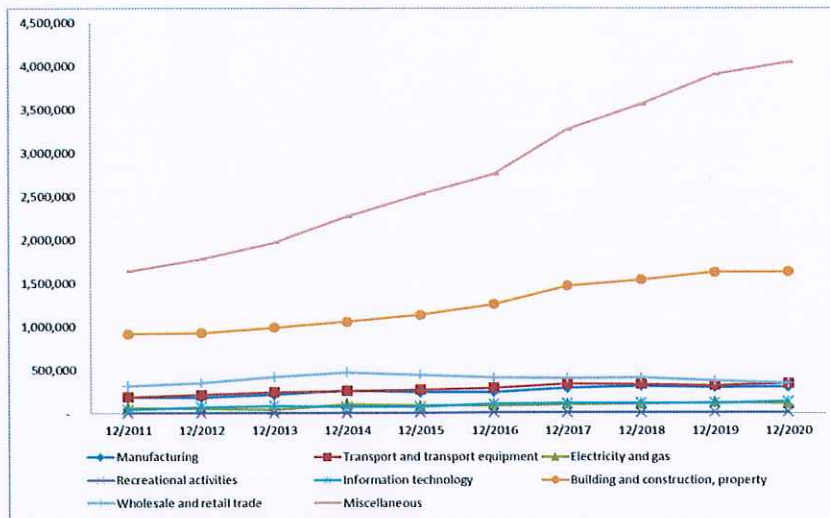


Figure 1 : Loans and Advances by Economic Sector in Hong Kong (HK\$ million), 2011 – 2020

Source : HKMA

Appendix II

Economic Overview

Appendix II - Economic Overview

Hong Kong Economic Overview

Hong Kong's economy resumed appreciable year-on-year growth of 7.9% in real terms in the first quarter of 2021, after a fall of 2.8% (year-on-year) in the preceding quarter. Considering the latest internal and external situations as well as the stimulus effect of the fiscal measures, the real GDP growth forecast for 2021 as a whole is 3.5% - 5.5%. Overall consumer prices rose by 0.7% in April 2021 over the same month a year earlier, larger than the corresponding increase (0.5%) in March 2021. Considering overall economic activities will remain below the pre-recession level, the Government forecasts Hong Kong's underlying consumer price inflation at 1.0% for 2021. The value of retail sales, in nominal terms, increased by 20.1% year-on-year in March 2021 over the same month a year earlier. For the first quarter of 2021, the value of total retail sales increased by 7.5% compared with the same period in 2020. The labour market conditions remain under significant pressure. The seasonally adjusted unemployment rate decreased marginally from 6.8% in January - March 2021 to 6.4% in February - April 2021. Merchandise exports increased by 24.4% in April 2021 over the same month a year earlier, after a year-on-year increase of 26.4% in March 2021.

Appendix II - Economic Overview

Hong Kong is the world's freest economy. It is one of the most services-oriented economy in the world, with services sectors accounting for 93.4% of the GDP in 2019. According to World Trade Organization (WTO), Hong Kong is the world's 6th largest exporter of merchandise trade in 2020, up by two places over 2019. According to the UNCTAD World Investment Report 2020, global FDI inflows to Hong Kong amounted to US\$68.4 billion in 2019, ranked 7th globally, behind Mainland China (US\$141.2 billion) and Singapore (US\$92.1 billion) in Asia. In terms of FDI outflows, Hong Kong ranked 3rd in Asia with US\$59.3 billion, after Japan (US\$226.6 billion) and Mainland China (US\$117.1 billion). In terms of FDI stock, Hong Kong was the world's 3rd largest host with US\$1,867.9 billion, after the United States and the United Kingdom, and the world's 6th largest investor with US\$1,794 billion in 2019. According to a triennial survey conducted by the Bank for International Settlements, Hong Kong is the 2nd largest foreign exchange market in Asia and the 4th largest in the world in 2019, with the average daily turnover of forex transactions increasing by 44.8% from US\$436.6 billion in April 2016 to US\$632.1 billion in April 2019. Hong Kong is a global offshore RMB business hub. According to SWIFT, Hong Kong is the largest offshore RMB clearing centre in 2020, sharing about 75% of the world's RMB payments. As at the end of 2020, Hong Kong's stock market ranked the 3rd largest in Asia and the 5th largest in the world in terms of market capitalisation. There were 2,538 companies listed on HKEx and the total market capitalisation of Hong Kong's stock market reached US\$6.1 trillion. In 2020, Hong Kong is the 2nd largest IPO fundraising market in the world, with US\$51.3 billion raised through IPO. Hong Kong is an important banking and financial centre in the Asia Pacific. Hong Kong is the 4th leading global financial centre, according to the Global Financial Centre Index. The Hong Kong International Airport is the world's busiest airport for international air cargo since 2010. Hong Kong is also one of the world's busiest container ports. In 2020, Hong Kong ranked 9th in the world in terms of container throughput. Supported by excellent connectivity with Mainland China and the rest of the world, strong research and development capability, world-class universities, Hong Kong is fast becoming an innovation and technology hub. According to the Global Innovation Index, Hong Kong ranked 11th globally in 2020.

Appendix II - Economic Overview



Figure 2 : Real GDP growth (Year-on-year % change)

Source : HKTDC

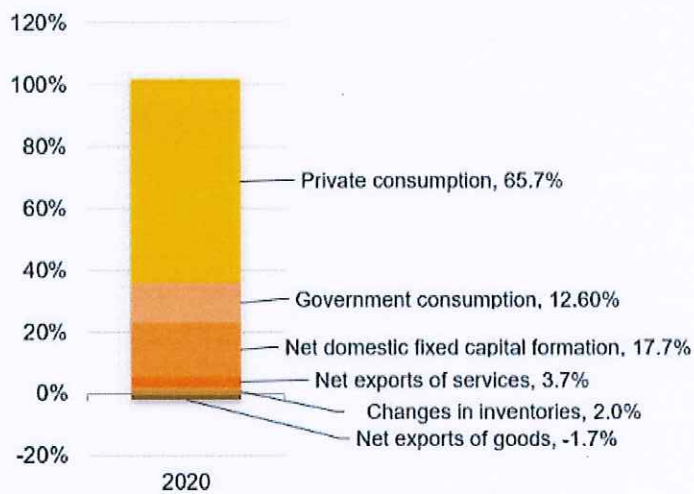


Figure 3: GDP composition (% share of GDP)

Source : HKTDC

Appendix II - Economic Overview

	2019	2020	Latest
Population, Year-end (mn)	7.52	7.47	--
Gross Domestic Product (US\$ bn)	364.7	344.7	89.8 ^a
GDP Per Capita (US\$)	48,938	46,701	--
Real GDP Growth (%)	-1.7	-6.1	+7.9 ^b
Inflation (% Change in Composite CPI)	+2.9	+0.3	+0.9 ^c
Unemployment Rate (%)	2.9	--	6.4 ^d
Retail Sales Growth (%)	-11.1	-24.3	+7.5 ^b
Number of Visitors (mn)	55.9	3.6	0.02 ^a
Visitor Arrivals Growth (%)	-14.2	-93.6	-99.5 ^b

^a January – March 2021; ^b year-on-year change, January – March 2021; ^c year-on-year change, January – April 2021; ^d seasonally adjusted, February - April 2021

Table 5 : Major economic indicators

Source : HKTDC

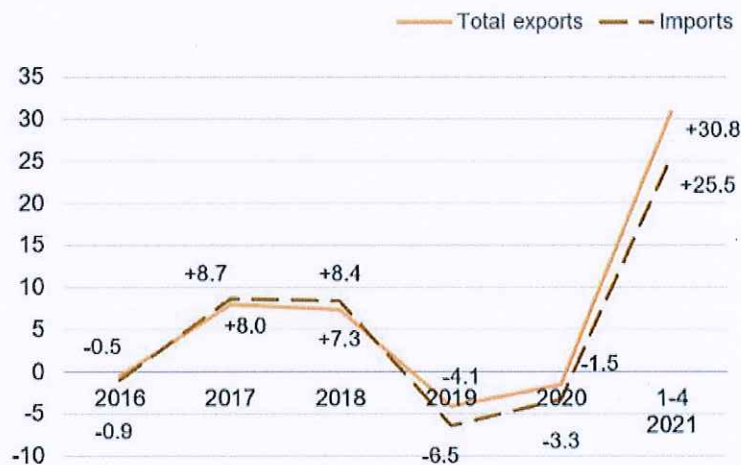


Figure 4 : Merchandise trade growth (Year-on-year % change)

Source : HKTDC

Appendix III

Discount Rate Derivation

Appendix III - Discount Rate Derivation

We have determined the discount rate adopted in the Income Approach based on the cost of equity appropriate for the Business Enterprise. From a modern portfolio management perspective, typical investors are risk-averse and rational. They make all investment decisions based on risk and return of an investment opportunity. The cost of equity, therefore, should account for the risk premium, which is the required additional return over the risk free rate. Additional risk premiums such as country risk premium, size premium and other specific risk premium are added to reflect other risk factors concerning the Business Enterprise. All the estimates are supported by public data sources such as Refinitiv and Duff & Phelps, LLC. We have used the capital asset pricing model (“CAPM”) to determine the appropriate cost of equity of the Business Enterprise.

$$\text{Cost of equity} = \text{risk free rate} + \text{equity beta} \times \text{market risk premium} + \text{size premium} + \text{country risk premium} + \text{other specific risk premium}$$

Cost of equity calculation :

(1) Risk free rate	1.21%
(2) Equity beta	0.61
(3) Market risk premium	7.25%
(4) Size premium	3.21%
(5) Country risk premium	0.59%
(6) Other specific risk premium	2.00%
Cost of equity	11.44%

* Figures above are subject to rounding

Notes :

- (1) This is the 10-year yield of the Hong Kong Government Bond Benchmark Yield Curve, which is a mature market risk free rate.
- (2) This is the adjusted beta by making reference to publicly listed companies with comparable business nature and operation, which are sourced from Refinitiv.
- (3) Market risk premium = market rate of return – risk free rate. To derive a long-term, equity risk premium, we refer to the long-horizon expected equity risk premium for the United States (based on historical data), published by Duff & Phelps, LLC. A mature market equity risk premium is used since we derive a stable, long-term discount rate adopted in the valuation; therefore we have adopted the average market return of the United States instead of one from developing equity markets. The country risk premium (in Note 5 below) reflects the expected operating location of the Business Enterprise.

Appendix III - Discount Rate Derivation

- (4) *Based on the research published by Duff & Phelps, LLC, the CAPM does not fully account for the higher returns of smaller company stocks.*
According to their research data of historical returns from 1926 – 2020 of micro-cap companies, the size premium (returns in excess of those predicted by CAPM) is 3.21%.
- (5) *This is the increased risk with operating in Hong Kong, where the risk profile is different to the market premium applied in our analysis, including business risk, financial risk, liquidity risk, exchange rate risk & country risk. We refer to the data and methodology derived on Damodaran Online (<http://pages.stern.nyu.edu/~adamodar/>), updated for 2021, in determining the country risk premium for the Business Enterprise.*
- (6) *Considering the specific risk of the Business Enterprise, we have applied an additional 2.00% other specific risk premium.*

The discount rate adopted for this valuation as at the Valuation Date, taking into account of the above factors, was 11.44%, which is then applied to the after tax cash flows of the Business Enterprise.



W CAPITAL MARKETS PTE. LTD.
Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street
#43-01 OCBC Centre
Singapore 049513

14 January 2022

The Directors of Incredible Holdings Ltd. who are considered independent in relation to the Proposed Acquisition of Billion Credit (the “**Recommending Directors**”)

Mr. Leung Kwok Kuen Jacob	(Independent Non-Executive Chairman)
Ms. Zhou Jia Lin	(Non-Executive and Non-Independent Director)
Mr. Leung Yu Tung Stanley	(Independent Director)

Dear Sirs,

THE PROPOSED ACQUISITION OF BILLION CREDIT FINANCIAL COMPANY LIMITED AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 14 January 2022 (“**Circular**”) issued by Incredible Holdings Ltd. (the “**Company**”, and together with its subsidiaries and associated companies (the “**Group**”) shall have the same meanings herein.*

1. INTRODUCTION

The Proposed Acquisition of Billion Credit

On 27 September 2021, the Company announced that the Company had entered into a sale and purchase agreement (the “**Billion Credit SPA**”) with Great Winner Holdings Limited (the “**Billion Credit Vendor**”), to acquire 10,000 ordinary shares (the “**Billion Credit Sale Shares**”) in Billion Credit Financial Company Limited (“**Billion Credit**”), representing 100% of the issued share capital of Billion Credit, for an aggregate consideration of HK\$5.8 million (equivalent to approximately S\$1 million) (“**Billion Credit Consideration**”) (the “**Proposed Acquisition of Billion Credit**”). Upon completion of the Proposed Acquisition of Billion Credit, Billion Credit will become a wholly-owned subsidiary of the Company.

The Proposed Acquisition of Billion Credit constitutes (i) an interested person transaction which is conditional upon approval by Shareholders pursuant to Chapter 9 of the Catalist Rules and (ii) a “disclosable transaction” of the Company as defined under Chapter 10 of the Catalist Rules.

Mr. Christian Kwok-Leun Yau Heilesen (“**Mr. Heilesen**”) is a director and controlling shareholder of the Company, whilst also being the sole director of Billion Credit and has an indirect interest in the entire share capital of Billion Credit through the Billion Credit Vendor. Accordingly, he is an “interested person” and the Proposed Acquisition of Billion Credit is an “interested person transaction” under Chapter 9 of the Catalist Rules. Mr. Heilesen will abstain and has also undertaken to ensure that his associates will abstain, from voting on the ordinary resolution relating to the Proposed Acquisition of Billion Credit at the forthcoming EGM.

APPENDIX B – BILLION CREDIT IFA LETTER

The Company has appointed W Capital Markets Pte. Ltd. (“**W Capital**”) as the independent financial adviser (“**IFA**”) pursuant to Rule 921(4)(a) of the Catalist Rules, as well as to advise the Recommending Directors in relation to the Proposed Acquisition of Billion Credit being an Interested Person Transaction. This letter (“**IFA Letter**”) sets out, *inter alia*, our evaluation of and opinion on the Proposed Acquisition of Billion Credit. This IFA Letter forms part of the Circular issued by the Company to its Shareholders in connection with the Proposed Acquisition of Billion Credit.

2. TERMS OF REFERENCE

The purpose of this IFA Letter is to provide an independent opinion on whether the terms of the Proposed Acquisition of Billion Credit is on normal commercial terms and whether the Proposed Acquisition of Billion Credit is prejudicial to the interests of the Company and its independent Shareholders (“**Minority Shareholders**”). We have prepared this IFA Letter pursuant to the requirements of Chapter 9 of the Catalist Rules as well as for the use of the Recommending Directors in connection with their consideration of the Proposed Acquisition of Billion Credit and their advice to the Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders shall remain the responsibility of the Recommending Directors.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition of Billion Credit, nor were we involved in the deliberations leading up to the decision on the part of the Directors to undertake the Proposed Acquisition of Billion Credit. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Acquisition of Billion Credit and our terms of reference do not require us to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks (if any) of the Proposed Acquisition of Billion Credit.

In the course of our evaluation, we have held discussions with the management of the Company (the “**Management**”) and/or their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or their professional advisers, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the accuracy or reliability of the information. In this regard, we note that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “Directors’ Responsibility Statement” in Paragraph 8 of the Circular.

The scope of our appointment does not require us to perform an independent evaluation or appraisal of the assets, liabilities and/or profitability of the Company, its subsidiaries and its associated companies (the “**Group**”) and/or Billion Credit and we do not express a view on the financial position, future growth prospects and earnings potential of the Group after the completion of the Proposed Acquisition of Billion Credit in accordance with the terms of the SPA. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group and/or Billion Credit. In this respect, we have been furnished with, *inter alia*, a valuation report dated 27 September 2021 (“**Valuation Report**”) prepared by Peak Vision Appraisals Limited (the “**Billion Credit Independent Valuer**”) in relation to the independent valuation on the market value of 100% equity interest in the capital of Billion Credit as at 30 June 2021 (the “**Valuation Date**”). As we are not experts in the evaluation or appraisal of the assets as set out in the Valuation Report, we have placed sole reliance on the appraisal in relation to Billion Credit as assessed by the Billion Credit Independent Valuer and as set out in the Valuation Report.

APPENDIX B – BILLION CREDIT IFA LETTER

The information on which we relied was based upon market, economic, industry, monetary and other conditions prevailing as at 12 January 2022 (the “**Latest Practicable Date**” or “**LPD**”) which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or affirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In rendering our opinion in relation to the Proposed Acquisition of Billion Credit, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder or specific group of Shareholders. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in the context of his specific or their investments objectives or portfolio(s) consult his or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Proposed Acquisition of Billion Credit should be considered in the context of the entirety of this IFA Letter and the Circular.

3. INFORMATION ON BILLION CREDIT

Billion Credit is a private company limited by shares incorporated in the Hong Kong Special Administrative Region of the People’s Republic of China on 20 June 2012 and has an issued share capital of HK\$10,000 comprising 10,000 ordinary shares.

Billion Credit holds a Money Lenders License (“**License**”) which is regulated under the Money Lenders Ordinance in Hong Kong and is principally engaged in money-lending business in Hong Kong, mainly to individuals who provide assets as collateral. The operations of Billion Credit is currently managed by Mr. Heilesen and a team of two staff.

As at the Latest Practicable Date, Mr. Heilesen is the sole director of Billion Credit and has an indirect interest in the entire share capital of Billion Credit through the Billion Credit Vendor.

4. SALIENT TERMS OF THE PROPOSED ACQUISITION OF BILLION CREDIT

The detailed terms of the Proposed Acquisition of Billion Credit have been set out in Paragraph 3 of the Circular. A summary of the salient terms is set out below for your reference:

4.1 Consideration for the Proposed Acquisition of Billion Credit

The Billion Credit Consideration is HK\$5.8 million which shall be paid by the Company to the Billion Credit Vendor:

- (a) by way of a promissory note with 8% interest rate per annum (the “**Billion Credit Promissory Note**”) in which the Company promises to pay the principal amount of HK\$5.8 million (equivalent to approximately S\$1 million) to the Billion Credit Vendor in accordance with the terms of the Billion Credit Promissory Note; or
- (b) such other payment method as the Company and the Billion Credit Vendor may agree in writing.

APPENDIX B – BILLION CREDIT IFA LETTER

The Billion Credit Consideration was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:

- (a) market value of Billion Credit set out in the Billion Credit Valuation Report;
- (b) Billion Credit has been operating in the loan financing business in Hong Kong since 2014;
- (c) Billion Credit is capable of demonstrating that it has (i) relevant knowledge and experience in loan financing business in Hong Kong, (ii) competent personnel (two employees and one director) who are familiar with regulation of Hong Kong Money Lender Ordinance and loan financing business to support the operation and (iii) existing customers, deals and networks;
- (d) net profits after tax recorded in the audited financial statements for the year ended 31 December 2020 of Billion Credit was HK\$155,000 (equivalent to approximately S\$27,000); and
- (e) prevailing economic conditions.

4.2 Principal terms of the Billion Credit SPA:

According to the Billion Credit SPA:

- (a) the obligations of the Company and the Billion Credit Vendor are conditional upon, and completion shall not take place until, all the following conditions have been fulfilled or waived (as the case may be) on or prior to the completion date:
 - (i) the Billion Credit Vendor obtaining such approvals from the board of directors and/or shareholders of Billion Credit in connection with the Billion Credit SPA and the transactions contemplated therein as may be necessary;
 - (ii) the Company obtaining such approvals from its board of directors and/or shareholders in connection with the Billion Credit SPA and the transactions contemplated therein as may be necessary;
 - (iii) the Company being reasonably satisfied with the results of the legal, financial and tax due diligence to be carried out by the Company and/or its professional advisers on Billion Credit;
 - (iv) the rectification, or the procurement of such rectification, as reasonably determined by and to the reasonable satisfaction of the Company by the Billion Credit Vendor of all issues and/or irregularities uncovered by the Company and/or its professional advisers during the due diligence investigations on Billion Credit which are capable of rectification, unless waived by the Company in its absolute discretion;
 - (v) all necessary consents, approvals and waivers (and in particular, with respect to change in control clauses) which are required for the transactions contemplated herein by any agreement, arrangement, understanding, contract or commitment to which Billion Credit is a party having been obtained by Billion Credit, and such consents, approvals and waivers not having been amended or revoked before the completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company in its absolute discretion and being fulfilled on or before the completion date;
 - (vi) the Company being satisfied in its absolute discretion that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, condition (financial or otherwise), assets, prospects, performance, financial position, results or operations of Billion Credit between the date of the Billion Credit SPA and the completion date;
 - (vii) there is no breach by the Billion Credit Vendor of the Billion Credit Vendor's representations, warranties, covenants and indemnities contained in the Billion Credit SPA;

APPENDIX B – BILLION CREDIT IFA LETTER

- (viii) each of the representations, warranties and undertakings remaining true, not misleading, correct and accurate in any respects at completion, as if repeated on the completion date, and at all times between the date of the Billion Credit SPA and completion of the Billion Credit SPA;
- (ix) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated in the Billion Credit SPA (including the waiver of any right of pre-emption or other restriction on the transfer of the Billion Credit Sale Shares conferred on any person under the constitution of Billion Credit or otherwise, if necessary) having been obtained by the Billion Credit Vendor and/or Billion Credit (as the case may be), and such consents, approvals and waivers not having been amended or revoked before completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company and being fulfilled on or before the completion date; and
- (x) the renewal of the money lenders license regulated under the Money Lenders Ordinance in Hong Kong held by Billion Credit which had expired on 18 August 2021.

The application for the renewal of money lenders license was approved from the court in Hong Kong on 28 October 2021. All the conditions precedent above have been satisfied except item (b) that the Company will seek the shareholders' approval before completion of the Proposed Acquisition of Billion Credit.

- (b) if any of the conditions precedent is not fulfilled by any party on or before the Billion Credit Long Stop Date, being 31 March 2022, and such non-fulfilment is not waived by the other party, the Billion Credit SPA shall *ipso facto* cease and determine. In that event, the parties shall be released and discharged from their respective obligations under the Billion Credit SPA, other than the provisions of the Billion Credit SPA which survive the termination of the Billion Credit SPA and no party shall have any claim against the other party for cost, damages, compensation or otherwise under the Billion Credit SPA, save for any claim by any party against the other party in respect of any antecedent breach of the Billion Credit SPA; and
- (c) the Billion Credit SPA shall be governed and construed in accordance with the laws of Singapore.

4.3 Principal terms of the Billion Credit Promissory Note:

According to the Billion Credit SPA, the salient terms of the Billion Credit Promissory Note are as follows:

- (a) the Company promises and undertakes unconditionally to pay the principal amount of HK\$5.8 million (equivalent to approximately S\$1 million) (the "**Principal Amount**") to the Billion Credit Vendor by the maturity date which falls on 30 September 2022.
- (b) the Company may at any time give the Billion Credit Vendor 14 business days' notice in writing to redeem the Billion Credit Promissory Note at the principal amount (or any part thereof), and the date falling on the 14th business day after the date of receipt of the redemption notice shall be the "Billion Credit Elected Redemption Date". All accrued interest up to the Billion Credit Elected Redemption Date shall be paid on the Billion Credit Elected Redemption Date. The Promisor shall deliver the payment of the principal amount (or any part thereof) to the Billion Credit Vendor by a cashier's order or banker's draft drawn on a bank licensed in Singapore or Hong Kong and made out in favour of the Billion Credit Vendor, or in such other manner as may be agreed in writing between the Company and the Billion Credit Vendor.

APPENDIX B – BILLION CREDIT IFA LETTER

- (c) interest shall accrue on the principal amount or any part thereof that remains outstanding from the date on which the Billion Credit Promissory Note is issued at the rate of 8% per annum, payable annually in arrears for as long as the principal amount or any part thereof remains outstanding.

5. EVALUATION OF THE PROPOSED ACQUISITION OF BILLION CREDIT

In arriving at our opinion on whether the Proposed Acquisition of Billion Credit is on normal commercial terms and not prejudicial to the interests of the Company and its Minority Shareholders, we have given due consideration to, *inter alia*, the following:

- 5.1 Rationale for the Proposed Acquisition of Billion Credit;
- 5.2 Historical financial performance and financial condition of Billion Credit;
- 5.3 Assessment of the fairness of the Billion Credit Consideration in comparison with the fair market value of 100% equity interest in Billion Credit as assessed by the Billion Credit Independent Valuer;
- 5.4 Assessment of the reasonableness of interest rate of the Billion Credit Promissory Note; and
- 5.5 Other relevant considerations.

For avoidance of doubt, the valuation multiples of Billion Credit, such as price-earnings ratio and price-to-book ratio did not form part of our evaluation after having considered Billion Credit's loss-making and net liabilities position during the financial years/period under review. Further details on the historical financial performance and financial condition of Billion Credit are set out in Paragraph 5.2 of this IFA Letter.

5.1 Rationale for the Proposed Acquisition of Billion Credit

We have considered the rationale by the Company for the Proposed Acquisition of Billion Credit as set out in Paragraph 3 of the Circular and we have set them out in italics below for your ease of reference:

- “3.5.1 The Proposed Acquisition of Billion Credit is aligned with the Group’s plan to diversify into the financing business for the provision of personal and business loan in Hong Kong. The Company’s financing business for the provision of personal and business loans in Hong Kong which was approved by the Shareholders at the extraordinary general meeting of the Company held on 6 September 2017.*
- 3.5.2 The Board believes that the Proposed Acquisition of Billion Credit will provide the Group with new revenue streams and improve its prospects, and in turn, enhance shareholder’s value. In particular, the Board believes that the financing business (which Billion Credit is operating in) will:*
- (a) complement the Group’s existing businesses by (i) expanding the Group’s core businesses into new markets utilising Billion Credit financing footprint; and*
 - (b) provide the Group with an additional revenue stream to offset the Group’s operating expenses in the event that any of the Group’s existing business are impacted by COVID-19 or otherwise.*
- 3.5.3 For the aforementioned reasons, the Board is confident that the Proposed Acquisition of Billion Credit will bring value to Shareholders and that the Proposed Acquisition of Billion Credit is in the best interests of the Company and its Shareholders.”*

APPENDIX B – BILLION CREDIT IFA LETTER

5.2 Historical financial performance and financial condition of Billion Credit

Set out below is the summary of the financial information of Billion Credit for the last three financial years ended 31 December (“FY”) 2018, 2019, 2020 and the six-months financial period ended 30 June 2021 (“HY2021”) respectively provided by the Company:

Summary of financial results of Billion Credit

HK\$'000	FY2018 Audited	FY2019 Audited	FY2020 Audited	HY2021 Unaudited
Revenue	2,854	3,373	3,069	1,464
Other income	- (1)	- (1)	107	- (1)
Administrative expenses	(2,239)	(2,604)	(2,023)	(627)
Finance cost	(852)	(802)	(997)	(736)
Profit/(loss) before tax	(238)	(34)	156	101
Income tax expense	-	-	-	-
Profit/(loss) for the year	(238)	(34)	156	101
Accumulated losses at start of the year	(2,173)	(2,410)	(2,444)	(2,288)
Accumulated losses at end of year	(2,410)	(2,444)	(2,288)	(2,187)

Source: Company

Notes:

(1): Immaterial.

(2): Figures in the above table may not add up due to rounding.

Revenue of Billion Credit is derived from loan interest income. From the above table, we note that Billion Credit's revenue fluctuates from year-to-year and that it had incurred losses for FY2018 and FY2019 but was profitable for the latest financial year of FY2020 and for the financial period of HY2021, mainly as a result of lower administrative expenses as compared to the prior years. For information only, there is no provision for Hong Kong profits tax made as Billion Credit has sufficient unused tax loss brought forward to offset against the assessable profits in FY2020 and HY2020. In addition, we noted from the audited accounts of Billion Credit that it had generated net cash from operating activities in FY2018 and FY2019 of approximately HK\$0.82 million and HK\$0.75 million respectively. For FY2020, Billion Credit recorded net cash outflows from operating activities of approximately HK\$5.66 million mainly arising from (i) increase in loans receivables of HK\$4.47 million; and (ii) decrease in amount due to a director of HK\$1.74 million.

Management unaudited balance sheet of Billion Credit

HK\$'000	30 June 2021 Unaudited
<u>Current assets</u>	
Loans receivables	12,152
Trade receivables	1,301
Deposits and prepayment	4
Amount due from a director	1,113
Bank and cash balances	93
Total current assets	14,663
<u>Current liabilities</u>	
Loans payable	15,743
Other payables and accruals	1,098
Total current liabilities	16,841

APPENDIX B – BILLION CREDIT IFA LETTER

Net current liabilities	(2,177)
Net liabilities	(2,177)

<u>Equity</u>	
Share capital	10
Retained earnings	(2,187)
Capital deficiency	(2,177)

Source: Company

Note:

(1): The figures in the above table may not add up due to rounding.

Based on the above, we note that as at 30 June 2021:

- (a) the assets of Billion Credit comprised mainly loans receivables amounting to approximately HK\$12.2 million;
- (b) the liabilities of Billion Credit comprised mainly loans payables of approximately HK\$15.7 million;
- (c) Billion Credit's current liabilities exceeded its current assets and Billion Credit is in a net liability position and negative equity of approximately HK\$2.2 million.

5.3 Assessment of the fairness of the Billion Credit Consideration

Comparison with the fair market value of 100% equity interest in Billion Credit

In connection with the Proposed Acquisition of Billion Credit, the Billion Credit Independent Valuer was commissioned by the Company to assess and determine the market value of the 100% equity interest of Billion Credit as at 30 June 2021.

As set out in the Valuation Report, the Billion Credit Independent Valuer has conducted its valuation on the basis of "Market Value" which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

There are three generally accepted valuation approaches, namely, Market Approach, Asset Approach and Income Approach.

The Market Approach values a business entity by comparison of the prices at which other similar business nature companies or interests changed hands in arm's length transactions. Under this approach, references will be made to the prices of other similar companies or equity interest in companies that were sold recently in deriving the market multiples, which will then applied to the variables of the business entity to arrive at an indication of value.

The Asset Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of the asset approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital (equity and debt capital).

The Income Approach focuses on the economic benefits generated by the income producing capability of a business entity. It measures the value of a business entity by the present worth of the economic benefits to be received over the life of the business entity.

APPENDIX B – BILLION CREDIT IFA LETTER

We note that the Billion Credit Independent Valuer has considered the 3 approaches and has adopted Income Approach to be the most appropriate and sole approach in determining its opinion of value of Billion Credit. The Market Approach is not adopted as the Billion Credit Independent Valuer has considered it to be less representative than the Income Approach since the Market Approach may not fully reflect the economic benefits attributable to Billion Credit and there are insufficient comparable transactions or guideline public companies in similar stage of development or financial performance as Billion Credit to form a reliable opinion of value. On the other hand, the Income Approach specifically reflects the projected income derived from the money lending operations and attributable to Billion Credit. In this regard, the Billion Credit Independent Valuer has been provided with projections for the 6 months ending 31 December 2021 and the following 4 years which form the basis of its discounted cash flow analysis and has adopted a lack of marketability discount of approximately 20% in arriving at the valuation as ownership interest in closely held companies are typically not readily marketable compared to similar interest in publicly listed companies. The Asset Approach is also deemed inappropriate by the Billion Credit Independent Valuer as it ignores the future economic benefits of Billion Credit's business as a whole.

Based on the investigation and analysis performed, the Billion Credit Independent Valuer is of the opinion that the market value of Billion Credit as at 30 June 2021 is HK\$4.73 million. In this regard, the Billion Credit Consideration of HK\$5.80 million represents a premium of HK\$1.07 million (or approximately 22.6% premium) to the market value of Billion Credit as assessed by the Billion Credit Independent Valuer of HK\$4.73 million. As set out in the Company's response to SGX queries dated 29 September 2021, we note that in arriving at the Billion Credit Consideration of HK\$5.80 million, apart from the Valuation Report, the Directors have also taken into account various non-quantitative factors, including that (i) Billion Credit has been operating in the loan financing business in Hong Kong since 2014; and (ii) Billion Credit is capable of demonstrating that it has better knowledge and experience and competent personnel to support the operation and existing customers, deals and networks.

It should be noted that the independent valuation of Billion Credit is based on various assumptions and limitations as set out in the Valuation Report, and Shareholders are advised to read the above in conjunction with the Valuation Report in its entirety as set out in Appendix A to the Circular.

5.4 Assessment of the reasonableness of interest rate of the Billion Credit Promissory Note

As mentioned in Paragraph 4.3 of this IFA Letter, interest shall accrue on the Principal Amount of the Billion Credit Promissory Note or any part thereof that remains outstanding from the date on which the Billion Credit Promissory Note is issued at the rate of 8% per annum, payable annually in arrears for as long as the Principal Amount or any part thereof remains outstanding. We understand from the Management that the interest rate of 8% per annum for the Billion Credit Promissory Note was agreed upon having referenced to the prevailing interest rate on judgement debts in Hong Kong.

The Company does not have any existing bank borrowings for the financial year ended 31 December 2020 and for the latest financial period ended 30 June 2021 and as such there is no relevant cost of borrowings available as a reference point. As at the Latest Practicable Date, the respective average prime lending rate (which represents the interest rate that commercial banks charge their most creditworthy customers) of the local banks in Singapore and Hong Kong were 5.7% and 5.0%, respectively. As the Billion Credit Promissory Note is unsecured, we have also considered the average interest rates that is quoted on the website of one of the leading SME digital financing platforms in Singapore for unsecured corporate loans, which ranges from 9% to 16% per annum depending on the assessed credit scoring of the borrower.

Based on the above considerations, we are of the view that the interest rate of 8% per annum for the Billion Credit Promissory Note, which is on an unsecured basis, is reasonable taking into account the prevailing market interest rates for unsecured corporate loans.

5.5 Other Relevant Considerations

5.5.1 Financial effects of the Proposed Acquisition of Billion Credit

The financial effects of the Proposed Acquisition of Billion Credit on the NTA per Share and the earnings per Share (“EPS”) of the Group are set out in Paragraph 2.12 of the Circular and have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

The financial effects are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group following completion of the Proposed Acquisition of Billion Credit.

In summary, we note the following financial effects of the Proposed Acquisition of Billion Credit:

- (i) the Group’s NTA per Share as at 31 December 2020 remains at 0.28 Singapore cents;
- (ii) the Group’s net loss for the financial year ended 31 December 2020 will reduce from S\$4.12 million before the Proposed Acquisition of Billion Credit to S\$4.07 million after the Proposed Acquisition of Billion Credit; and
- (iii) the Group’s loss per Share will reduce from 1.38 Singapore cents before the Proposed Acquisition of Billion Credit to 1.37 Singapore cents after the Proposed Acquisition of Billion Credit.

5.5.2 Ability of Billion Credit to continue as going concern

We have been provided with Billion Credit’s audited financial statements for FY2020 and noted that the independent auditor’s report highlighted that Billion Credit’s net liabilities position of HK\$2.28 million indicate a material uncertainty exists that may cast significant doubt on Billion Credit’s ability to continue as a going concern. We have reproduced Billion Credit’s auditor’s statement in italics below, for your information. Nonetheless, it is noted that the audit opinion in the independent auditor’s report is not qualified.

“Material Uncertainty Related to Going Concern

We draw attention to note 2 in the financial statements, which indicates that the Company had net liabilities of HK\$2,278,000. As stated in note 2, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Extract from Paragraph 2 of note 2 – Basis of Preparation and Accounting Policies

As the end of the reporting date, the current liabilities of the Company exceeded its total assets and the Company sustained substantial capital deficiency. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. In preparing these financial statements, the sole director has given careful consideration to the current and future liquidity of the Company. The sole director has gained the commitment of the Company’s shareholder to provide continued financial support to the Company. On the basis that continued financial support will be provided by the Company’s shareholder to the Company upon request, the sole director is of his opinion that the Company will have sufficient working capital to finance its operations in the foreseeable future. Accordingly, the sole director is satisfied that it is appropriate to prepare these financial statements on a going concern basis.”

In this regard, Billion Credit will become a wholly-owned subsidiary of the Company and the Company will thus take over the obligations to provide financial support to Billion Credit after the completion of the Proposed Acquisition of Billion Credit.

5.5.3 Funding for the financing business of Billion Credit

We note from the Company's response to SGX queries dated 29 September 2021 that the Company is of the view that Billion Credit is self-sustainable without funding from the Company at the moment. However, the Company may consider to fund Billion Credit's business for expansion in the future. Taking into consideration the net liabilities position of Billion Credit as mentioned above in Paragraph 5.5.2 above, the Company may be required to provide financial support to Billion Credit from time to time to finance its operations and working capital.

5.5.4 Interested Persons abstaining from voting

As set out in Paragraph 2.10.4 of the Circular, pursuant to Rule 919 of the Catalist Rules, Mr. Heilesen will abstain, and has undertaken to ensure that his associates will abstain, from voting on the ordinary resolution in relation to the Proposed Acquisition of Billion Credit at the EGM. Accordingly, the Proposed Acquisition of Billion Credit would be subject entirely to the approval of the independent Shareholders.

6. OPINION

In arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition of Billion Credit. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

We set out below a summary of the key considerations which we consider to be pertinent to our assessment of the Proposed Acquisition of Billion Credit:

- (a) The rationale for the Proposed Acquisition of Billion Credit, details of which are set out in Paragraph 5.1 of this IFA Letter;
- (b) The analysis of the historical financial performance of Billion Credit, details of which are set out in Paragraph 5.2 of this IFA Letter;
- (c) Assessment of the fairness of the Billion Credit Consideration for the Proposed Acquisition of Billion Credit, details of which are set out in Paragraph 5.3 of this IFA Letter. In this regard, it is noted that the Billion Credit Consideration represents a 22.6% premium (or HK\$1.07 million in absolute value) to the market value of Billion Credit as assessed by the Billion Credit Independent Valuer and that in arriving at the Billion Credit Consideration of HK\$5.80 million, apart from the Valuation Report, the Directors have also taken into account various non-quantitative factors as set out in Paragraph 5.3;
- (d) Assessment of the reasonableness of interest rates of the Billion Credit Promissory Note, details of which are set out in Paragraph 5.4 of this IFA Letter. In this regard, we are of the view that the interest rate of 8% per annum for the Billion Credit Promissory Note, which is on an unsecured basis, is reasonable taking into account the prevailing market interest rates for corporate loans; and
- (e) Other relevant considerations, details of which are set out in Paragraph 5.5 of this IFA Letter, which relates to our assessment on the Proposed Acquisition of Billion Credit.

Having regard to the foregoing considerations as set out above and information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition of Billion Credit is not on normal commercial terms and may be prejudicial to the interests of the Company and its Minority Shareholders, taking into consideration in particular that the Billion Credit Consideration is at a 22.6% premium to the market value of Billion Credit as assessed by the Billion Credit Independent Valuer whilst Billion Credit is in a net liabilities position.

APPENDIX B – BILLION CREDIT IFA LETTER

Our opinions are prepared as required under Chapter 9 of the Listing Manual as well as addressed to the Recommending Directors in connection with their consideration of the Proposed Acquisition of Billion Credit and their advice to the Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders shall remain the responsibility of the Recommending Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of the forthcoming Extraordinary General Meeting and for the purpose of the Proposed Acquisition of Billion Credit.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Sheila Ong
Senior Vice President
Corporate Finance

APPENDIX C
Golden Ultra Valuation Report

Our Ref : VC/JLI/30909b/2021

Date : 18 October 2021

Incredible Holdings Ltd
280 Woodlands Industrial Park E5,
#10-50 Harvest @ Woodlands,
Singapore 757322

Attn.: Board of Directors

Dear Sirs/Madams,

RE: Valuation of 100% Equity Interest of CKLY Trading Limited

In accordance with an instruction from Incredible Holdings Ltd (the "Instructing Party"), We hereby provide a valuation on the market value basis of 100% equity interest of CKLY Trading Limited (the "Target Company") as at 30 June 2021 (the "Valuation Date").

We confirm that we have made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of 100% equity interest of Target Company.

This valuation is complied with the RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors ("RICS") and International Valuation Standards ("IVS") published by the International Valuation Standards Council.

1 Purpose of Valuation

The purpose of this report is to express an independent opinion on the market value of 100% equity interest of Target Company as at Valuation Date. This report outlines our latest findings and valuation conclusion and is prepared solely for public announcement purpose only.

2 Scope of Work

In conducting this valuation exercise, our scope of work includes:

- Co-ordinated with the representatives of Instructing Party to obtain the required information and documents for our valuation;
- Gathered the relevant information of Instructing Party, including the purchase contract, legal certificates, financial statements, the mineral resource estimate report, etc. made available to us;
- Discussed with Instructing Party to understand the history, business model, operations, business development plan, etc. of Target Company for valuation purpose;
- Carried out researches in the sector concerned and collected relevant market data from reliable sources for analysis;
- Investigated into the information of Target Company made available to us and considered the basis and assumptions of our conclusion of value;
- Designed an appropriate valuation model to analyze the market data and derived the estimated market value of Target Company; and
- Compiled a report on the valuation, which outlines our findings, valuation methodologies and assumptions, and conclusion of value.

When performing our valuation, all relevant information, documents, and other pertinent data concerning the assets, liabilities and contingent liabilities should be provided to us. We relied on such data, records and documents in arriving at our opinion of values and had no reason to doubt the truth and accuracy of the information provided to us by Instructing Party, Target Company and its authorized representatives.

3 Overview of Target Company

The Target Company was incorporated in 2015 as a private company limited by shares registered in Hong Kong. The address of its registered office and principal place of business are Unit C, Floor 1, No. 96 Ma Tau Wai Road, Hung Hom, Hong Kong. CKLY Trading Limited is principally in the business of trading of watches through the online platform known as www.bestwatch.com.hk, which provides various luxury watch brands for customers in Hong Kong and other countries.

4 Watch Industry Overview

As investigated by Mckinsey & Company, the ultra-luxury watches with fine jewellery and premium are an important part of the global luxury economy, with combined annual sales of more than USD330 billion. Due to the impact of COVID-19 pandemic in 2020, the watches industries suffered the decrease in revenue of 25% to 30%. With the recovery of the overall economy in 2021, the watches industries will be expected to rebound from the COVID-19 pandemic, with the annual growth rate of 1% to 3% between now and 2025.

Asia, as the biggest regional market accounting for 50% for watches, is leading the sales to expand further. As predicted by Mckinsey & Company, the watch sales in Asia will grow up to 4% per year in the next five years, and be expected to reach USD27 to USD30 billion. For the consumer preference, the luxury watches share will account for 64% in the overall market. Besides, the distribution channel is also expected to change with the development of digital platform. The online share of the watches market will increase from 5% to 12% in 2025.

China has also shown strong purchasing power in luxury watches in recent years. As researched by Guolian Securities Co.,Ltd., the combined import value of mainland China and Hong Kong has accounted for 21% in 2019. Due to the impact of COVID-19, mainland China has become the world's largest single importer of Swiss watches, with the significant increase of share from 7% a decade ago to 14% in 2020. Meanwhile the demand from young customers for luxury watches has also been increasing. As researched by i-research, the group aged from 26 to 35 years old takes the largest proportion of the customers planning to purchase luxury watches in mainland China.

As researched by Guolian Securities Co., Ltd., the following market development features are observed in China market.

- Large volume market size

The consumption of luxury watches has experienced a significant increase with the compound annual growth rate (the "CAGR", the annualized average rate of revenue growth over a specific period of time) of around 20% from 2017 to 2019. The growing per-capita disposable income of urban residents and the increasing number of high-net-worth individuals have driven strong demand for accessories in China.

- High concentration of market share on top brands

Currently, the increase of overall luxury watches industry is mainly driven by top brands. With the forcing competition in luxury watches, the concentration of market share will continuously be improved. Therefore, obtaining the best selling watches is one of key advantages for the retailers and distributors.

5 Valuation Methodology

There are three generally accepted valuation approaches in this valuation. The valuation approaches are sourced from International Valuation Standard 105 – Valuation Approaches and Methods.

5.1 Cost Approach

The cost approach provides an indication of value using the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset of equal utility, whether by purchase or by construction, unless undue time, inconvenience, risk or other factors are involved. The approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other relevant forms of obsolescence.

The cost approach should be used as the primary basis for a valuation under the following circumstances:

- market participants would be able to recreate an asset with substantially the same utility as the subject asset, without regulatory or legal restrictions, and the asset could be recreated quickly enough that a market participant would not be willing to pay a significant premium for the ability to use the subject asset immediately;
- the asset is not income-generating (directly or indirectly) and the unique nature of the asset makes using an income approach or market approach unfeasible, and
- the basis of value being used is fundamentally based on replacement cost, such as reinstatement value.

5.2 Market Approach

The market approach provides an indication of value by comparing the asset with identical or comparable (that is similar) assets for which price information is available. When reliable, verifiable and relevant market information is available, the market approach is the preferred valuation approach.

The market approach should be used as the primary basis for a valuation under the following circumstances:

- the asset has recently been sold in a transaction appropriate for consideration under the basis of value;
- the asset or substantially similar assets are actively publicly traded; and
- there are frequent or recent observable transactions in substantially similar assets.

5.3 Income Approach

The income approach provides an indication of value by converting future cash flow to a single current value. Under the income approach, the value of an asset is determined by reference to the value of income, cash flow or cost savings generated by the asset.

The income approach should be used as the primary basis for a valuation under the following circumstances:

- the income-producing ability of the asset is the critical element affecting value from a market participant perspective; and
- reliable projections of the amount and timing of future income are available for the subject asset, but there are few, if any, relevant market comparables.

5.4 Selection of Assessment Methodology

We considered that the market approach was not applicable for the valuation. As the Target Company is engaged into online luxury watch trading, which is a special niche market, there is no sufficient comparable companies observed in the market. Accordingly, the market approach was not adopted.

We also considered that the cost approach was not an appropriate approach for the valuation. As this approach does not take the economic profits contributed by the intangible asset of the Target Company.

Thus, we determined that the income approach was the most appropriate valuation approach to value 100% equity interest of Target Company, as it takes the future revenue that can be obtained by taking the intangible asset into consideration. Discounted cash-flow method was used in this case of valuation.

Discounted Cash-flow Method (the "DCF Method")

The discounted cash-flow method is premised on the concept that the value is based on the present value of all future benefits that flow to the shareholder by applying an appropriate discount rate. These future benefits consist of current income distributions, appreciation in the asset, or a combination of both. In essence, this valuation method requires a forecast to be made of cash-flow, going out far enough into the future until an assumed stabilization occurs for the business being appraised. This methodology assumes that the forecasted income/ cash-flow will not necessarily be stable in the near term but will stabilize in the future.

6 Balance Sheet of Target Company as at Valuation Date

In this valuation, we have obtained the financial statement of Target Company as at 30 June 2021. The detailed financial information is set out as table below.

Items	30 June 2021
Cash and bank balances	42,318,941
Inventories	12,963,757
Trade receivables	10,708,208
Amount due from a director	15,144,644
Amount due from related companies	23,116,974
Deposits and prepayments	42,331,478
Total Current Assets	146,584,002
Property and Equipment	191,780
Total Assets	146,775,782
Accruals and other payables	1,757,918
Income tax payable	90,649
Total Current Liabilities	1,848,567
Bank Borrowings	133,624,828
Total Liabilities	135,473,395
Share capital	10,000
Retained earnings	8,514,116
Net Income	2,778,271
Total Equity	11,302,387

Currency: HKD; Source: Instructing Party

7 Discussion of Financial Forecast

Forecast Period

During our course of valuation, we have obtained financial projections from the management of Instructing Party. The forecast period is from 1 July 2021 to 31 December 2025 ("Forecast Period"). The forecast of profit and loss is shown as table below.

Year	2021*	2022	2023	2024	2025
Revenue	257,419	716,667	995,523	1,274,269	1,478,152
COGS	246,318	690,296	958,890	1,227,380	1,423,760
Operating Expenses	4,167	7,658	8,186	8,752	9,358
Depreciation	22	56	68	80	92
Financial Cost	1,474	3,737	3,924	4,120	4,326
Profit before Tax	5,438	14,920	24,455	33,937	40,616

Currency: HKD'000

Note: 2021 represents 1 July 2021 to 31 December 2021

Revenue Projection

The revenue projection of Target Company within the Forecast Period is set out as table below.

Year	2021*	2022	2023	2024	2025
Revenue	257,419	716,667	995,523	1,274,269	1,478,152

Currency: HKD'000

Note: 2021 represents 1 July 2021 to 31 December 2021

Per our discussion with the management of the Target Company, the annual projected revenue comes from the online sales of various luxury watches. As advised by the Target Company, the revenue projection was mainly forecasted with consideration following aspects:

- Historical revenue growth of the Target Company

According to the last three-year audited financial statements, the Target Company has experienced a significant increase in revenue with a CAGR of 23% between 2017 to 2020. In the first half of 2021, the sales has already reached 70% of the year-round sales in 2020. Considering the recovery of overall economy in next few year, the management are of opinion that the performance of annual sales will be better than historical performance.

- Impact of COVID-19 on online sales

With the restriction of traveling during COVID-19, there is a growing tendency for customers to purchase the goods they want by the online platform. In China, there is around 56% of consumers prefer to choose digital channel to collect the information related to luxury watches. As predicted by Mckinsey & Company, the global online share of the watches market will increase from 5% to 12% in 2025. Therefore, the increasing demand in online luxury watches markets will be expected to boost the sales of the Target Company.

- Future business development plan

Per our communication with the management of the Target Company, the Target Company is mainly focused on Hong Kong market at present. In the future, the Target Company has planned to expand luxury watches online markets in mainland China, East Asia and Europe. With the expansion of the target market, the Target Company will be expected to achieve higher revenue growth in the future years, and then enter into a stable development stage.

Therefore, once the Target Company realizes the expansion of the overseas market, the revenue is expected to experience a significant high growth. After taking above aspects into consideration, the management predicted that the annual revenue growth in the first two years will increase to around 38%, and then decrease to a stable level gradually.

COGS Projection

The cost of goods sold (the "COGS") projection of Target Company within the Forecast Period is set out as table below.

Year	2021*	2022	2023	2024	2025
COGS	246,318	690,296	958,890	1,227,380	1,423,760

Currency: HKD'000

Note: 2021 represents 1 July 2021 to 31 December 2021

The COGS is mainly caused by purchasing luxury watches from suppliers. As suggested by the management, the Target Company has set the target level of the gross margin to determine whether the deal is acceptable. Based on the historical financial data, the gross margin from 2017 to 2020 has continuously increased from 2.66% to 3.68%. Considering that the Target Company has established a relatively mature business model and brand in the luxury watches trading market, the management are of opinion that the gross margin will be consistent in the future years, and the COGS will increase as the same growth rate of revenue.

Operating Expenses Projection

The operating expenses projection of Target Company within the Forecast Period is set out as table below.

Year	2021*	2022	2023	2024	2025
Operating Expenses	4,167	7,658	8,186	8,752	9,358

Currency: HKD'000

Note: 2021 represents 1 July 2021 to 31 December 2021

Based on our discussion with the management, the operating expenses mainly consist of administrative staffs' salary, consulting fee and other general administrative expense. As advised by the management, the business operation of the Target Company mainly relies on the online platform. Comparing traditional offline business, online platform business has the advantage that there is no strong demand in recruiting a large number of sales staffs with the expansion of the business. Accordingly, the operating expenses will be expected to experience a stable and slower growth than revenue growth in the future years. It is

projected that the operating expenses will grow at 7% each year from FY2021 to FY2025, which has considered the inflation rate.

Income Tax

According to relevant tax law, 16.5% corporate tax rate is applied.

Perpetual Growth Rate

Since the Target Company is assumed to operate on an on going basis, we determined the terminal value of the Target Company by the perpetual growth method. Per our discussions with the management, the perpetual growth rate is estimated at 3%. This growth rate is based on the projection of long term global GDP growth rate. The perpetual growth rate begins in 2026.

Capital Expenditure Projection

The capital expenditure measures the amount of cashflow to be invested spent by Target Company. The capital expenditure projection of Target Company within the Forecast Period is set out as table below.

Year	2021*	2022	2023	2024	2025
Capital Expenditure	30	60	60	60	60

Currency: HKD'000

Note: 2021 represents 1 July 2021 to 31 December 2021

Based on the investment plan of the management, Target Company plans to spend HKD60,000 annually in purchasing office equipment and other necessary suppliers in the next few years. We have also calculated the depreciation expenses based on such capital expenditure and the existing fixed assets. The estimated useful life of the fixed assets is 5 years.

Working Capital Projection

Required net working capital of Target Company mainly includes inventory, receivable, prepayment, accruals and income taxable.

- Inventory
Inventory is projected with reference to the days outstanding. For the Target Company, the days of inventory outstanding is estimated to be around 11 days.
- Receivable
Receivable is projected with reference to the days outstanding. For the Target Company, the days of receivable outstanding is estimated to be around 10 days.
- Prepayment
Prepayment is projected with reference to Target Company's prepayment arrangement. For the Target Company, the prepayment is the fee prepaid by the Target Company to the suppliers to maintain the relationship for future cooperation. As advised by the management, the amount of the prepayment to suppliers is determined by the cooperation relationship between the Target Company and suppliers. Normally, for the long-term partners, the amount of the prepayment will be smaller than short-term or new partners. Based on the internal capital management schedule, the prepayment will be within the range from HKD30 to 40 million approximately.

- **Accruals**
Accruals are projected with reference to proportion of accruals to COGS. For the Target Company, the proportion of accruals to COGS is 0.4%.

- **Income Taxable**
Income taxable are projected with reference to proportion of income taxable to COGS. For the Target Company, the proportion of income taxable to COGS is 0.2%.

Financing Cost Projection

Considering the nature of business, the Target Company will finance debt from banks to maintain the operation. The financing cost will be forecasted to increase with annual growth rate of 5%, which has considered the loan interest rate.

8 Valuation of Business - Discount Rate

In this valuation, the free cash flow to equity is adopted. Therefore, we adopted the cost of equity (the "Discount Rate") as the benchmark discount rate in valuing the business of Target Company. Cost of equity was developed using Capital Asset Pricing Model (the "CAPM"). The CAPM states that an investor requires excess returns to compensate systematic risks and an efficient market provides no excess return for other risks.

Our determined Discount Rate for the Target Company business is **13%**.

Comparable Companies

We have selected a group of comparable companies listed in Hong Kong to provide a reasonable reference to evaluate the industry's beta and capital structure used. Our selection criteria are that the comparable companies should:

- Primarily engaged in the industry related to watches distribution;
- Should be listed in Hong Kong; and
- Contain Relevant Information that is both available and publicly disclosed.

We screened the potential comparable companies from FactSet (a financial data provider developed by FactSet Research Systems Inc., a global industry leader in acquiring, integrating and managing core financial data), and reviewed their financial data and business description to figure their suitability. As we have conducted an exhaustive search for all companies that meet the criteria set out above, we believe that the adopted comparable companies are representative, fair and reasonable comparisons to Target Company. Their detailed information of comparable companies are set out as below.

Ticker	Company name	Debt to Equity	Unleveraged Beta
104-HK	Asia Commercial Holdings Limited	0.63	0.63
398-HK	Oriental Watch Holdings Limited	0.19	0.56
887-HK	Emperor Watch & Jewellery Limited	0.23	0.73
1470-HK	Prosper One International Holdings Company Limited	0.63	0.95
2033-HK	Time Watch Investments Ltd.	0.01	0.48
Mean		0.34	0.67

Description of Comparable Companies

- Asia Commercial Holdings Ltd. is an investment company. The firm engages in watch trading and luxury products retailing. It operates through the Sale of Watches and Properties Leasing segments. The company was founded by Yin Eav in 1989 and is headquartered in Hong Kong.
- Oriental Watch Holdings Ltd. is an investment company, which engages in trading of watches. It operates through the Hong Kong; and Taiwan, Macau, and China geographical segments. It manages retail shops for brands such as Rolex, Tudor, Piaget, Vacheron Constantin, Audemars Piguet, IWC, Jaeger-LeCoultre, Girard Perregaux, Longines, and Omega. The company was founded by Ming Biu Yeung in 1961 and is headquartered in Hong Kong.
- Emperor Watch & Jewellery Ltd. is a Hong Kong-based investment holding company that engages in the sales of watches and jewelries. It operates through two segments: Watch and Jewelry. The Watch segment is engaged in the sales of wristwatches under European brands. Its wristwatch brands include Cartier, Omega and Rolex, among others. The Jewelry segment is engaged in the design and sales of jewelry products under its own brand, Emperor Jewellery. Its products under the brand Emperor Jewellery include rings, necklaces, bracelets, earrings, decorates and brooches made in crystal, diamond and gold, among others. Emperor Watch & Jewellery was founded by Shing Yeung in 1942 and is headquartered in Hong Kong.
- Prosper One International Holdings Co. Ltd. is an investment holding company engages in the retail and wholesale of watches. It operates through the following segments: Retail, Wholesale, and Trading. The Retail segment focuses on the retail of multi brands of watches. The Wholesale segment includes the wholesale of multi brands of watches. The Trading segment is involved in the trading of fertilizers, fertilizers raw materials, and public consumption products. The company was founded by Man Wah Lam and Ka Yee Chan on June 23, 2014 and is headquartered in Hong Kong.
- Time Watch Investments Ltd. is a holding company, which engages in the design, manufacture, development, assembling, marketing, and sale of watches. It operates through the following business segments: Tian Wang Watch; Balco Watch; Watch Movements Trading; and Other Brands (PRC). The Tian Wang Watch business segment manufactures and trades its own branded and retailing business of watches. The Balco Watch business segment comprises of the trade and retail of watched under the Balco brand. The Movements Trading business segment deals with wholesale of watch movements. The Other Brands (PRC) business segment refers to retail business of imported watches. The company was founded by Koon Ming Tung in 1988 and is headquartered in Hong Kong.

Discount Rate Calculation

Discount Rate calculation for Target is shown as table below.

Component	Target	Notes	Formula
Debt to equity ratio	34%	1	a
Unleveraged beta	0.67	2	b
Risk free rate	1.40%	3	c
Equity risk premium	5.31%	4	d
Pre-tax cost of debt	5.00%	5	e
Effective tax rate	16.50%		f
Leveraged beta	0.86	6	g
Size premium	3.21%	7	h
Company specific premium	3.00%	8	i
Cost of equity (adopted)	13.00%		$j=c+d*g+h+i$

Notes to the Discount Rate parameters are as follows:

1. The debt to equity ratio is derived from the comparable companies.
2. Unleveraged beta is derived from the comparable companies
3. The risk-free rate is determined with reference to the Hong Kong 10-Year sovereign bond yield, sourced from FactSet.
4. The equity risk premium is the Hong Kong Equity Risk Premium, sourced from Aswath Damodaran.
5. The pre-tax cost of debt is in line with Hong Kong best lending interest rate.
6. Leveraged beta is derived from leveraging comparable companies' unleveraged beta
7. Size premium is added to reflect the effect of firm size on return, sourced from Duff & Phelps 2020 Valuation Handbook.
8. Company specific premium is designed to account for additional risk factors specific to Company, including but not limited to governmental credit, market demand, etc. We think that 3% company specific premium included in the calculation of Discount Rate is suitable.

9 Premise of Valuation and Basis of Valuation

Our valuation is based on market value basis and market value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

9.1 Source of Information

Our investigation covers the discussion with Target Company and Instructing Party's representatives, the collection of information including the details of Target Company.

We assume that the data obtained in the course of the valuation, along with the opinions and representations provided to us by Instructing Party were prepared in reasonably care.

We have had no reason to doubt the truth and accuracy of the information provided to us by Instructing Party. We have also sought confirmation from Instructing Party that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

9.2 Factors Considered

The factors considered in this valuation included, but were not limited to, the following:

- The demand and supply of luxury watch industry in the region;
- Operation and financial risks of Target Company;
- Environmental policies set by the government that pertains to Target Company;
- Average operational parameters of comparable companies in the region;
- Operation experience of the management of Target Company; and
- The economic conditions of mainland China and Hong Kong.

10 Disclaimer and Limitation

Our findings or conclusion of values of the subject in this report are valid only for the stated purpose and at the Valuation Date, and for the sole use of the Instructing Party.

Our liability for loss or damage shall be limited to such sum as we ought reasonably to pay having regard to our responsibility for the same on the basis that all other consultants and specialists, where appointed, shall be deemed to have provided to the Instructing Party contractual undertakings in respect of their services and shall be deemed to have paid to the Instructing Party such contribution as may be appropriate having regard to the extent of their responsibility for such loss or damage.

Our liability for any loss or damage arising out of the action or proceedings aforesaid shall, notwithstanding the preceding provisions, in any event be limited to a sum not exceeding three (3) times of the amount of our agreed fee(s) for this engagement. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, loss of profits, opportunity cost, etc.), even if it has been advised of their possible existence. For the avoidance of doubt our liability shall never exceed the lower of the sum calculated in accordance with the preceding provisions and the sum provided for in this clause.

The Instructing Party is required to indemnify and hold us and our personnel harmless from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of our personnel involved) brought against, paid or incurred by us at a time and in any way based on the information made available in connection with our engagement except to the extent that any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence, misconduct, willful default or fraud of our engagement team in conducting its work. This provision shall survive even after the termination of this engagement for any reason.

We reserve the right to include your company/firm name in our client list, but we will maintain the confidentiality of all conversations, documents provided to us, and the contents of our reports, subject to legal or administrative process or proceedings. These conditions can only be modified by written documents executed by both parties.

Any decision to purchase, sell or transfer any interest in the valuation subjects shall be the owners' sole responsibility, as well as the structure to be utilized and the price to be accepted. The selection of the price to be accepted requires consideration of factors beyond the information we will provide or have provided. An actual transaction involving the subject business might be concluded at a higher value or at a lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivations of the buyers and sellers at that time.

11 Conclusion

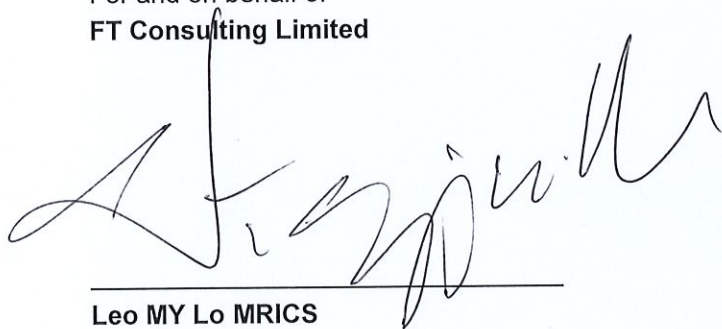
The conclusion of value is based on the accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

While the assumptions and consideration of such matters are considered to be reasonable, they are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Instructing Party and/or FT Consulting Limited.

Based on the valuation methodology adopted, we are of the opinion that the market value of 100% equity interest of Target Company, as at 30 June 2021, was in the sum of **HKD138,290,000 (HONG KONG DOLLARS ONE HUNDRED THIRTY-EIGHT MILLION TWO HUNDRED NINETY THOUSAND)**.

We hereby certify that we have neither present nor prospective interests in the Company or the value reported.

Yours faithfully,
For and on behalf of
FT Consulting Limited



Leo MY Lo MRICS
Director



W CAPITAL MARKETS PTE. LTD.

Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street
#43-01 OCBC Centre
Singapore 049513

14 January 2022

The Director of Incredible Holdings Ltd. who is considered independent in relation to the Proposed Acquisition of Golden Ultra Limited (the “**Recommending Director**”)

Ms. Eunice Veon Koh Pei Lee (Independent Director)

Dear Madam,

THE PROPOSED ACQUISITION OF GOLDEN ULTRA LIMITED AS AN INTERESTED PERSON TRANSACTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 14 January 2022 (“**Circular**”) issued by Incredible Holdings Ltd. (the “**Company**”, and together with its subsidiaries (the “**Group**”) shall have the same meanings herein.*

1. INTRODUCTION

The Proposed Acquisition of Golden Ultra Limited

On 18 October 2021, the Company announced that the Company had entered into a sale and purchase agreement (the “**Golden Ultra SPA**”) with Christian Kwok-Leun Yau Heilesen (“**Mr. Heilesen**” or the “**Golden Ultra Vendor**”), to acquire 420 ordinary shares (the “**Golden Ultra Sale Shares**”) in Golden Ultra Limited (“**Golden Ultra**”), representing 42.0% of the issued share capital of Golden Ultra, for a consideration of HK\$84.0 million (equivalent to approximately S\$14.6 million) (the “**Proposed Acquisition of Golden Ultra Limited**”). Upon completion of the Proposed Acquisition of Golden Ultra Limited, the Company will hold 420 ordinary shares representing 42.0% of the issued share capital of Golden Ultra, and Golden Ultra and CKLY Trading Limited will become associated companies of the Group.

The Proposed Acquisition of Golden Ultra Limited constitutes (i) an interested person transaction pursuant to Chapter 9 of the Catalist Rules which is conditional upon approval by Shareholders and (ii) a “major transaction” of the Company as defined under Chapter 10 of the Catalist Rules.

Mr. Heilesen is a director and controlling shareholder of the Company, whilst also being the sole shareholder of Golden Ultra. Accordingly, he is an “interested person” and the Proposed Acquisition of Golden Ultra Limited is an “interested person transaction” under Chapter 9 of the Catalist Rules. Mr. Heilesen will abstain and has also undertaken to ensure that his associates will abstain, from voting on the ordinary resolution relating to the Proposed Acquisition of Golden Ultra Limited at the EGM.

The Company has appointed W Capital Markets Pte. Ltd. (“**W Capital**”) as the independent financial adviser (“**IFA**”) pursuant to Rule 921(4)(a) of the Catalist Rules, as well as to advise the Recommending Director in relation to the Proposed Acquisition of Golden Ultra Limited being an Interested Person Transaction. This letter (“**IFA Letter**”) sets out, *inter alia*, our evaluation of and opinion on the Proposed Acquisition of Golden Ultra Limited. This IFA Letter forms part of the

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Circular issued by the Company to its Shareholders in connection with the Proposed Acquisition of Golden Ultra Limited.

2. TERMS OF REFERENCE

The purpose of this IFA Letter is to provide an independent opinion on whether the terms of the Proposed Acquisition of Golden Ultra Limited is on normal commercial terms and whether the Proposed Acquisition of Golden Ultra Limited is prejudicial to the interests of the Company and its independent Shareholders (“**Minority Shareholders**”). We have prepared this IFA Letter pursuant to the requirements of Chapter 9 of the Catalist Rules as well as for the use of the Recommending Director in connection with her consideration of the Proposed Acquisition of Golden Ultra Limited and their advice to the Shareholders arising thereof. The recommendations made by the Recommending Director to the Shareholders shall remain the responsibility of the Recommending Director.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Acquisition of Golden Ultra Limited, nor were we involved in the deliberations leading up to the decision on the part of the Directors to undertake the Proposed Acquisition of Golden Ultra Limited. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Acquisition of Golden Ultra Limited and our terms of reference do not require us to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks (if any) of the Proposed Acquisition of Golden Ultra Limited.

In the course of our evaluation, we have held discussions with the management of the Company (the “**Management**”) and/or their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or their professional advisers, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, express or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information but nevertheless have made such reasonable enquiries and exercised our judgment on the reasonable use of such information, and have found no reason to doubt the accuracy or reliability of the information. In this regard, we note that the Directors have collectively and individually accepted full responsibility for the accuracy of the information given in the Circular as set out in the “Directors’ Responsibility Statement” in Paragraph 8 of the Circular.

The scope of our appointment does not require us to perform an independent evaluation or appraisal of the assets, liabilities and/or profitability of the Company, its subsidiaries and its associated companies (the “**Group**”) and/or Golden Ultra and its subsidiary (“**Golden Ultra Group**”) and we do not express a view on the financial position, future growth prospects and earnings potential of the Group after the completion of the Proposed Acquisition of Golden Ultra Limited in accordance with the terms of the Golden Ultra SPA. As such, we have relied on the disclosures and representations made by the Company on the value of the assets and liabilities and profitability of the Group and/or Golden Ultra Group. In this respect, we have been furnished with, *inter alia*, a valuation report dated 18 October 2021 (“**Golden Ultra Valuation Report**”) prepared by FT Consulting Limited (the “**Golden Ultra Independent Valuer**”) in relation to the independent valuation on the market value of 100% equity interest in the capital of CKLY Trading Limited as at 30 June 2021 (the “**Valuation Date**”). As we are not experts in the evaluation or appraisal of the assets as set out in the Golden Ultra Valuation Report, we have placed sole reliance on the appraisal in relation to CKLY Trading Limited as assessed by the Golden Ultra Independent Valuer and as set out in the Golden Ultra Valuation Report.

The information on which we relied was based upon market, economic, industry, monetary and other conditions prevailing as at 12 January 2022 (the “**Latest Practicable Date**” or “**LPD**”) which may change significantly over a relatively short period of time. We assume no

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responsibility to update, revise or affirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein.

In rendering our opinion in relation to the Proposed Acquisition of Golden Ultra Limited, we have not had regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder or specific group of Shareholders. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder or specific group of Shareholders who may require specific advice in the context of his specific or their investments objectives or portfolio(s) consult his or their legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). We have had no role or involvement, and do not provide any advice (financial or otherwise), in the preparation, review and verification of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether express or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Proposed Acquisition of Golden Ultra Limited should be considered in the context of the entirety of this IFA Letter and the Circular.

3. INFORMATION ON GOLDEN ULTRA GROUP

Golden Ultra is a private company limited by shares duly incorporated in British Virgin Islands on 2 July 2021 and has an issued share capital of US\$1,000 comprising 1,000 ordinary shares. Golden Ultra is an investment holding company with no other business/operation and has a wholly owned subsidiary, namely, CKLY Trading Limited.

CKLY Trading Limited is a private company limited by shares incorporated in Hong Kong on 14 May 2015 and has an issued share capital of HK\$10,000 comprising 10,000 ordinary shares. CKLY Trading Limited is principally in the business of trading watches through an online platform known as www.bestwatch.com.hk, which provides various luxury watch brands for customers in Hong Kong and other countries. The website www.bestwatch.com.hk commenced operations in 2019 and is one of the sales channel of CKLY Trading Limited.

As at the Latest Practicable Date, Mr. Heilesen is the sole shareholder of Golden Ultra and sole director of CKLY Trading Limited.

4. SALIENT TERMS OF THE PROPOSED ACQUISITION OF GOLDEN ULTRA LIMITED

The detailed terms of the Proposed Acquisition of Golden Ultra Limited have been set out in Paragraph 3 of the Circular. A summary of the salient terms is set out below for your reference.

4.1 Consideration for the Proposed Acquisition of Golden Ultra Limited

The consideration for the Golden Ultra Sale Shares shall be HK\$84.0 million (the “**Golden Ultra Consideration**”) which shall be paid by the Company to Mr Heilesen:

- (a) by way of a promissory note (“**Golden Ultra Promissory Note**”) in which the Company promises to pay the principal amount of HK\$84.0 million (equivalent to approximately S\$14.6 million) in cash to Mr Heilesen in accordance with the terms of the Golden Ultra Promissory Note; or
- (b) such other payment method as the Company and Mr Heilesen may agree in writing.

The Golden Ultra Promissory Note is interest free and will be accounted as a liability in the financial statement of the Company

The Golden Ultra Consideration was arrived at arm’s length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:

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- (a) the market value of the 100% equity interest of CKLY Trading Limited as set out in the Golden Ultra Valuation Report;
- (b) the net profits after tax recorded in the audited financial statements of CKLY Trading Limited; and
- (c) the prevailing economic conditions.

4.2 Principal terms of the Golden Ultra SPA:

According to the Golden Ultra SPA:

- (a) the obligations of the Company and the Golden Ultra Vendor are conditional upon, and completion of the Proposed Acquisition of Golden Ultra Limited shall not take place until, all the following conditions have been fulfilled or waived (as the case may be) on or prior to the completion date:
 - (i) the Golden Ultra Vendor obtaining such approvals from the board of directors and/or shareholders of Golden Ultra in connection with the Golden Ultra SPA and the transactions contemplated therein as may be necessary;
 - (ii) the Company obtaining such approvals from its board of directors and/or shareholders in connection with the Golden Ultra SPA and the transactions contemplated therein as may be necessary;
 - (iii) the Company being reasonably satisfied with the results of the legal, financial and tax due diligence to be carried out by the Company and/or its professional advisers on each of Golden Ultra Group companies (the “**Due Diligence Investigations**”);
 - (iv) the rectification, or the procurement of such rectification, as reasonably determined by and to the reasonable satisfaction of the Company by the Golden Ultra Vendor of all issues and/or irregularities uncovered by the Company and/or its professional advisers during the Due Diligence Investigations on each of Golden Ultra Group companies which are capable of rectification, unless waived by the Company in its absolute discretion;
 - (v) all necessary consents, approvals and waivers (and in particular, with respect to change in control clauses) which are required for the transactions contemplated herein by any agreement, arrangement, understanding, contract or commitment to which each of Golden Ultra Group Companies is a party having been obtained by each of Golden Ultra Group Companies, and such consents, approvals and waivers not having been amended or revoked before the completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company in its absolute discretion and being fulfilled on or before the completion date;
 - (vi) the Company being satisfied in its absolute discretion that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, condition (financial or otherwise), assets, prospects, performance, financial position, results or operations of each of Golden Ultra Group companies between the date of the Golden Ultra SPA and the completion date;
 - (vii) there is no breach by the Golden Ultra Vendor of the Golden Ultra Vendor’s representations, warranties, covenants and indemnities contained in the Golden Ultra SPA;
 - (viii) each of the representations, warranties and undertakings remaining true, not misleading, correct and accurate in any respects at completion, as if repeated on the completion date, and at all times between the date of the Golden Ultra SPA and completion; and

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- (ix) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated in the Golden Ultra SPA (including the waiver of any right of pre-emption or other restriction on the transfer of the Golden Ultra Sale Shares conferred on any person under the constitution of Golden Ultra or otherwise, if necessary) having been obtained by the Golden Ultra Vendor and/or each of Golden Ultra Group Companies (as the case may be), and such consents, approvals and waivers not having been amended or revoked before completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company and being fulfilled on or before the completion date.
- (b) If any of the conditions precedent are not fulfilled by any party on or before the long stop date, being 31 March 2022, and such non-fulfilment is not waived by the other party, the Golden Ultra SPA shall *ipso facto* cease and determine. In the event, the parties shall be released and discharged from their respective obligations under the Golden Ultra SPA, other than the provisions of the Golden Ultra SPA which survive the termination of the Golden Ultra SPA and no party shall have any claim against the other party for cost, damages, compensation or otherwise under the Golden Ultra SPA, save for any claim by any party against the other party in respect of any antecedent breach of the Golden Ultra SPA; and
- (c) the Golden Ultra SPA shall be governed and construed in accordance with the laws of Singapore.

4.3 Principal terms of the Golden Ultra Promissory Note:

According to the Golden Ultra SPA, the salient terms of the Golden Ultra Promissory Note are as follows:

- (a) the Company promises and undertakes unconditionally to pay the principal amount of HK\$84.0 million (equivalent to approximately S\$14.6 million) to the Golden Ultra Vendor by the maturity date which falls on 30 September 2022.
- (b) the Company may at any time give the Golden Ultra Vendor 14 business days' notice in writing to redeem the Golden Ultra Promissory Note at the principal amount (or any part thereof), and the date falling on the 14th business day after the date of receipt of the redemption notice shall be the "Golden Ultra Elected Redemption Date". The promisor shall deliver the payment of the principal amount (or any part thereof) to the Golden Ultra Vendor by a cashier's order or banker's draft drawn on a bank licensed in Singapore or Hong Kong and made out in favour of the Golden Ultra Vendor, or in such other manner as may be agreed in writing between the Company and the Golden Ultra Vendor.
- (c) the Golden Ultra Promissory Note shall be governed by, and construed in accordance with, the laws of Singapore. In relation to any legal action or proceeding arising out of or in connection with this Golden Ultra Promissory Note, the parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore.
- (d) the Golden Ultra Promissory Note will not be secured by any assets of the Company or guarantee provided by the Company.

5. EVALUATION OF THE PROPOSED ACQUISITION OF GOLDEN ULTRA LIMITED

In arriving at our opinion on whether the Proposed Acquisition of Golden Ultra Limited is on normal commercial terms and not prejudicial to the interests of the Company and its Minority Shareholders, we have given due consideration to, *inter alia*, the following:

- 5.1 Rationale for the Proposed Acquisition of Golden Ultra Limited;
- 5.2 Historical financial performance and financial condition of CKLY Trading Limited;
- 5.3 Assessment of the fairness of the Golden Ultra Consideration in comparison with:

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- (i) the fair market value of 100% equity interest in CKLY Trading Limited as assessed by the Golden Ultra Independent Valuer; and
- (ii) the valuation statistics of selected companies listed on SGX and Hong Kong Stock Exchange which nature of business are broadly comparable to CKLY Trading Limited; and

5.4 Other relevant considerations.

5.1 Rationale for the Proposed Acquisition of Golden Ultra Limited

We have considered the rationale by the Company for the Proposed Acquisition of Golden Ultra Limited as set out in Paragraph 3.4 of the Circular and we have set them out in italics below for your ease of reference:

“3.4.1 The Proposed Acquisition of Golden Ultra Limited is aligned with the Group’s plan to expand its trading of luxury goods business into the retail sector and to more geographical areas to enhance the financial performance of the Group. According to the audited financial statements of CKLY Trading Limited, CKLY Trading Limited recorded a net profit after tax of approximately HK\$3.4 million (equivalent to approximately S\$0.6 million) for the financial year ended 31 December 2020 and a net profit after tax of approximately HK\$2.1 million (equivalent to approximately S\$0.35 million) for the financial year ended 31 December 2019. Accordingly, the Board believes that the Proposed Acquisition of Golden Ultra Limited would strengthen the profitability of the Group and bring value to the Shareholders. The Board also believes that acquiring profitable and experienced businesses will benefit the Group in the long term.

3.4.2 Mr Heilesen believes that the Proposed Acquisition of Golden Ultra would bring new revenue stream of revenues and opportunities to the Company, and plans to continue exploring potential investment opportunities in order to expand and diversify the Group’s business, and improve the Group’s operating results in the foreseeable future.”

5.2 Historical financial performance and financial condition of CKLY Trading Limited

As Golden Ultra is an investment holding company with no other business/operation, save for through CKLY Trading Limited, we have been provided with and have considered the historical financial performance and finance condition of CKLY Trading Limited. Set out below is the summary of the financial information of CKLY Trading Limited for the last three financial years ended 31 December (“FY”) 2018, 2019, 2020 and for the trailing twelve months period (“TTM”) ended 30 June 2021 (“HY2021 TTM”) respectively provided by the Company:

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Summary of financial results of CKLY Trading Limited

HK\$'000	FY2018 Audited	FY2019 Audited	FY2020 Audited	HY2021 TTM Unaudited
Revenue	299,494	310,870	370,900	485,874
Cost of sales	(291,538)	(300,523)	(357,252)	(469,264)
Gross profit	7,956	10,347	13,648	16,610
Other income	2,016	1,818	472	-
Administrative expenses	(6,327)	(7,193)	(6,738)	(6,629)
Finance cost	(1,172)	(2,535)	(3,390)	(4,008)
Profit before tax	2,473	2,437	3,992	5,973
Income tax expense	(205)	(366)	(621)	(820)
Profit for the year	2,268	2,071	3,371	5,153
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	2,268	2,071	3,371	5,153
EBITDA	3,671	4,943	8,052	9,981

Source: Company

Note:

(1): Figures in the above table may not add up due to rounding.

From the table above, we note that the revenue for CKLY Trading Limited has been increasing on a year-on-year basis by approximately 3.8% in FY2019 and by approximately 19.3% in FY2020.

For FY2019, CKLY Trading Limited recorded a lower profit after tax of approximately HK\$2.1 million despite the slight increase in revenue as compared to FY2018. This is mainly due to higher administrative expenses and finance costs (which comprise mainly bank import loan interest). Other income of CKLY Trading Limited in FY2019 comprises mainly gain on exchange differences of HK\$0.86 million and accountancy service fee of HK\$0.96 million. The decrease in other income in FY2019 is mainly due to lower gain on exchange differences being recognized during the year.

For FY2020, CKLY Trading Limited recorded a 62.8% increase in profit for the year on the back of higher revenue and lower administrative expenses, which is partially offset by higher finance costs. Other income in FY2020 includes a one-off anti-epidemic fund of HK\$0.37 million received from the Hong Kong Government in light of the COVID-19 situation and was lower than FY2019 due mainly to lower gain on exchange differences and the absence of accountancy service fee which was recorded in FY2019.

For the 12-months period of HY2021 TTM, revenue was approximately 31.0% higher as compared to FY2020 due to the economic recovery after the outbreak of COVID-19 in early FY2020, resulting in a correspondingly higher net profit of approximately HK\$5.15 million and higher EBITDA of approximately HK\$9.98 million.

In addition, we noted from the audited accounts of CKLY Trading that it had generated net cash outflows from operating activities in FY2018, FY2019 and FY2020 of approximately HK\$26.26 million, HK\$1.83 million and HK\$41.18 million respectively. For FY2020, the net cash outflows from operating activities was mainly arising from (i) increase in inventories of HK\$30.55 million; and (ii) increase in deposits and prepayments of HK\$30.04 million, and partially offset by decrease in trade receivables of HK\$13.23 million.

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Management unaudited balance sheet of CKLY Trading Limited

<u>HK\$'000</u>	30 June 2021 Unaudited
<u>Non-current asset</u>	
Property, plant and equipment	192
 <u>Current assets</u>	
Inventories	12,964
Trade receivables	10,708
Amount due from a director	15,145
Amount due from related companies	23,117
Deposits and prepayments	42,331
Cash and bank balances	42,319
Total current assets	146,584
Total assets	146,776
 <u>Long-term liabilities</u>	
Trade loan	89,678
Revolving loan	40,000
BOC loan	3,947
Total long-term liabilities	133,625
 <u>Current liabilities</u>	
Accruals and other payables	1,758
Income tax payable	91
Total current liabilities	1,849
Total liabilities	135,474
Net assets	11,302
 <u>Equity</u>	
Share capital	10
Retained earnings	8,514
Net income	2,778
Total equity	11,302

Source: Company

Based on the above, we note that as at 30 June 2021:

- (a) the assets of CKLY Trading Limited comprised mainly deposits and prepayments as well as cash and bank balances amounting to approximately HK\$84.7 million;
- (b) the liabilities of CKLY Trading Limited comprised mainly bank import trade loans of approximately HK\$89.7 million and revolving loans of approximately HK\$40.0 million;
- (c) the current assets of CKLY Trading Limited exceeds its current liabilities; and
- (d) the unaudited NAV of CKLY Trading Limited was HK\$11.3 million.

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In respect of the above, we note the following:

- Based on CKLY Trading Limited's FY2020 profit for the year of approximately HK\$3.4 million, the P/E ratio as implied by the Golden Ultra Consideration is approximately 59.3 times;
- Based on CKLY Trading Limited's HY2021 TTM profit for the twelve-months period ended 30 June 2021 of approximately HK\$5.15 million, the TTM P/E ratio as implied by the Golden Ultra Consideration is approximately 38.8 times;
- Based on CKLY Trading Limited's HY2021 TTM EBITDA for the twelve-months period ended 30 June 2021 of approximately HK\$9.98 million, the EV/TTM EBITDA ratio as implied by the Golden Ultra Consideration is approximately 29.2 times; and
- The P/NAV ratio as implied by the Golden Ultra Consideration is approximately 17.7 times, based on the latest NAV of CKLY Trading Limited as at 30 June 2021 of approximately HK\$11.3 million. In this regard, we further note that as set out in the SGXNET announcement issued by Ntegrator International Ltd. (the "**Purchaser**") on 12 October 2021 ("**Ntegrator Announcement**") in relation to its proposed acquisition of 55% of the issued share capital of Golden Ultra (the "**Ntegrator CKLY Acquisition**"), it was agreed between the Purchaser and Mr. Heilesen, *inter alia*, that Golden Ultra Group shall declare dividends to Mr. Heilesen ("**Pre-completion Dividend Payout**"), such amount to be determined on completion of the Ntegrator CKLY Acquisition which will result in the NTA of Golden Ultra Group to be reduced to HK\$0. As at the date of the Ntegrator Announcement, CKLY Trading Limited has declared and paid a dividend of HK\$10 million to Mr. Heilesen.

5.3 Assessment of the fairness of the Golden Ultra Consideration

5.3.1 Comparison with the fair market value of 100% equity interest in CKLY Trading Limited

In connection with the Proposed Acquisition of Golden Ultra Limited, the Golden Ultra Independent Valuer was commissioned by the Company to assess and determine the market value of the 100% equity interest of CKLY Trading Limited as at 30 June 2021.

As set out in the Golden Ultra Valuation Report, the Golden Ultra Independent Valuer has conducted its valuation on the basis of "Market Value" which is defined as:

"The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

The Golden Ultra Independent Valuer has considered three generally accepted valuation approaches, namely, Cost Approach, Market Approach and Income Approach.

The Cost Approach uses the economic principle that a buyer will pay no more for an asset than the cost to obtain an asset. This approach provides an indication of value by calculating the current replacement or reproduction cost of an asset and making deductions for physical deterioration and all other forms of obsolescence.

Whereas, the indication of value under the Market Approach is derived by comparing the asset with identical or comparable assets for which price information is available. The Market Approach is preferred if there are reliable, verifiable and relevant market information is available.

The Income Approach provides an indication of value by converting future cash flow to a single current value. Under this approach, the value of an asset is determined by reference to the value of income, cash flow or cash savings generated by the asset. The Income Approach will be considered if the income producing ability of the asset is the critical element affecting value from a market participant perspective and the availability of reliable projections of the amount and timing of future income for the asset.

APPENDIX D – GOLDEN ULTRA IFA LETTER

We note that the Golden Ultra Independent Valuer has adopted Income Approach to be the most appropriate approach in determining its opinion of value of CKLY Trading Limited. The Market Approach is not adopted by the Golden Ultra Independent Valuer because there is insufficient comparable companies observed in the special niche market of online luxury watch trading that CKLY Trading Limited is operating in. The Cost Approach is also deemed inappropriate by the Golden Ultra Independent Valuer as it does not take the economic profits contributed by the intangible asset of CKLY Trading Limited, such as its online platform and customer relationship.

Accordingly, the Income Approach was determined by the Golden Ultra Independent Valuer as the most appropriate in the valuation of CKLY Trading Limited because it takes into account the future revenue that can be obtained by taking the intangible asset into consideration. In this regard, the Golden Ultra Independent Valuer has been provided with projections for the 6 months ending 31 December 2021 and the following 4 years which form the basis of its discounted cash flow analysis.

Based on the investigation and analysis performed, the Golden Ultra Independent Valuer is of the opinion that the market value of 100% equity interest of CKLY Trading Limited as at 30 June 2021 is HK\$138.29 million.

In this regard, we note that that the Golden Ultra Consideration of HK\$84.0 million is at a premium of approximately 44.6% to the market valuation attributable to the Golden Ultra Sale Shares based on the independent valuation of the 100% equity interest of CKLY Trading Limited as assessed by the Golden Ultra Independent Valuer. In addition, it should be noted that the Proposed Acquisition of Golden Ultra Limited involves the acquisition of a less than majority stake of 42% and that Ntegrator International Ltd. will be acquiring a majority stake of 55%.

As set out in the Company's announcement in response to SGX queries dated 22 October 2021 and as further elaborated in Paragraph 3.5 of the Circular, we note that in arriving at the Golden Ultra Consideration of HK\$84.0 million, apart from the Golden Ultra Valuation Report, the Directors have also taken into account various non-quantitative factors, including amongst others, (i) CKLY Trading Limited has been operating in the watch retailing business since 2016 through its omni-channel approach; (ii) CKLY Trading Limited has been profitable for 5 years in a row, and with a positive and growing EBITDA; (iii) CKLY Trading Limited is capable of demonstrating that it has competent personnel to support the operation and expansion of the business; (iv) CKLY Trading Limited's extensive network of existing customers, suppliers, dealers and connections for the last 5 to 6 years; and (v) value of CKLY Trading Limited's website, www.bestwatch.com.hk, and the search engine optimisation that is included in the website.

It should be noted that the independent valuation of CKLY Trading Limited is based on various assumptions and limitations as set out in the Golden Ultra Valuation Report, and Shareholders are advised to read the above in conjunction with the Golden Ultra Valuation Report in its entirety as set out in Appendix C to the Circular.

5.3.2 Comparison with the valuation statistics of selected companies listed on SGX and Hong Kong Stock Exchange which nature of business are broadly comparable to CKLY Trading Limited

In considering what may be regarded as a reasonable range of valuation for the purposes of assessing the Golden Ultra Consideration of the Proposed Acquisition of Golden Ultra Limited, we have referred to selected companies listed and traded on the SGX and Hong Kong Stock Exchange with business operations that are broadly comparable with those of CKLY Trading Limited to provide an indication of the current market expectations with regard to the perceived valuation of such businesses (collectively, the “Comparable Companies”).

We wish to highlight that the Comparable Companies are not exhaustive and there is no listed company or group which may be considered identical to CKLY Trading Limited in terms of, *inter alia*, business activities, size and scale of operations, risk profile, geographical spread, operating and financial leverage, accounting policies, adherence to accounting standards, tax factors, track record and future prospects. In addition, each of the Comparable Companies may engage in other separate business activities which are not related to the principal business of CKLY Trading Limited. Shareholders should also note that private companies, such as CKLY Trading

APPENDIX D – GOLDEN ULTRA IFA LETTER

Limited, are generally valued at a discount to listed companies due to lack of marketability. As such, any comparison herein merely serves as an illustrative guide to Shareholders.

Details on the Comparable Companies, including their business descriptions and selected key financial and valuation statistics, are set out below:

Company	Stock exchange	Business description (as extracted from Bloomberg)	Market Capitalisation as at the LPD (\$ million)⁽¹⁾
The Hour Glass Limited	Singapore	The Hour Glass Limited retails and wholesales watches, jewelry and related products through its subsidiaries. The Company also manufactures watches and invests in properties.	1,364.3
Cortina Holdings Limited	Singapore	Cortina Holdings Limited retails and distributes luxury watches in the Asia Pacific region. The Company also trades, imports, and exports pens, lighters, and clocks.	687.2
Oriental Watch Holdings Limited	Hong Kong	Oriental Watch Holdings Limited, through its subsidiaries, trades watches and invests in properties.	394.0
Time Watch Investments Limited	Hong Kong	Time Watch Investments Limited manufactures watches. The Company designs, develops, assembles, markets and sells brand name watches throughout Hong Kong and the Peoples Republic of China.	257.9
Emperor Watch & Jewellery Ltd	Hong Kong	Emperor Watch & Jewellery Ltd retails luxurious branded watches, and offers design and sales of jewellery products.	254.1
Sincere Watch Hong Kong Ltd	Hong Kong	Sincere Watch Hong Kong Ltd wholesales watches. The Company distributes Franck Muller brand watches in Hong Kong, Macau, the People's Republic of China, Taiwan and Thailand, and de Grisogono, European Company Watch and Pierre Kunz watches in Hong Kong.	54.3
Asia Commercial Holdings Limited	Hong Kong	Asia Commercial Holdings Limited is principally engaged in high-end watch retailing and its retail sales network set up luxury watch stores and flagship stores to sell international brands of watches to customers. The Company also invests in properties.	28.4
Luxxu Group Limited	Hong Kong	Luxxu Group Limited designs, manufactures and distributes watches. The company provides watches designing, production, marketing, and other services. Luxxu Group markets its products throughout Hong Kong.	33.1
Prosper One International Holdings Company Limited	Hong Kong	Prosper One International Holdings Company Limited operates watch retail chains. The Company provides wrist watches, clocks, and other products. Prosper One International Holdings also sales biofertilizer shoes, hats, mobile phone accessories, and other products.	18.0

Source: Bloomberg L.P.

APPENDIX D – GOLDEN ULTRA IFA LETTER

The valuation measures of the Comparable Companies are set out below:

Comparable Companies	Enterprise valuation ⁽¹⁾ (S\$ million)	EV/TTM EBITDA ⁽¹⁾	TTM P/E ⁽¹⁾	P/B ⁽¹⁾
The Hour Glass Limited	1,329.3	8.9x	16.5x	2.0x
Cortina Holdings Limited	704.6	8.4x	17.4x	2.5x
Oriental Watch Holdings Limited	273.2	3.2x	9.8x	1.1x
Time Watch Investments Limited	93.8	1.4x	5.8x	0.6x
Emperor Watch & Jewellery Ltd	367.2	3.0x	5.3x	0.3x
Sincere Watch Hong Kong Ltd	80.9	n.a. ⁽²⁾	n.a. ⁽³⁾	0.4x
Luxxu Group Limited	27.7	n.a. ⁽²⁾	n.a. ⁽³⁾	1.0x
Asia Commercial Holdings Ltd	49.9	2.5x	2.8x	0.4x
Prosper One International Holdings Company Limited	18.1	12.8x	n.a. ⁽³⁾	3.6x
High		12.8x	17.4x	3.6x
Low		1.4x	2.8x	0.3x
Mean		5.7x	9.6x	1.3x
Median		3.2x	7.8x	1.0x
CKLY Trading Limited implied by the Golden Ultra Consideration⁽⁴⁾		29.2x	38.8x	17.7x

Source: Bloomberg L.P. and W Capital computations

Notes:

- (1) Market capitalisation, Enterprise valuation, EV/TTM EBITDA, TTM P/E and P/B of the Comparable Companies were based on their respective closing prices as at the Latest Practicable Date.
- (2) Not applicable as the respective Comparable Companies recorded negative EBITDA.
- (3) Not applicable as the respective Comparable Companies recorded negative net profit.
- (4) The EV/TTM EBITDA, TTM P/E and P/B multiple of CKLY Trading Limited as implied by the Golden Ultra Consideration were computed based on its HY2021 TTM financial results.

Based on the above, we note that:

- (a) the EV/TTM EBITDA ratio of CKLY Trading Limited as implied by the Golden Ultra Consideration of 29.2 times is higher than the EV/EBITDA ratios of the Comparable Companies of between 1.4 times and 12.8 times;
- (b) the TTM P/E ratio of CKLY Trading Limited as implied by the Golden Ultra Consideration of 38.8 times is higher than the P/E ratios of the Comparable Companies of between 2.8 times and 17.4 times; and
- (c) the P/B of CKLY Trading Limited as implied by the Golden Ultra Consideration of 17.7 times is higher than the P/B ratios of such Comparable Companies of between 0.3 times and 3.6 times. In addition, as mentioned in Paragraph 5.1 above, upon the completion of the Ntegrator CKLY Acquisition, the NTA of Golden Ultra Group will be reduced to HK\$0 as a result of the Pre-completion Dividend Payout to the Golden Ultra Vendor.

5.4 Other Relevant Considerations

5.4.1 Financial effects of the Proposed Acquisition of Golden Ultra Limited

The *pro forma* financial effects of the Proposed Acquisition of Golden Ultra Limited on the NTA per Share and the loss per Share (“LPS”) of the Group are set out in Paragraph 3.11 of the Circular and have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

The financial effects are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group following completion of the Proposed Acquisition of Golden Ultra Limited.

In summary, we note the following financial effects of the Proposed Acquisition of Golden Ultra Limited:

- (a) the Group’s NTA per Share as at 31 December 2020 remains at 0.28 Singapore cents after the Proposed Acquisition of Golden Ultra Limited;
- (b) the Group’s net loss for the financial year ended 31 December 2020 will reduce from S\$4.12 million before the Proposed Acquisition of Golden Ultra Limited to S\$3.88 million after the Proposed Acquisition of Golden Ultra Limited; and
- (c) the Group’s loss per Share will reduce from 1.38 Singapore cents before the Proposed Acquisition of Golden Ultra Limited to 1.29 Singapore cents after the Proposed Acquisition of Golden Ultra Limited.

5.4.2 Golden Ultra Promissory Note is unsecured and interest-free

The Golden Ultra Consideration of HK\$84 million will be satisfied by way of the Golden Ultra Promissory Note which will not be secured by any assets of the Company or guarantee provided by the Company. In addition, we note that the Golden Ultra Promissory Note is interest free.

5.4.3 Avenue for quick entry into watch retailing business

In addition to the Company’s rationale for the Proposed Acquisition of Golden Ultra Limited as set out in Paragraph 5.1 of this IFA Letter, we note from the Company’s announcement in response to SGX queries dated 22 October 2021 that the Proposed Acquisition of Golden Ultra Limited saves time and cost for the Company to acquire Golden Ultra Group with a profitable track record as new projects and businesses developed by the Company will take time, management resources and significant costs to setup. The Company also believes that the existing office and setup of CKLY Trading Limited will also speed up the Company’s expansion efforts into Hong Kong.

5.4.4 Interested Persons abstaining from voting

As set out in Paragraph 3.9.4 of the Circular, pursuant to Rule 919 of the Catalist Rules, Mr. Heilesen will abstain, and has undertaken to ensure that his associates will abstain, from voting on the ordinary resolution in relation to the Proposed Acquisition of Golden Ultra Limited at the EGM. Accordingly, the Proposed Acquisition of Golden Ultra Limited would be subject entirely to the approval of the Minority Shareholders.

6. OPINION

In arriving at our opinion, we have taken into account a range of factors which we consider to be pertinent and have a significant bearing on our assessment of the Proposed Acquisition of Golden Ultra Limited. Accordingly, it is important that our IFA Letter, in particular, all the considerations and information we have taken into account, be read in its entirety.

APPENDIX D – GOLDEN ULTRA IFA LETTER

We set out below a summary of the key considerations which we consider to be pertinent to our assessment of the Proposed Acquisition of Golden Ultra Limited:

- (a) the rationale for the Proposed Acquisition of Golden Ultra Limited, details of which are set out in Paragraph 5.1 of this IFA Letter;
- (b) the analysis of the historical financial performance and financial condition of CKLY Trading Limited, details of which are set out in Paragraph 5.2 of this IFA Letter;
- (c) assessment of the fairness of the Golden Ultra Consideration for the Proposed Acquisition of Golden Ultra Limited, details of which are set out in Paragraph 5.3 of this IFA Letter. In this regard, it is noted that the Golden Ultra Consideration represents a premium of HK\$25.9 million (or approximately 44.6%) to the market value attributable to the Golden Ultra Sale Shares with reference to the independent valuation of CKYL Trading Limited. It is further noted that in arriving at the Golden Ultra Consideration of HK\$84.0 million, apart from the Golden Ultra Valuation Report, the Directors have also taken into account various non-quantitative factors as set out in Paragraph 5.3.1; and
- (d) other relevant considerations, details of which are set out in Paragraph 5.4 of this IFA Letter, which relates to our assessment on the Proposed Acquisition of Golden Ultra Limited.

Having regard to the foregoing considerations as set out above and information available to us as at the Latest Practicable Date, we are of the opinion that, on balance, the Proposed Acquisition of Golden Ultra Limited is not on normal commercial terms and may be prejudicial to the interests of the Company and its Minority Shareholders, taking into consideration in particular that the Golden Ultra Consideration for the Proposed Acquisition of Golden Ultra Limited is at a 44.6% premium to the valuation based on the Golden Ultra Valuation Report and that the NTA of Golden Ultra Group will be reduced to HK\$0 upon the completion of the Ntegrator CKLY Acquisition as a result of the Pre-completion Dividend Payout.

Our opinions are prepared as required under Chapter 9 of the Listing Manual as well as addressed to the Recommending Director in connection with her consideration of the Proposed Acquisition of Golden Ultra Limited and their advice to the Shareholders arising thereof. The recommendations made by the Recommending Director to the Shareholders shall remain the responsibility of the Recommending Director.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of the forthcoming Extraordinary General Meeting and for the purpose of the Proposed Acquisition of Golden Ultra Limited.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Sheila Ong
Senior Vice President
Corporate Finance

APPENDIX E ALTERNATIVE ARRANGEMENTS

Shareholders may electronically access (a) the Virtual Information Session to and the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers, submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM and submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote on his/her/its behalf at the EGM.

To do so, Shareholders will need to complete the relevant steps below.

Steps	Details
<p>Submission of comments, queries and/or questions in advance of the EGM</p>	<p>Shareholders will not be able to comment, raise queries and/or ask questions at the EGM during the live audio-visual webcast or live audio-only stream. It is therefore important for Shareholders to submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM and the Virtual Information Session. Shareholders may also attend the Virtual Information Session comment, raise queries and/or ask questions at the Virtual Information Session.</p> <p>Submission of comments, queries and/or questions. Shareholders may submit comments, queries and/or questions related to the resolutions in the Notice of EGM to the Chairman of the Meeting in advance of the EGM in the following manner:</p> <p>(a) By post – Shareholders may submit their comments, queries and/or questions by post to the Company’s Share Registrar, KCK Corpserve Pte. Ltd., at 24 Raffles Place #07-07 Clifford Centre Singapore 048621. Comments, queries and/or questions submitted by Shareholders by post must be accompanied by the Shareholders’ full name, address and the manner in which the Shareholder holds Shares in the Company.</p> <p>(b) By electronic means – Shareholders, who have pre-registered registered for the live audio-visual webcast or live audio-only stream, may submit their comments, queries and/or questions by electronic means at the URL https://complete-corp.com/incredible-egm/.</p> <p>Deadline to submit comments, queries and/or questions. Shareholders must submit all comments, queries and/or questions by 12.00 p.m. on Friday, 21 January 2022.</p> <p>Addressing comments, queries and/or questions. The Company will endeavour to address all substantial and relevant comments, queries and/or questions received from Shareholders at the Virtual Information Session and before the EGM. The Company will publish its responses to comments, queries and/or questions on the Company’s website at the URL www.incredible.sg and on SGXNET at the URL https://www.sgx.com/securities/company-announcements on Tuesday, 25 January 2022.</p> <p>Minutes of EGM. The Company will publish the minutes of EGM on the Company’s website at the URL www.incredible.sg and on SGXNET at the URL https://www.sgx.com/securities/company-announcements within one (1) month after the EGM. The minutes of EGM will include responses from the Board and the management to substantial and relevant comments, queries and/or questions received from Shareholders addressed at the Virtual Information Session and the EGM during the live audio-visual webcast or live audio-only stream.</p>

APPENDIX E
ALTERNATIVE ARRANGEMENTS

Steps	Details
Pre-registration for the Virtual Information Session	<p>Shareholders must pre-register at the URL https://complete-corp.com/incredible-egm/ from 15 January 2022 until 12.00 p.m. on Saturday, 22 January 2022 to enable the Company’s Share Registrar, KCK Corpserve Pte Ltd, to verify their status as Shareholders of the Company.</p> <p>Following the verification, authenticated Shareholders will receive an email by 12.00 p.m. on Monday, 24 January 2022 which will contain the user ID and password details as well as the URL to access the Virtual Information Session (the “VIS Confirmation Email”).</p> <p>Shareholders who have pre-registered for the Virtual Information Session but who have not received the VIS Confirmation Email by 12.00 p.m. on Monday, 24 January 2022, should contact the Company at ihl-egm@kckcs.com.sg.</p>
Pre-registration for the live audio-visual webcast or live audio-only stream for the EGM	<p>Shareholders must pre-register at the URL https://complete-corp.com/incredible-egm/ from 15 January 2022 until 12.00 p.m. on Friday, 4 February 2022 to enable the Company’s Share Registrar, KCK Corpserve Pte Ltd, to verify their status as Shareholders of the Company.</p> <p>Following the verification, authenticated Shareholders will receive an email by 12.00 p.m. on Sunday, 6 February 2022 which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the “Confirmation Email”).</p> <p>Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 12.00 p.m. on Sunday, 6 February 2022, should contact the Company at ihl-egm@kckcs.com.sg.</p>
Submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM	<p>Appointment of Chairman of the Meeting as proxy. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.</p> <p>Specific instructions as to voting must be given. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.</p> <p>Submission of Proxy Forms. The Proxy Form must be submitted to the Company in the following manner:</p> <p>(a) if submitted by post, be lodged with the Company’s Share Registrar, KCK Corpserve Pte Ltd, at 24 Raffles Place #07-07 Clifford Centre Singapore 048621; or</p> <p>(b) if submitted by way of electronic means, be submitted via email to the Company at ihl-egm@kckcs.com.sg,</p> <p>in either case, by ihl-egm@kckcs.com.sg p.m. on Friday, 4 February 2022.</p>

APPENDIX E
ALTERNATIVE ARRANGEMENTS

Steps	Details
	<p>A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above.</p> <p>In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.</p>

NOTICE OF EXTRAORDINARY GENERAL MEETING

Incredible Holdings Ltd.

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

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting (the “**EGM**”) of **Incredible Holdings Ltd.** (the “**Company**”) will be held by way of electronic means on Monday, 7 February 2022 **Error! Reference source not found.** at 12 p.m. **Error! Reference source not found.** (Singapore Time) for the purpose of considering and, if thought fit, passing with or without any modifications, the following ordinary resolutions:

*All capitalised terms used in this notice of EGM which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 14 January 2022 (the “**Circular**”) in relation to the Proposed Acquisition of Billion Credit, the Proposed Acquisition of Golden Ultra Limited and the Proposed Diversification into the E-Commerce Business.*

Ordinary Resolution 1: The Proposed Acquisition of Billion Credit Financial Company Limited

That:

- (a) the acquisition of 10,000 ordinary shares in Billion Credit Financial Company Limited (“**Billion Credit**”), representing 100% of the issued share capital of Billion Credit (the “**Proposed Acquisition of Billion Credit**”) as an “interested person transaction” under Chapter 9 of the Catalist Rules and as set out in **Section 2** of the Circular be and is hereby approved; and
- (b) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such agreements, contracts, documents, notices, deeds or instruments as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the matters considered in this Ordinary Resolution.

Ordinary Resolution 2: The Proposed Acquisition of Golden Ultra Limited

That:

- (a) the acquisition of 420 ordinary shares in Golden Ultra Limited (“**Golden Ultra**”), representing 42% of the issued share capital of Golden Ultra (the “**Proposed Acquisition of Golden Ultra**”) as an “interested person transaction” under Chapter 9 of the Catalist Rules, as a “major transaction” under Chapter 10 of the Catalist Rules and as set out in **Section 3** of the Circular be and is hereby approved; and
- (b) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such agreements, contracts, documents, notices, deeds or instruments as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the matters considered in this Ordinary Resolution.

Ordinary Resolution 3: The Proposed Diversification into the E-Commerce Business

That:

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (a) approval be and is hereby given for the diversification of the Group's business to include the E-Commerce Business (the "**Proposed Diversification into the E-Commerce Business**") that involve activities described in **Section 4** of the Company's circular to shareholders dated 14 January 2022, and any other activities related to the Proposed Diversification into the E-Commerce Business; and
- (b) the Directors and/or any of them be and are hereby authorised and empowered to approve, complete and do all such acts and things (including approving, modifying, ratifying, signing, sealing, executing and delivering all such agreements, contracts, documents, notices, deeds or instruments as may be required) as they and/or he may consider expedient, desirable or necessary or in the interests of the Company to give effect to the matters considered in this Ordinary Resolution.

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

Leung Kwok Kuen Jacob
Independent Non-Executive Chairman and Independent Director
14 January 2022

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on 7 February 2022 at 12.00 p.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the Proposed Acquisition of Billion Credit, the Proposed Acquisition of Golden Ultra Limited and the Proposed Diversification into the E-Commerce Business.
2. Printed copies of this Notice of EGM, the Circular and the Proxy Form will not be sent to Shareholders. Instead, this Notice of EGM, the Circular and the Proxy Form may be accessed at the Company's website at the URL www.incredible.sg. This Notice of EGM, the Circular and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at a Virtual Information Session and at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the Virtual Information Session and the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in **Section 10** of the Circular.
4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** The Proxy Form may be accessed at the Company's website at the URL www.incredible.sg and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
6. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, KCK Corpserve Pte. Ltd., at 24 Raffles Place #07-07 Clifford Centre Singapore 048621; or
 - (b) if submitted by way of electronic means, be submitted via email to the Company at ihl-egm@kckcs.com.sg ,

in either case, by 12.00 p.m. on Friday, 4 February 2022. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

Personal Data Privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

PROXY FORM

Incredible Holdings Ltd.

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

I/We* _____ (Name) _____ (NRIC / Passport / Company Registration Number*)

of _____ (Address)

being a Shareholder of **Incredible Holdings Ltd.** (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the EGM to be held by way of electronic means on **Monday, 7 February 2022 at 12.00 p.m. (Singapore Time)** and at any adjournment thereof.

I/We* direct the Chairman of the Meeting to vote for or against the Ordinary Resolutions to be proposed at the EGM as indicated hereunder. **If no specific direction as to voting, or abstentions from voting, is given in respect of the Ordinary Resolutions, the appointment of the Chairman of the Meeting as proxy for the Ordinary Resolutions shall be treated as invalid.** The Ordinary Resolutions will be put to vote at the EGM by way of poll.

Ordinary Resolution	Number of Votes For [#]	Number of Votes Against [#]
1. To approve the Proposed Acquisition of Billion Credit		
2. To approve the Proposed Acquisition of Golden Ultra Limited		
3. To approve the Proposed Diversification into the E-Commerce Business		

* Delete as appropriate.

[#] If you wish to exercise all your votes "For" or "Against", please indicate so with a [√] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2022.

Total number of Shares in:	Number of Shares
(a) CDP Register	
(b) Register of Members	

Signature or Common Seal of Shareholder

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



PROXY FORM

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on 7 February 2022 at 12.00 p.m. (Singapore Time) for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the Proposed Acquisition of Billion Credit, the Proposed Acquisition of Golden Ultra Limited and the Proposed Diversification into the E-Commerce Business.
2. Printed copies of the Notice of EGM, the Circular and this Proxy Form will not be sent to Shareholders. Instead, the Notice of EGM, the Circular and this Proxy Form may be accessed at the Company's website at the URL www.incredible.sg. The Notice of EGM, the Circular and this Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at a Virtual Information Session and at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the Virtual information Session and the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in **Section 10** of the Circular.
4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** This Proxy Form may be accessed at the Company's website at the URL www.incredible.sg and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
6. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
7. This Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, KCK Corpserve Pte. Ltd., at 24 Raffles Place #07-07 Clifford Centre Singapore 048621; or
 - (b) if submitted by way of electronic means, be submitted via email to the Company at ihl-egm@kckcs.com.sg ,in either case, by 12.00 p.m. on Friday, 4 February 2022. A Shareholder who wishes to submit this Proxy Form must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
8. Where this Proxy Form is executed by an individual, it must be executed under the hand of the individual or his/her attorney duly authorised. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the EGM, as certified by the CDP to the Company. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend, speak and vote at the EGM unless his name appears on the Depository Register 72 hours before the time fixed for holding the EGM.

Personal data privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.