



INCREDIBLE HOLDINGS LTD.

Incorporated in the Republic of Singapore
Company Registration Number: 199906220H

Unaudited Condensed Interim Financial Statements
For the six months and full year ended 31 December 2021

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Condensed Interim Consolidated Statement of Comprehensive Income
For the 6 months and full year ended 31 December 2021

	Note	2H2021 S\$'000	2H2020 S\$'000	Change %	FY2021 S\$'000	FY2020 S\$'000	Change %
Continuing operations							
Revenue	5	5,883	793	641.87	23,338	3,258	616.33
Cost of Sales		(5,444)	(612)	789.54	(22,662)	(2,878)	687.42
Gross profit		439	181	192.2	676	380	101.58
Gross profit margin		7.46%	22.82%		2.90%	11.66%	
Other operating income		497	112	343.75	562	170	230.59
Reversal of provision for stock obsolescence		90	-	NM	90	-	NM
Allowance for impairment on amount due from an associate – reversal / (charge)		27	(500)	(105.4)	27	(500)	(105.4)
Selling & distribution expenses		(12)	(12)	-	(26)	(228)	(88.6)
Administrative expenses		(3,207)	(1,649)	94.48	(4,675)	(2,709)	72.57
Other operating expenses		(1)	(382)	(99.74)	(1)	(381)	(99.74)
Finance costs		(36)	(2)	1,700	(38)	(6)	533.55
Share of loss of an associate		-	-	-	-	(54)	NM
Loss from continuing operations		(2,203)	(2,252)	(2.18)	(3,385)	(3,328)	1.71
Income tax expense		-	-	-	-	-	-
Loss from continuing operations, net of tax		(2,203)	(2,252)	(2.18)	(3,385)	(3,328)	1.71
Loss from discontinued operations, net of tax		-	(13)	NM	-	(796)	NM
Loss for the period/year		(2,203)	(2,265)	(2.74)	(3,385)	(4,124)	(17.92)
Other comprehensive income:							
Currency translation differences on consolidation		624	-	NM	(234)	203	NM
Currency translation differences arising from translation of financial statements of an associate		-	196	NM	-	(13)	NM
Reclassification of currency translation reserve to profit or loss upon disposal of subsidiaries and an associate		-	-	-	-	838	NM
Total comprehensive income for the period attributable to owners of the Company		(1,579)	(2,069)	(23.68)	(3,619)	(3,096)	(16.89)
Earnings per share for loss attributable to owners of the Company (cents per share)							
- Basic		(0.07)	(0.76)		(0.11)	(1.38)	
- Diluted		(0.07)	(0.76)		(0.11)	(1.38)	

Warrants have not been included in the calculation of diluted loss per share because they were anti-dilutive for the current and previous financial years.

Condensed Interim Statements of Financial Position As at 31 December 2021

	Note	Group		Company	
		2021 (Unaudited) S\$'000	2020 (Audited) S\$'000	2021 (Unaudited) S\$'000	2020 (Audited) S\$'000
Non-current assets					
Property, plant and equipment	11	1,547	113	40	18
Investment in subsidiaries		-	-	135	2
Investment in an associate		-	-	1	1
Intangible assets	10	1,304	948	1,304	948
Goodwill		1,062	-	-	-
Total non-current assets		3,913	1,061	1,480	969
Current assets					
Inventories	12	5,847	520	-	-
Trade receivables	13	5,554	220	536	93
Other receivables, deposits and prepayments	13	670	591	186	575
Due from subsidiaries (non-trade)		-	-	1,550	-
Due from an associate	13	-	1,171	-	1,171
Cash and cash equivalents		815	840	43	22
Total current assets		12,886	3,342	2,315	1,861
Non-current liability					
Lease liabilities		(419)	(42)	-	-
Total non-current liabilities		(419)	(42)	-	-
Current liabilities					
Trade payables	15	(139)	(37)	-	-
Other payables and accruals	15	(3,483)	(1,209)	(1,412)	(507)
Contract liabilities	15	(54)	-	-	-
Due to subsidiaries (non-trade)	15	-	-	(425)	(379)
Amount due to shareholders	15	-	(2,215)	-	(2,215)
Lease liabilities		(674)	(64)	-	-
Total current liabilities		(4,350)	(3,525)	(1,837)	(3,101)
Net current assets/(liabilities)		8,536	(183)	478	(1,240)
Net assets/(liabilities)		12,030	836	1,958	(271)
Share capital	14	53,665	38,852	53,665	38,852
Translation reserve		(752)	(518)	-	-
Accumulated losses		(40,883)	(37,498)	(51,707)	(39,123)
Total equity / (deficit)		12,030	836	1,958	(271)

Condensed Interim Statements Of Changes In Equity

The Group

	Note	Share capital	Translation reserves	Reserve attributable to disposal group classified as held for sale	Accumulated Losses	Total Equity
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2020		38,852	(685)	(861)	(33,375)	3,931
Loss for the year		-	-	-	(4,123)	(4,123)
Other comprehensive income for the period						
Currency translation differences on consolidation		-	203	-	-	203
Currency translation differences arising from translation of financial statements of an associate		-	(13)	-	-	(13)
Reclassification of currency translation reserve to profit or loss upon disposal of subsidiaries and an associate		-	(23)	861	-	838
Other comprehensive income for the period, net of tax		-	167	-	-	1,028
Total comprehensive income / (loss) for the year		-	167	861	(4,123)	(3,095)
Balance as at 31 Dec 2020		38,852	(518)	-	(37,498)	836
Balance as at 1 Jan 2021		38,852	(518)	-	(37,498)	836
Loss for the year		-	-	-	(3,385)	(3,385)
Other comprehensive loss for the year						
Total comprehensive loss for the year, net of tax		-	(234)	-	-	(234)
Total comprehensive loss for the year, net of tax		-	(234)	-	(3,385)	(3,619)
Issuance of shares in connection with rights shares on 2 February 2021	14	15,085	-	-	-	15,085
Cost of issuance of new shares		(272)	-	-	-	(272)
Issuance of shares in connection with the exercise of warrants on 15 March 2021*	14	-	-	-	-	-
Balance as at 31 Dec 2021		53,665	(752)	-	(40,883)	12,030

Note * The proceed from issuance of shares in connection with the exercise of warrants on 15 March 2021 was S\$259.19.

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

	Note	Share capital	Accumulated losses	Total Equity / (deficit)
<u>The Company</u>				
		S\$'000	S\$'000	S\$'000
Balance as at 1 Jan 2020		38,852	(35,694)	3,158
Loss for the year, representing total comprehensive income for the year		-	(3,429)	(3,429)
Balance as at 31 Dec 2020		38,852	(39,123)	(271)
Balance as at 1 Jan 2021		38,852	(39,123)	(271)
Loss for the year, representing total comprehensive income for the year		-	(12,584)	(12,584)
Issuance of shares in connection with rights shares on 2 February 2021	14	15,085	-	15,085
Cost of issuance of new shares		(272)		(272)
Issuance of shares in connection with the exercise of warrants on 15 March 2021*	14	-	-	-
Balance as at 31 Dec 2021		53,665	(51,707)	1,958

Note * The proceed from issuance of shares in connection with the exercise of warrants on 15 March 2021 was S\$259.19.

Condensed Interim Consolidated Statement of Cash Flows
For the Financial Year Ended 31 December 2021

	FY2021	FY2020
	S\$'000	S\$'000
Cash flows from operating activities:		
Loss before income tax from continuing operations	(3,385)	(3,328)
Loss before income tax from discontinued operations	-	(796)
Total loss before tax	(3,385)	(4,124)
Adjustments for:		
Depreciation property, plant and equipment	153	78
Loss on disposal of investment in subsidiaries	-	782
Gain on disposal of investment in an associated company	-	(26)
Write down of inventories	1	154
Reversal of provision for stock obsolescence	90	-
Impairment losses on amount due from an associate	-	500
Unrealised exchange (gain) / losses	(409)	73
Reversal of impairment losses on amount due from an associate	(26)	-
Share of loss of an associate company	-	54
Interest expenses	38	6
Operating cash flows before movement in working capital	(3,538)	(2,503)
Change in working capital:		
Inventories	(5,327)	103
Trade and other receivables	(5,412)	390
Trade and other payables	1,481	252
Contract liabilities	54	-
Currency translation adjustments	85	156
Cash used in operations	(12,657)	(1,602)
Interest paid	(4)	(1)
Net cash used in operating activities	(12,661)	(1,603)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(522)	(2)
Purchase of intangible assets	(355)	(1,261)
Consideration paid for acquisition of a subsidiary	(165)	-
Net cash outflow due to disposal of subsidiary	-	(2)
Net cash inflow from disposal of an associate	-	1,100
Net cash used in investing activities	(1,042)	(165)
Cash flows from financing activities:		
Proceeds from issuance of shares in connection with rights shares on 2 February 2021	14,813	-
Proceeds from issuance of shares in connection with the exercise of warrants on 15 March 2021	1	-
Repayment to loan from shareholders	(2,215)	-
Repayment from an associate	1,197	-
Advances from a director	-	421
Repayment to a director	-	(536)
Interest paid on lease liabilities	(34)	(6)
Repayment of lease liabilities	(81)	(60)
Loan from shareholders	-	2,215
Rights issue expenses	-	(31)
Net cash generated from financing activities	13,681	2,003
Net (decrease) / increase in cash and cash equivalents	(22)	235
Cash and cash equivalent at beginning of the period	840	606
Effect of exchange rate changes on cash and cash equivalent	(3)	(1)
Cash and cash equivalent at end of the period	815	840

Notes To The Condensed Interim Consolidated Financial Statement

1. Corporate information

Incredible Holdings Ltd. (the Company) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are those of provision of management and accounting services to its subsidiaries and including that of investment holding.

The principal activities of the Group are:

- (a) distributor of equipment and consumable materials for the electronic industry; and
- (b) trading of watches

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2021.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency, and all values are rounded to the nearest thousand (\$'000), except when otherwise indicated.

2.1 Use of estimates and judgements

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 2.2 to the financial statements.

Management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for the six months ended 31 December 2021 and financial year ended 31 December 2021.

2.2 New accounting standards effective on 1 January 2021

The accounting policies adopted and methods of computation are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s. There were no new and revised standards used which are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group.

3. Seasonal operations

The Group's operations were not significantly affected by seasonal or cyclical factors during the period.

4. Segment and revenue information

The Group is organised into business units based on its products and services for management purposes because they require different technology and marketing strategies. The operations in each of the Group's reportable segments are as follows:

Segment 1: Trading of watches ("Watches")

Segment 2: Distribution of specialty chemical products, consumable material, films and spare parts for electronic industry ("Distribution")

Other operations include investment holding companies. None of these segments met any of the quantitative thresholds for determining reportable segments in 2020 and 2021.

6 months ended 31 December 2021

	Watches S\$'000	Distribution S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	5,629	254	-	-	5,883
Segment profit/(loss)	(656)	(111)	(1,436)	-	2,203
JSS grant income	-	16	14	-	30
Depreciation	(105)	(4)	(9)	-	(118)
Reversal of impairment loss on amount due from an associate	-	-	27	-	27
Reversal of provision for stock obsolescence	-	90	-	-	90
Segment assets	12,616	1,553	4,582	(1,952)	16,799
<i>Segment assets includes:</i>					
Investment in associated companies	-	-	1	(1)	-
Additions to non current assets	1,506	-	1,571	-	3,077
Segment liabilities	26,816	178	2,706	(24,930)	4,770

6 months ended 31 December 2020

	Watches S\$'000	Distribution S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	48	745	-	-	793
Segment profit/(loss)	(1,196)	(312)	(757)	-	(2,265)
Depreciation	-	(9)	(36)	-	(45)
Impairment loss on amount due from an associate	-	-	(500)	-	(500)
Segment assets	397	1,914	3,902	(1,809)	4,404
<i>Segment assets includes:</i>					
Investment in an associate	-	-	1	(1)	-
Additions to non current assets	-	42	949	-	991
Segment liabilities	13,095	296	3,149	(12,972)	3,568

12 months ended 31 December 2021

	Watches S\$'000	Distribution S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	22,247	548	543	-	23,338
Segment profit/(loss)	(1,481)	(243)	(1,661)	-	(3,385)
JSS grant income	-	16	14	-	30
Depreciation	(107)	(27)	(19)	-	(153)
Reversal of impairment loss on amount due from an associate	-	-	27	-	27
Reversal of provision for stock obsolescence	-	90	-	-	90
Segment assets	12,616	1,553	4,582	(1,952)	16,799
<i>Segment assets includes:</i>					
Investment in an associate	-	-	1	(1)	-
Additions to non current assets	522	-	-	-	522
Segment liabilities	26,816	178	2,706	(24,931)	4,769

12 months ended 31 December 2020

	Watches S\$'000	Distribution S\$'000	Other S\$'000	Elimination S\$'000	Group S\$'000
Segment revenue	1,642	1,616	-	-	3,258
Segment profit/(loss)	(1,836)	(326)	(4,304)	2,349	(4,117)
JSS grant income	-	79	16	-	95
Employment support scheme	38	-	-	-	38
Depreciation	-	(48)	(30)	-	(78)
Loss on disposal of investment in subsidiaries and an associate	-	-	(755)	-	(755)
Share of loss of an associate	-	-	(54)	-	(54)
Write-down of inventories	-	(154)	-	-	(154)
Impairment losses on amount due from subsidiary	-	-	(1,047)	1,047	-
Impairment losses on amount due from an associated company	-	-	(500)	-	(500)
Impairment losses on investment in subsidiary	-	-	(1,301)	1,301	-
Segment assets	397	1,914	3,902	(1,809)	4,404
<i>Segment assets includes:</i>					
Investment in an associate	-	-	1	(1)	-
Additions to non current assets	-	42	949	-	991
Segment liabilities	13,095	296	3,149	(12,972)	3,568

5. Revenue

The following table provides a disaggregation disclosure of the Group's revenue for continuing operations by primary geographical market, major product lines and timing of revenue recognition.

	Watches S\$'000	Distribution S\$'000	Total S\$'000
For the 6 months ended 31 December 2021			
Singapore	248	254	502
Korea	14	-	14
Hong Kong	5,367	-	5,367
	<u>5,629</u>	<u>254</u>	<u>5,883</u>
For the 6 months ended 31 December 2020			
Singapore	-	745	745
Hong Kong	48	-	48
	<u>48</u>	<u>745</u>	<u>793</u>
For the 12 months ended 31 December 2021			
Singapore	544	548	1,092
Korea	14	-	14
Hong Kong	22,232	-	22,232
	<u>22,790</u>	<u>548</u>	<u>23,338</u>
For the 12 months ended 31 December 2020			
Singapore	-	1,616	1,616
Hong Kong	1,642	-	1,642
	<u>1,642</u>	<u>1,616</u>	<u>3,258</u>

The Group's revenue is based on point in time. The customers are retail consumers, wholesale customers and corporate customers.

A breakdown of sales

	Year ended 31 December 2021 S\$'000	Year ended 31 December 2020 S\$'000	Increase / (Decrease) %
a) Sales reported for the first half year	17,455	2,465	608.11
b) Operating (loss) after tax before deducting minority interests reported for the first half year	(1,182)	(1,019)	15.99
c) Sales reported for the second half year	5,883	793	641.87
d) Operating (loss) after tax before deducting minority interests reported for second half year	(2,203)	(3,105)	(40.94)

6. Profit before taxation

6.1 Significant items

	For the 6 months ended December		For the 12 months ended December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Other operating income				
Foreign exchange gain/(loss), net	398	(108)	409	(202)
Gain on disposal of investment in an associated company	-	26	-	26
Write back of provision for doubtful debt	26	-	26	-
Expenses				
Interest expenses	36	5	38	6
Depreciation of property, plant and equipment	118	45	153	66
Allowance for impairment on amount due from an associated company	-	500	-	500
Write down of inventories	1	154	1	154
Loss on disposal of investment in subsidiaries	-	782	-	782

6.2 Related party transactions

	Group	
	2021	2020
	S\$'000	S\$'000
Rental expenses payable to an associated company	102	106
Rental expenses payable to company whereby the Company is owned by a shareholder cum director of the Company	41	50

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	For the 6 months ended December		For the 12 months ended December	
	2021	2020	2021	2021
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expenses	-	-	-	-

8. Net asset value

	The Group		The Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	S\$	S\$	S\$	S\$
Net asset value (S\$'000)	12,030	836	1,958	(271)
Number of ordinary shares	2,993,532,545	299,843,943	2,993,532,545	299,843,943
Net asset value per ordinary share (cents)	0.40	0.28	0.07	(0.09)

9. Earnings per ordinary share

	For the 6 months ended 31 December		For the 12 months ended 31 December	
	2021	2020	2021	2020
	Cents	Cents	Cents	Cents
Loss attributable to owners of the Company (S\$'000)	(2,203)	(2,265)	(3,385)	(4,124)
Weighted average number of shares in issue during the period for calculating the EPS	2,757,371,536	299,843,943	2,757,371,536	299,843,943
Basic and Diluted (loss)/earnings per ordinary share("EPS")	(0.08)	(0.76)	(0.12)	(1.38)

10. Intangible assets

	The Group and the Company	
	Website development S\$'000	Goodwill S\$'000
At 31 December 2020		
Cost	948	-
Additions	356	1,062
Balance and net carrying amount as at 31 December 2021	1,304	1,062

As at 31 December 2021, intangible asset include (i) website development of S\$1,304,000 (31 December 2020: S\$948,000) and (ii) goodwill of S\$1,062,000 arise from the acquisition of HB 2021 ApS (31 December 2020: nil).

11. Property, plant and equipment

During the current financial year, the Group acquired assets amounted to approximately S\$522,000 (2020: S\$2,000).

12. Inventories

	The Group	
	As at 31 December 2021 S\$'000	As at 31 December 2020 S\$'000
Consumables and parts	69	129
Trading inventories (at lower of cost or net realisable value)	5,778	391
	5,847	520

13. Trade and other receivables

	The Group		The Company	
	As at 31 December 2021 S\$	As at 31 December 2020 S\$	As 31 December 2021 S\$	As at 31 December 2020 S\$
Trade receivables - third parties	5,554	220	536	93
Deposits	143	30	18	18
Prepayments	371	473	159	471
Other receivables - third parties	156	88	9	86
Loans to subsidiaries	-	-	24,995	12,522
Amounts due from an associated company	473	1,671	473	1,671
	1,143	2,262	25,654	14,768
Less: Loss allowance	(473)	(500)	(23,918)	(13,022)
	670	1,762	1,736	1,746
Total	6,224	1,982	2,272	1,839

14. Share Capital

	The Group and the Company			
	For the year ended 31 December 2021		For the year ended 31 December 2020	
	Number of issued shares	Issued share capital S\$'000	Number of issued shares	Issued share capital S\$'000
Balance as at 1 January	299,843,943	38,852	299,843,943	38,852
Issuance and allotment of rights shares on 2 February 2021	2,693,670,727	15,085	-	-
Cost of issuance of new shares	-	(272)	-	-
Issuance and allotment of ordinary shares pursuant to exercise of warrants on 15 March 2021*	17,875	-	-	-
Balance at as 31 December 2021	2,993,532,545	53,665	299,843,943	38,852

The Company did not hold any treasury shares as at 31 December 2021.

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2021 and 31 December 2020.

The Company has 2,693,670,727 2021 Warrants outstanding as at 31 December 2021. Each Warrant shall grant the holder thereof the right to subscribe for one new ordinary share in the Company. The number of shares after the conversion of all outstanding convertibles is 5,687,203,272.

Note* The proceeds from issuance of shares in connection with the exercise of warrants on 15 March 2021 was S\$259.19.

15. Trade and other payables

	The Group		The Company	
	As at 31 December 2021 S\$	As at 31 December 2020 S\$	As at 31 December 2021 S\$	As at 31 December 2020 S\$
Trade payables - third parties	139	37	-	-
GST payables	-	4	-	-
	<u>139</u>	<u>41</u>	<u>-</u>	<u>-</u>
Other payables	579	565	183	245
Accrued operating expenses	1,509	138	89	48
Accrued remuneration for former directors of the Company	110	110	110	110
Accrued remuneration for directors of the Company	1,266	366	1,030	103
Advances from directors of the Company	19	26	-	-
Amount due to shareholders	-	2,215	-	2,215
Amount due to subsidiaries	-	-	425	380
Amount due to an associated company	-	-	-	-
	<u>3,483</u>	<u>3,420</u>	<u>1,837</u>	<u>3,101</u>
Total	<u>3,676</u>	<u>3,462</u>	<u>1,837</u>	<u>3,101</u>

	Group Borrowings			
	As at 31 December 2021		As at 31 December 2020	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Borrowings repayable in one year or less, or on demand	-	-	-	-
Financial lease less than one year	57	-	64	-
Financial lease more than one year	54	-	42	-
Amount repayable after one year	-	-	-	-
Total	<u>111</u>	<u>-</u>	<u>106</u>	<u>-</u>

Details of any collateral

As at 31 December 2021, the lease of (i) S\$2,000 relates to a photocopier and (ii) S\$109,000 relates to a motor vehicle acquired under financial lease. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. Save as disclosed above, the Group do not have any secured or unsecured loan as at 31 December 2021.

16. Acquisition of subsidiary

As announced on 18 March 2021, the Company had on 18 March 2021 incorporated a wholly-owned subsidiary in Singapore, Incredible Watches & Jewellery Pte Ltd., which operates trading of watches in Singapore.

As announced on 19 April 2021, the Company had on 11 March 2021 incorporated a wholly-owned subsidiary in Korea, Korea Watch Co. Limited, which operates trading of watches in Korea.

Please refer to announcements dated 11 March 2021 and 19 April 2021 for more details.

On 28 May 2021, the Company acquired 100% of the issued share capital in Central Capital ApS, a company in Denmark, for consideration of S\$8,600. Please refer to announcement dated 27 May 2021 for details.

Purchase consideration	S\$
Cash paid	8,600

On 29 July 2021, the Company acquired 100% of the issued share capital in HB 2021 ApS, a company in Denmark, for consideration of DKK5.2 million (equivalent to approximately S\$1.1 million) Please refer to announcement dated 9 June 2021, 15 June 2021, 17 June 2021, 24 June 2021 and 30 July 2021 for details.

Purchase consideration	S\$
Cash paid	260,000
7 instalments of S\$43,000 per month	301,000
Issuance of promissory note	564,000

17. Subsequent events

On 5 January 2022, the Company announced the proposed issuance of perpetual bonds, perpetual convertible bonds and warrants and the proposed subscription of perpetual convertible bonds and warrants. Please refer to announcements dated 5 January 2022 for details.

On 12 January 2022, the Company announced that Sansim Cosmetics (H.K.) Limited ("Sansim"), a wholly owned subsidiary of Incredible Trading Limited which is a wholly owned subsidiary of the Company, has been dissolved on 7 January 2022. The transactions is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2021.

18. Other information required by Listing Rule Appendix 7.2

The condensed consolidated statement of financial position of Incredible Holdings Ltd. and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended and certain explanatory notes have not been audited or reviewed.

Review of performance of the Group

Revenue, Gross Profit and Gross Profit Margin from Continuing Operations

The Group recorded revenue of approximately S\$5.9 million for the 6 months ended 31 December 2021 ("2H2021") compared to approximately S\$0.8 million for the 6 months ended 31 December 2020 ("2H2020"). The Group recorded revenue of approximately S\$23.3 million for the financial year ended 31 December 2021 ("FY2021") compared to approximately S\$3.3 million for the preceding year. The significant increase was mainly due to the trading of watches business in Hong Kong.

The overall gross profit margin of the Group decreased from 22.82% for 2H2020 to 7.46% for 2H2021 due to more sales from trading of watches which has a lower gross profit margin. The gross profit from trading of watches contributed 73% of total gross profit. The gross profit margin in the trading of watches increased from 1% for 2H2020 to 7.68% in 2H2021 as the selling prices were adjusted strategically. The gross profit margin in Distribution contributed to 27% of the gross profit margin and increased from 24% to 38.07% as a result of an adjustment in cost of materials

As a result of the increase in revenue, the Group's gross profit increased by approximately S\$0.26 million to approximately S\$0.4 million for the 6 months ended 31 December 2021 compared to S\$0.2 million gross profit recorded in 2H2020.

The Group's gross profit increased by approximately S\$0.3 million to approximately S\$0.7 million for FY2021 compared to S\$0.4 million for FY2020. The gross profit margin decreased from 11.66% for FY2020 to 2.9% for FY2021 mainly due to more sales from trading of watches which has a lower gross profit margin similar to the reason for the 6 months ended 31 December 2021.

Other Operating Income

Other operating income increased from S\$112 thousand in 2H2020 to S\$497 thousand in 2H2021 and increased from S\$170 thousand in FY2020 to S\$562 thousand in FY2021 mainly due to unrealized exchange gain arose from between intercompany balance. There is nil in allowance for impairment on amount due from an associate in FY2021 compared to S\$0.5 million in FY2020 due to repayment from an associate in FY2021.

Selling and Distribution Expenses

Selling and distribution expenses remained stable and recorded S\$12 thousand in 2H2020 & 2H2021. Selling and distribution expenses decreased significantly from S\$228 thousand in FY2020 to S\$26 thousand in FY2021 as the Group had less selling expenses for the Distribution due to diminishing demand.

Administrative Expenses

The increase in administrative expenses from approximately S\$1.6 million in 2H2020 to approximately S\$3.2 million in 2H2021. The increase in administrative expenses from approximately S\$2.8 million in FY2020 to approximately S\$4.7 million in FY2021 was mainly due to 1) increase of director remuneration of S\$1 million which is a bonus payment to the Executive Director for his contribution in the expansion of the Group's business in FY2021; 2) increase in rent of approximately S\$0.2 million from new subsidiaries in Singapore, Korea and Denmark and 3) increase of professional fee of approximately S\$0.2 million.

Depreciation of Property, Plant and Equipment

Depreciation of property, plant and equipment increased by S\$73 thousand from S\$45 thousand in 2H2020 to S\$118 thousand 2H2021 and increased from S\$78 thousand in FY2020 to S\$153 thousand in FY2021 due to additional property, plant and equipment purchased.

Finance cost

Interest expenses increased by S\$34 thousand from S\$2 thousand in 2H2020 to S\$36 thousand 2H2021 and increased from S\$6 thousand FY2020 to S\$38 thousand in FY2021 due to the increase in interest paid on lease liabilities.

Loss after tax

The loss after tax recorded approximately S\$2.2 million for both 2H2020 and 2H2021. The loss after tax decreased from S\$4.1 million for FY2020 to S\$3.4 million for FY2021 mainly due to the absence of loss from discontinued operations in FY2021 as all discontinued operations have been disposed or dissolved in FY2021.

Non-Current Assets

There was an increase in the non-current assets of the Group of approximately S\$2.85 million, mainly due to (i) purchase of property, plant and equipment of S\$1.4 million for the operation of trading of watches; (ii) increase in intangible assets for the website development of approximately S\$0.35 million and (iii) goodwill of approximately S\$1 million arose from the purchase of subsidiary in Denmark namely HB 2021 ApS.

Current Assets

The current assets of the Group increased by approximately S\$9.5 million from S\$3.3 million as at 31 December 2020 to approximately S\$12.9 million as at 31 December 2021.

The inventories increased approximately S\$5.3 million from S\$0.5 million as at 31 December 2020 to S\$5.9 million as at 31 December 2021. The increase in inventories was in line with the expansion of trading of watches business.

The increase in trade receivables by approximately S\$5.3 million as at 31 December 2021 resulted from increased sales from the trading of watches and the Group has offered credit terms for wholesales customers.

The growth in other receivables, deposits and prepayments by approximately S\$79 thousand was mainly due to prepayment and deposit of rent for the store located at 11 Beach Road #01-02 Crasco building Singapore 189675 for operation of trading of watches business.

Non-Current Liabilities

Non-current liabilities attributable to Lease obligations increased by approximately S\$0.4 million mainly due to (i) purchase of additional property, plant and equipment through hire purchase during the period and (ii) lease for the expansion of trading of watches business in Singapore.

Current Liabilities

Current liabilities increased by approximately S\$0.8 million from S\$3.5 million as at 31 December 2020 to S\$4.4 million as at 31 December 2021.

The increase in trade payables from S\$37 thousand as at 31 December 2020 to S\$140 thousand as at 31 December 2021 was mainly due to the outstanding balance to suppliers of watches operation in 2H2021.

The increase in other payables and accruals from S\$1.2 million as at 31 December 2020 to S\$3.5 million as at 31 December 2021 was mainly a result of purchase of watches. As at 31 December 2021, other payable and accruals consisted of (i) salaries/wages for staffs and directors' remuneration for past years (S\$1.5 million); (ii) audit fee for FY2021 (S\$0.1 million); (iii) professional fee for FY2020 & FY2021 (S\$0.4 million); (iv) rent for FY2021 (S\$90 thousand); (v) renovation in Singapore store for trading of watches business (S\$0.1 million); (vi) purchase of subsidiary in Denmark (S\$0.6 million) and others.

The decrease in amount due to shareholder from S\$2.2 million as at 31 December 2020 to nil as at 31 December 2021 was a result of an offsetting arrangement against the Right Shares subscription. On 22 September 2020, the Company entered into loan agreements with Mission Well Limited and Go Best Holdings Limited which are shareholder of the Company, for an unsecured, interest free facility of up to an aggregate principal amount of S\$9.1 million and S\$0.3 million respectively. On 1 February 2021, the total loan drawn down of \$9.4 million was converted into 680,538,325 issued share capital of the Company as part of the undertaken Rights Shares subscription amount of approximately \$9.4 million that was set off against an equivalent amount of the principal amount drawn down and due and owing by the Company. Please refer to announcement dated 22 September 2020 and 1 February 2021 for details.

The increase in lease liabilities by approximately S\$0.6 million from S\$64 thousand as at 31 December 2020 to S\$0.67 million as at 31 December 2021 was mainly due to the lease for the expansion of trading of watches business in Singapore.

Working Capital

The net working capital increased from negative S\$0.2 million as at 31 December 2020 to S\$8.5 million as at 31 December 2021 as a result of the increase in current assets by S\$9.5 million and increase in current liabilities of S\$0.8 million as at 31 December 2021.

Cashflow Position

The Group has a negative operating cash flows before working capital changes of S\$3.5 million as at 31 December 2021 mainly due to loss before income tax of approximately S\$3.4 million and adjusted by non-cash items of (i) unrealised exchange gain of S\$0.4 million; (ii) depreciation of S\$153 thousand; (iii) reversal of impairment losses on amount due from an associate of S\$26 thousand; (iv) reversal of provision for stock obsolescence of S\$90 thousand and (v) interest expenses of S\$38 thousand.

Net cash used in operating activities of approximately S\$12.7 million was mainly due to (i) increase in inventories of S\$5.3 million; (ii) increase in trade and other receivables of S\$5.4 million and (iii) increase in trade and other payables of S\$1.5 million.

Net cash of approximately S\$1 million was used in investing activities as at 31 December 2021 as a result of the (i) purchasing additional property, plant and equipment of S\$0.5 million ; (ii) additional intangible asset of approximately of S\$0.4 million and (iii) consideration paid for acquisition of a subsidiary of approximately S\$0.2 million.

Net cash generated from financing activities of S\$13.7 million as at 31 December 2021 was due to (i) proceeds from issuance of shares after the completion of Rights Issue in February 2021 of S\$14.8 million; (ii) repayment to shareholders of S\$2.2 million; (iii) repayment from an associate of S\$1.2 million; (iv) interest paid on lease liabilities of S\$34 thousand and (v) repayment of lease liabilities of S\$81 thousand.

Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

Distribution

The distribution of the consumables to the electronics manufacturer's business segment will encounter material challenges in the next 12 months and a major customer has scaled down its operations in Singapore as a result of the COVID-19 pandemic.

Trading of Watches

Due to the COVID-19, the operation of trading of watches is facing challenges in 2021. The Group will be able to tap into the thriving watches market in Hong Kong and Singapore where it is able to widen their source of revenue by extending these products to young individuals and professionals. Whilst Hong Kong will be the main market, the Group does not rule out possibilities of operating the Watches Business in other geographical areas as it deems fit.

As announced on 18 March 2021, the Company had on 18 March 2021 incorporated a wholly-owned subsidiary in Singapore, which operates trading of watches in Singapore. The subsidiary has not commenced business operation as at 31 December 2021.

As announced on 19 April 2021, the Company had on 11 March 2021 incorporated a wholly-owned subsidiary in Korea, which operates trading of watches in Korea. The subsidiary has commenced business operation in December 2021.

As announced on 27 May 2021, the Company entered into a share sale and purchase agreement with Christian Kwok-Leung Yau Heilesen who is the Executive Director of the Company to acquire the entire share capital of Central Capital ApS which is a Denmark company for the operation of watches. As announced on 31 May 2021, the Company had on 28 May 2021 completed the acquisition of Central Capital ApS.

As announced on 9 June 2021, the Company entered into a share sale and purchase agreement with Wingfort ApS and LHA ApS to acquire the entire share capital of HB 2021 ApS which is a Denmark company for operation of watches. As announced on 30 July 2021, the Company had on 29 July 2021 completed the acquisition of HB 2021 ApS.

Please refer to announcements dated 11 March 2021, 19 April 2021, 27 May 2021, 31 May 2021, 9 June 2021, 15 June 2021, 17 June 2021, 24 June 2021 and 30 July 2021 for more details.

Loan Financing

As announced on 27 September 2021, the Company entered into a sale and purchase agreement with Great Winner Holdings Limited, to acquire the entire issued share capital of Billion Credit Financial Company Limited. The acquisition is an interested person transaction as Mr Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company is the director of the vendor of the transaction. The proposed acquisition has been approved by shareholder via extraordinary general meeting held on 7 February 2022.

Please refer to announcements dated 27 September 2021, 4 October 2021, 14 January 2022 and 7 February 2022 for more details.

Website development

The emergence of Covid-19 has brought about uncertainties to the Group's operating environment. The trend of online platform and electronical means become important sources for business activities during the outbreak. In view of this, the Company engaged a information technology company to develop a website for the online business. At the first stage of the online business, the Company will provide services in relation to PDF conversion which is unrelated to the Group's current business, subsequently more functions may be developed for our current businesses.

The Company will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group will also be taking appropriate and timely measures to minimise the impact of the outbreak on the Group's operations.

The Group has immediately complied with all social distancing measures and will close its offices where appropriate. The Company also embraces work from home arrangements, using online conferencing and internet to ensure the continuity of its business. For those employees who are required to work at office, wearing face mask is a must and the Group has been providing hand sanitisers in office. The Group has also implemented the SafeEntry visitor's check-in system, all visitors visiting our office and the warehouse shall register using the SafeEntry check-in system for contact tracing.

Dividend

If a decision regarding dividend has been made

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

None

(b) (i) Amount per share

Not applicable

(ii) Previous corresponding period

Not applicable

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable

- (d) **The date the dividend is payable**

Not applicable

- (e) **The date on which Registrable Transfers received by the company (up to 5.00 p.m.) will be registered before entitlements to the dividend are determined.**

Not applicable

- (f) **If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision**

The Board does not recommend a dividend payment as the Company is in a loss making position for the financial year ended 31 December 2021.

Update on the Utilisation of Proceeds for the Rights Issue

The Company had on 3 February 2021 announced that 2,693,670,727 Rights Shares and 2,693,670,727 2021 Warrants have been allotted and issued by the Company on 2 February 2021. The proceeds from the issue of the Rights Shares was S\$5,673,541.45 which for the avoidance of doubt, excluded the undertaken Rights Shares subscription amount of approximately S\$9.4 million that was set off against an equivalent amount of the principal amount outstanding and due and owing by the Company to Mission Well under the Mission Well Loan Agreement and Go Best under the Go Best Loan Agreement.

On 21 June 2021, the Company announced reallocation on the use of proceeds. As at the date of this announcement, the Company has utilized the net proceeds from Rights Issue as follows:

Use of proceeds	Allocation as per the Offer Information Statement		Reallocation	Amount utilized as at the date of this announcement	Balance
	%	S\$'000	S\$'000	S\$'000	S\$'000
Funding the Financing Business	10	567	(567)	-	-
New Acquisitions	10	567	-	(300)	267
Expansion of the Luxury Goods Business	50	2,837	867	(3,704)	-
For general corporate and working capital purpose	30	1,702	(300)	(1,402)	-
Total	100	5,673	-	(5,406)	267

The above utilisation of the Net Proceeds from the Rights cum Warrants Issue is consistent with the intended uses as disclosed in the Company's Offer Information Statement dated 8 January 2021. The Company will continue to make periodic announcements via SGXNet on the utilisation of the balance of the proceeds as and when such proceeds are materially disbursed.

An aggregate amount of S\$1,402 thousand had been used for general working capital and the principal disbursements are set below:

	S\$'000
Professional fees	408
Website development expenses	123
Director fee	160
Others (included payroll, bank charges and other operating expenses)	711
Total	<u>1,402</u>

If the Group has obtained a general mandate from shareholders for Interested Person Transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group has not obtained a general mandate for IPTs.

The Company had rented an unit of office for the Loan Financing business from Greater Hero Limited which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalyst ("Catalist Rules"). The rental is HK\$40,000 per month from 1 January 2021 to 2 July 2021 (terminated on 2 July 2021) and total aggregate amount of HK\$240,000 (or equivalent to approximately S\$42,000).

The Company had leased part of the office of HB 2021 ApS to Yourwatches.com ApS which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalyst ("Catalist Rules"). The rental income is DKK50,000 per month from 1 September 2021 to 31 December 2021 and total aggregate amount of DKK200,000 (or equivalent to approximately S\$41,000).

The Group did not have interested person transaction exceeding the S\$100,000 threshold.

Confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors has confirmed that to the best of its knowledge, nothing has come to their attention which may render the Group's unaudited condensed interim financial results for the financial year ended 31 December 2021 to be false or misleading in any material aspect.

Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuers must make an appropriate negative announcement.

During FY2021, there was no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to the directors, chief executive officer or substantial shareholders of the Company.

Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

By Order Of The Board
Christian Kwok-Leun Yau Heilesen
Executive Director
Dated: 28 February 2022

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

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