INDEPENDENT REVIEW REPORT

prepared by

Provenance Capital Pte. Ltd.
(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)

as the Joint Independent Reviewer
pursuant to the
Notice of Compliance issued by SGX RegCo
in relation to

Incredible

Incredible Holdings Ltd.
(Company Registration Number: 199906220H)
(Incorporated in the Republic of Singapore)

and

NTEGRATOR
TODAY'S INTEGRATION, TOMORROW'S SOLUTION

Ntegrator Holdings Limited
(formerly known as Watches.com Limited)
(Company Registration Number: 199904281)
(Incorporated in the Republic of Singapore)

10 November 2023

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Entities

"**AES**" and "**AES Shares**"	:	Arion Entertainment Singapore Limited, a company listed on Catalist, and shares of AES respectively
"**Baker Tilly**"	:	Baker Tilly TFW LLP
"**Billion Credit**"	:	Billion Credit Financial Company Limited
"**Bursa Malaysia**"	:	Bursa Malaysia Berhad
"**CHFT**"	:	CHFT Advisory and Appraisal Ltd., independent valuer for the Gadmobe Group
"**CKLY**"	:	CKLY Trading Limited, a wholly-owned subsidiary of Golden Ultra
"**CKLY Family Trust**"	:	Christian Kwok-Leun Yau Heilesen Family Trust
"**Companies**"	:	Incredible and Ntegrator, and each a "**Company**"
"**Echo International**"	:	Echo International Holdings Group Limited, a company listed on the GEM board of HKEX
"**FT Consulting**"	:	FT Consulting Limited, independent valuer for CKLY/Golden Ultra
"**Gadmobe Group**"	:	The group of companies comprising Sasha Lab Limited, Gadmobe Interactive Limited, GZ Youlvyou Info Tech Co Ltd, COD Centre Pte. Ltd. and Bass of Hala OÜ
"**Golden Ultra**" or "**Golden Ultra Group**"	:	Golden Ultra Limited, an investment holding company formed to own 100% of CKLY, which was previously wholly owned by Christian
"**HKEX**"	:	The Stock Exchange of Hong Kong Limited
"**HLF**"	:	Hong Leong Finance Limited, Sponsor of Incredible
"**IEPL**"	:	Industrial Electronics Pte Ltd, a company incorporated in Singapore
"**Incredible**" or "**Vashion**"	:	Incredible Holdings Ltd. (Company Registration Number 199906220H), a company incorporated in the Republic of Singapore and listed on Catalist. Incredible was formally known as Vashion Group Ltd., and had changed its name to Incredible Holdings Ltd with effect from 21 November 2019. *We have used Incredible and Vashion interchangeably in certain sections of this Report*
"**Incredible Group**"	:	Incredible and its subsidiaries
"**Novus**"	:	Novus Corporate Finance Pte. Ltd., IFA for Incredible in relation to the cross-issuance of perpetual securities with warrants
"**Ntegrator**"	:	Ntegrator Holdings Limited (Company Registration Number 199904281D), a company incorporated in the Republic of Singapore and listed on Catalist. The Company was formerly known as Ntegrator International Ltd. before it changed its name to Watches.com Limited on 11 May 2022,

		and further changed its name to Ntegrator Holdings Limited on 9 March 2023
"**Ntegrator Group**"	:	Ntegrator and its subsidiaries
"**Peak Vision**"	:	Peak Vision Appraisals Limited, independent valuer for Billion Credit
"**PPCF**"	:	PrimePartners Corporate Finance Pte. Ltd., Sponsor of Ntegrator
"**Provenance Capital**" or "**Joint Independent Reviewer**"	:	Provenance Capital Pte. Ltd., the Joint Independent Reviewer appointed by Incredible and Ntegrator to carry out the Independent Review of certain matters pursuant to the Notice of Compliance. The scope of work and terms of reference of the Independent Review have been approved by SGX RegCo and is set out in this Report
"**SGX RegCo**"	:	Singapore Exchange Regulation Pte. Ltd., a wholly-owned independent regulatory subsidiary of Singapore Exchange Limited
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**SLB**"	:	Shooklin & Bok LLP, legal adviser to the Companies
"**W Capital**"	:	W Capital Markets Pte. Ltd., IFA for Incredible and Ntegrator in relation to certain Transactions
"**Yourwatches.com**"	:	Yourwatches.com ApS, a company incorporated under the laws of Denmark, which is engaged in the business of, *inter alia*, the retailing of watches

Personnel

"**Christian**" or "**Mr Christian Heilesen**"	:	Mr Christian Yau Kwok-Leun Heilesen, Executive Director and a substantial shareholder of Incredible and Ntegrator
"**Mr Chay Yiowmin**"	:	Mr Chay Yiowmin, Independent Non-Executive Chairman of Ntegrator
"**Mr Henrick Heilesen**"	:	Mr Henrick Yau Kwok Hang Heilesen, brother of Christian
"**Mr Jacob Leung**"	:	Mr Leung Kwok Kuen Jacob, Independent Non-Executive Chairman of Incredible and Independent Director of Ntegrator
"**Mr Han Meng Siew**"	:	Mr Han Meng Siew, Executive Director of Ntegrator
"**Ms Jamie Siu**"	:	Ms Siu Hui Ki Jamie (formerly known as Ms Siu Yik Tung), spouse of Christian
"**Mr Leif Chan**"	:	Mr Chan Ka Ki, Chief Financial Officer of Incredible
"**Mr Stanley Leung**"	:	Mr Leung Yu Tung Stanley, Independent Director of Incredible and Ntegrator
"**Mr Tao Yeoh Chi**"	:	Mr Tao Yeoh Chi, Independent Director of Ntegrator
"**Ms Eunice Koh**"	:	Ms Eunice Veon Koh Pei Lee, Independent Director of Incredible
"**Ms Zhou Jia Lin**"	:	Ms Zhou Jia Lin (Joyce), Non-Executive and Non-Independent Director of Incredible, and Independent Director of Ntegrator

"**Ms Zhou Qi Lin**"	:	Ms Zhou Qi Lin, a substantial shareholder of Incredible
"**Ms Zheng Zeli**"	:	Ms Zheng Zeli, a substantial shareholder of Ntegrator

General

"**ACRA**"	:	Accounting and Corporate Regulatory Authority
"**Audit Committee**" or "**AC**"	:	The audit committee of an issuer
"**Board**" or "**Board of Directors**"	:	The board of directors of the Companies
"**Catalist**"	:	Catalist board of the SGX-ST
"**Catalist Rules**" or "**Rules**"	:	SGX-ST Listing Manual Section B: Rules of Catalist
"**CFO**"	:	Chief Financial Officer
"**Code**"	:	The Singapore Code on Take-overs and Mergers, as amended, modified or supplemented from time to time
"**Code of Corporate Governance**"	:	Code of Corporate Governance dated 6 August 2018
"**Companies Act**"	:	Companies Act 1967 of Singapore
"**Controlling Shareholder**"	:	A person who:- (a) holds directly or indirectly 15% or more of the total voting rights in the company. 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
"**Cut-Off Date**"	:	31 October 2022, being the date that Provenance Capital had substantially completed its findings on the Transactions
"**Directors**"	:	The directors of the Companies
"**EGM**"	:	Extraordinary general meeting
"**Executive Director**"	:	An executive director of the Companies
"**Executive Summary**"	:	The executive summary of our key review and findings of the Transactions based on our scope of Review, which is set out as part of this Report
"**Hong Kong**"	:	Hong Kong, a Special Administrative Region of the PRC
"**Incredible Shares**"	:	Ordinary shares of Incredible
"**Independent Directors**"	:	The independent directors of the Companies
"**IFA**"	:	An independent financial adviser

"**Interested Person**"	:	A director, chief executive officer or controlling shareholder of an issuer or an associate of any such director, chief executive officer or controlling shareholder, as defined in the Catalist Rules
"**Interested Person Transaction**" or "**IPT**"	:	A transaction between an issuer and its Interested Person as defined in the Catalist Rules
"**Investment Committee**"	:	The investment committee of Incredible
"**M&A**"	:	Mergers and acquisitions
"**Management**"	:	Management of the Companies
"**Managerial Position"**	:	Means a position equivalent to, or more senior than, the head of a department or division (whether organised by function, product or territory)
"**NAV**"	:	Net asset value
"**Notice of Compliance**"	:	The notice of compliance issued by SGX RegCo to each of Incredible and Ntegrator dated 27 June 2022
"**Nominating Committee**" or "**NC**"	:	The nominating committee of Incredible and Ntegrator
"**NTA**"	:	Net tangible assets
"**Ntegrator Shares**"	:	Ordinary shares of Ntegrator
"**NTL**"	:	Net tangible liabilities
"**PRC**"	:	People's Republic of China
"**Pre-Completion Dividend Payout**"	:	Dividends to be declared to Christian, the vendor, in the sale of Golden Ultra to Ntegrator, where such amount to be determined on the completion of the acquisition of Golden Ultra would result in the NTA of Golden Ultra Group to be HK$0
"**Post-Completion Dividend Payout**"	:	Dividends to be declared post completion to Mr Tam Ki Ying, the vendor in the sale of the Gadmobe Group to Incredible and Ntegrator, by 30 June 2022
"**Recommending Directors**"	:	Non-conflicted directors of Incredible and Ntegrator who had made their recommendations in relation to each of the Transactions
"**Remuneration Committee**" or "**RC**"	:	The remuneration committee of Incredible and Ntegrator
"**Review Period**"	:	The 12 months period up to the date of the Notice of Compliance
"**Report**"	:	This report dated 10 November 2023 addressed to the Board of Directors of Incredible and Ntegrator, and sets out our detailed review and findings in respect of each of the Transactions
"**Review**" or "**Independent Review**"	:	The review carried out by Provenance Capital on certain matters of Incredible and Ntegrator pursuant to the Notice of Compliance, the scope of which had been approved by SGX RegCo as set out in this Report

"**SFA**"		Securities and Futures Act 2001
"**SGXNET**"	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
"**Sponsors**"	:	HLF (Sponsor to Incredible) and PPCF (Sponsor to Ntegrator)
"**Transactions**"	:	The corporate actions and fund-raising exercises that were announced or carried out by the Companies during the Review Period as set out in paragraph 1.1 of our Cover Letter, and each a "**Transaction**"

Financials

"**FY2017**"	:	With respect to Incredible and Ntegrator, the financial year ended 31 December 2017
"**FY2018**"	:	With respect to Incredible and Ntegrator, the financial year ended 31 December 2018
"**FY2019**"	:	With respect to Incredible and Ntegrator, the financial year ended 31 December 2019
"**FY2020**"	:	With respect to Incredible and Ntegrator, the financial year ended 31 December 2020
"**FY2021**"	:	With respect to Incredible and Ntegrator, the financial year ended 31 December 2021
"**FY2022**"	:	With respect to Incredible and Ntegrator, the financial year ended 31 December 2022
"**1H2021**"	:	With respect to Incredible and Ntegrator, the half year ended 30 June 2021
"**1H2022**"	:	With respect to Incredible and Ntegrator, the half year ended 30 June 2022
"**2H2022**"	:	With respect to Incredible and Ntegrator, the half year ended 31 December 2022
"**%**"	:	Percentage or per centum
"**K**"	:	Abbreviation for thousand e.g. S$1K = S$1,000
"**DKK**"	:	Danish Krone, the lawful currency of Denmark
"**HK$**"	:	Hong Kong Dollars, the lawful currency of Hong Kong
"**MYR**"	:	Malaysian Ringgit, the lawful currency of Malaysia
"**S$**"	:	Singapore Dollars, the lawful currency of Singapore
"**US$**"	:	United States Dollars, the lawful currency of the United States of America

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing a specific gender shall, where applicable, include the other genders. Reference to person shall, where applicable, include corporations.

Any reference in this Report to any enactment is a reference to that enactment as for the time being amended or re-enacted. Any word defined under the Catalist Rules or any statutory modification thereof and not otherwise defined in this Report shall have the same meaning ascribed to that word under the Catalist Rules or any statutory modification thereof, as the case may be.

Any reference to a time of day and date in this Report shall be a reference to Singapore time and date unless otherwise stated.

PROVENANCE CAPITAL PTE. LTD.
(Company Registration Number: 200309056E)
(Incorporated in the Republic of Singapore)
96 Robinson Road #13-01 SIF Building
Singapore 068899

10 November 2023

To: **Board of Directors of Incredible Holdings Ltd.**

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

To: **Board of Directors of Ntegrator Holdings Limited (formerly known as Watches.com Limited)**

Mr Chay Yiowmin, Independent Non-Executive Chairman
Mr Christian Kwok-Leun Yau Heilesen, Executive Director
Mr Han Meng Siew, Executive Director
Mr Leung Kwok Kuen Jacob, Independent Director
Ms Zhou Jia Lin, Independent Director
Mr Leung Yu Tung Stanley, Independent Director
Mr Tao Yeoh Chi, Independent Director

Dear Sirs/Mdm,

INDEPENDENT REVIEW REPORT RELATING TO INCREDIBLE HOLDINGS LTD. AND NTEGRATOR HOLDINGS LIMITED (FORMERLY KNOWN AS WATCHES.COM LIMITED) PURSUANT TO THE NOTICE OF COMPLIANCE ISSUED BY SGX REGCO

1. BACKGROUND

1.1 Notice of Compliance

Incredible and Ntegrator are each listed on the Catalist board of the SGX-ST.

On 27 June 2022, SGX RegCo issued the Notice of Compliance to each of the Companies *inter alia* requiring the respective Audit Committees of these Companies to appoint a suitable Joint Independent Reviewer to perform a holistic Review of all corporate actions and fund-raising exercises announced by these Companies during the Review Period.

We were appointed as the Joint Independent Reviewer on 25 July 2022.

Our scope of review and terms of reference have been cleared by SGX RegCo and covers the following Transactions (corporate actions and fund-raising exercises) that were announced or carried out by the Companies during the Review Period:

<u>Acquisitions of the target companies</u>

(i) acquisition of a 100% interest in HB 2021 ApS by Incredible;

(ii) acquisition of a 100% interest in Billion Credit by Incredible as an IPT;

(iii) acquisitions of equity interests in Golden Ultra by the Companies as IPTs;

(iv) acquisitions of equity interests in the Gadmode Group by the Companies;

(v) acquisition and disposal of AES Shares by Ntegrator;

(vi) proposed acquisition of Watches.com by Ntegrator;

Fund-raising exercises

(vii) placement exercises in June and November 2021 by Ntegrator;

(viii) share consolidation and proposed rights cum warrants issue by Ntegrator;

(ix) proposed cross-issuance of perpetual securities with warrants by the Companies and proposed distribution *in specie* of warrants to their respective shareholders; and

(x) proposed placement exercise in May 2022 by Incredible.

2. SCOPE OF OUR REVIEW AND TERMS OF REFERENCE

2.1 Scope of our Review

In summary, the scope of our Review as set out by SGX RegCo in relation to the Transactions includes, *inter alia*, the following:

(i) review and assess the circumstances that led to these Transactions;

(ii) review the internal controls and governance structure leading to these Transactions being entered into;

(iii) determine whether these Transactions were entered into on normal commercial terms and are not prejudicial to the interests of the Companies and their respective minority shareholders. For the avoidance of doubt, we are not expected to carry out the role of an IFA to re-assess and re-evaluate the terms of the Transactions;

(iv) determine whether there are commercial bases for the Transactions;

(v) determine how these Transactions, if undertaken, will support each of the Companies' goals and plans;

(vi) assess the impact of these Transactions on the Companies' financials (including subsequent impairments / write-downs / loss from disposal, if any); and

(vii) assess the linkage between these Transactions to the remuneration of respective Board of Directors and key management personnel, and how the Remuneration Committee has assessed such remuneration against the respective personnel's performance.

Where relevant, we have included and updated developments as announced by the Companies on the Transactions that had occurred after the date of the Notice of Compliance and up to 31 October 2022, being the Cut-Off Date when we have substantially completed our findings on the Transactions.

2.2 Terms of reference

Provenance Capital has been appointed as the Joint Independent Reviewer by Incredible and Ntegrator to carry out the Independent Review.

We are not and were not involved or responsible, in any aspect, in the negotiations in relation to any of the Transactions made or considered by the Companies, nor were we involved in the

deliberations leading up to any decision on the part of the Directors relating to the Transactions or to obtain any approval from the Companies' shareholders for any of the Transactions, and we do not, by this Report, warrant the merits of any of the Transactions.

We are not experts/specialists in the respective industries in which the Companies had carried out the Transactions. In addition, we will not be in a position to comment on the terms of such Transactions or whether the Companies should have invested in any alternative transactions previously considered by the Companies (if any) or that may otherwise be available to the Companies currently or in the future, and we have not made such evaluation or comment. Such evaluation or comment, if any, remains the responsibility of the Directors and/or the Management of the Companies although we may draw upon the views of the Directors and/or the Management or make such comments in respect thereof (to the extent deemed necessary and appropriate by us) in arriving at our findings as set out in this Report.

In the course of our evaluation, we have held discussions with the Directors and Management, relevant professional advisers and personnel (where appropriate, practicable and accessible) and have examined and relied 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 other relevant personnel (where applicable) of the Companies. While we have made reasonable enquiries where practicable in respect of such information or representations, 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. Nonetheless, we have made reasonable enquiries and exercised our judgement on the reasonable use of such information and have found no reason to doubt the accuracy or reliability of such information.

We have not independently verified and have assumed that all statements of fact, belief, opinion and intention made by the Directors in this Report have been reasonably made after due and careful enquiry. Whilst care has been exercised in reviewing the information on which we have relied on, we have not independently verified the information.

Save as disclosed, we would like to highlight that all information relating to the Companies and the Transactions or matters under Review, which we have relied upon in arriving at our findings with respect to the Transactions, has been obtained from publicly available information and/or from the Directors and Management, relevant professional advisers and personnel of the Companies. We have not independently assessed and do not warrant or accept any responsibility as to whether the aforesaid information adequately represents a true and fair position of the financial, operational and business affairs of the Companies, their subsidiaries, the Group and/or the Transactions at any time or as at the Cut-Off Date. Where information has been extracted from websites, we have not sought the consent of the relevant owner, nor has the relevant owner provided their consent to the inclusion of such information in the context of this Report. No representations or warranties are made as to the truth, accuracy, or completeness of such information, and we assume no responsibility to update, revise or reaffirm our Report to reflect any updates or changes to any such information on the relevant websites.

Our findings as set out in this Report are based on market, industry, regulatory and other conditions (if applicable) prevailing as at the Cut-Off Date, and the information and representations provided to us prior to the Cut-Off Date. We assume no responsibility to update, revise or reaffirm our Report in light of any subsequent development after the Cut-Off Date that may affect the information and/or our findings contained herein.

The scope of our appointment does not require us to conduct a comprehensive independent review of the business, operations or financial condition of the Companies and/or their subsidiaries and the Transactions or to express, and we do not express, any view on the future growth prospects, value and earnings potential of the Companies and/or their subsidiaries and/or the Transactions. Such review or comment, if any, remains the responsibility of the Directors and the Management, although we may draw upon their views or make such comments in respect thereof (to the extent deemed necessary or appropriate by us) in arriving at our findings as set out in this Report. We have not obtained from the Companies and/or their subsidiaries any

projection of the future performance including financial performance of the Companies and/or their subsidiaries and/or the Transactions, and we did not conduct discussions with the Directors and the Management on, and did not have access to, any business plan and financial projections of the Companies and/or their subsidiaries and/or the Transactions. In addition, we are not expressing any view as to the prices at which the shares of the Companies may trade or the future value, financial performance or condition of the Companies and/or their subsidiaries, upon or after completion of the Review.

We have not made an independent evaluation or appraisal of the assets and liabilities of the Companies and/or their subsidiaries or the target companies. As such, we will be relying on the disclosures and representations made by the Companies on the value of the assets and liabilities, profitability of the respective Companies and/or their subsidiaries and the target companies, and the key matters under Review. We have not been furnished with any such evaluation or appraisal.

As a term of our engagement, SGX RegCo may at their discretion decide to publish certain portions or the whole of the Report on the SGXNET. Notwithstanding the above, neither the Companies, the Directors, any shareholder of the Companies nor any other party may reproduce, disseminate or quote this Report (or any part thereof) for any other purposes, at any time and in any manner, or use or rely on it for any other purposes without the prior written consent of Provenance Capital in each separate instance.

Pursuant to our mandate letter dated 22 July 2022 in relation to our appointment as the Joint Independent Reviewer, the Directors had undertaken to Provenance Capital on the following:

"***UNDERTAKINGS BY THE DIRECTORS OF THE COMPANIES***

The respective Directors of the Companies undertake to Provenance Capital that each of them will:

(a) *provide, and/or procure management and relevant parties to provide, to Provenance Capital all such information and documents as Provenance Capital may reasonably request or require to enable it to carry out the Independent Review; and*

(b) *confirm to Provenance Capital that upon making all reasonable enquiries and to their best knowledge and beliefs, all material information available to them in connection with the Independent Review, will be disclosed to us, and that such information is true, complete and accurate in all material respects and that there is no other information or fact, the omission of which would cause any information disclosed to us or the facts of or in relation to the Independent Review to be inaccurate, incomplete or misleading in any material respect.*"

3. INFORMATION, INTERVIEWS AND MAXWELLISATION

Our findings as set out in this Report are based on our review of various publicly available information, and documents and information which were provided to us by the Companies in relation to the above Transactions. To obtain clarifications and insights into these Transactions, we have conducted various interviews with the relevant personnel who were involved in these Transactions.

The list of persons whom we have interviewed and/or provided Maxwellisation comments for this Report includes the following:

	Role	Name of person	Remarks
1.	Directors	Mr Christian Heilesen	Executive Director of Incredible and Ntegrator
2.		Mr Jacob Leung	Independent Director of Incredible and Ntegrator
3.		Mr Stanley Leung	Independent Director of Incredible and Ntegrator
4.		Ms Zhou Jia Lin	Non-Executive Non-Independent of Incredible and Independent Director of Ntegrator
5.		Ms Eunice Koh	Independent Director of Incredible
6.		Mr Han Meng Siew	Executive Director of Ntegrator
7.		Mr Chay Yiowmin	Independent Director of Ntegrator
8.		Mr Tao Yeoh Chi	Independent Director of Ntegrator
9.	Management (other than Executive Directors)	Mr Leif Chan	CFO of Incredible, and who also assisted Ntegrator on various matters
10.	Sponsors	Ms Vera Leong	Hong Leong Finance Limited (Sponsor of Incredible)
11.		Mr Tang Yeng Yuan	
12.		Mr Shaune Tan	
13.		Ms Gillian Goh	PrimePartners Corporate Finance Pte. Ltd. (Sponsor of Ntegrator)
14.		Mr Mark Liew	
15.		Ms Ng Shi Qing	
16.	Legal adviser	Ms Gwendolyn Gn	Shooklin & Bok LLP (legal adviser to Incredible and Ntegrator)
17.	Valuers	Mr Lee Chern Sung	Peak Vision Appraisals Limited (Independent Valuer to Incredible on the valuation of Billion Credit)
18.		Mr Steven Wong	
19.	IFAs	Mr Foo Say Nam	W Capital Corporate Finance Pte. Ltd. (IFA to (i) Incredible on the acquisition of Billion Credit, (ii) Incredible and Ntegrator on the acquisition of Golden Ultra and (iii) Ntegrator on the issue/subscription of perpetual securities with warrants)
20.		Ms Lau Sze Mei	Novus Corporate Finance Pte. Ltd. (IFA to Incredible on the issue/subscription of perpetual securities with warrants)

* We had tried to reach out to the valuers for Golden Ultra (FT Consulting Limited) and the Gadmobe Group (CHFT Advisory and Appraisal Ltd.) and Baker Tilly TFW LLP (former external auditors of Incredible) but they had not responded to us or to any of our queries.

Where findings, information, comments, inferences and conclusions from these persons have been included in this Report, wherever reasonably practicable, these persons have been given the opportunity to comment on the disclosure of these statements in our Report pursuant to the Maxwellisation process. We have incorporated their views and/or comments in our Report where appropriate.

4. SUMMARY HIGHLIGHTS, EXECUTIVE SUMMARY AND REPORT

Our draft Report was first circulated to the Directors, Management and the Companies' Sponsors in December 2022.

Subsequent revised draft Reports (taking into consideration Maxwellisation comments and various amendments) were circulated to the Directors, Management, the Companies' Sponsors and SLB for their comments prior to the finalisation of this Report.

This Report is prepared for the purposes of the Review and is addressed to the Board of Directors of the Companies. As a term of our engagement, SGX RegCo may at its own discretion decide to publish certain portions or the whole of this Report.

This Report includes:

(a) the Summary Highlights which list the headline findings and conclusion from our review of the Transactions as set out in the Executive Summary, and potential breaches under the Companies Act, Securities and Futures Act 2001 and Catalist Rules;

(b) the Executive Summary which expands on the headline findings and summarises the key findings from our review of the Transactions in accordance with the scope of our Review as set out by SGX RegCo, and the details of the potential breaches.

We have also incorporated in the Executive Summary where appropriate the views and/or comments of relevant personnel who were involved in the Transactions. For completeness and transparency, we have attached an Annex to the Executive Summary the Maxwellisation comments by Christian which are not included in the Executive Summary as we did not draw the same findings and/or conclusions; and

(c) the detailed review and findings in respect of each of the Transactions under the various titled Sections, and Appendices I to III which includes the timeline chart of the Transactions, and interviews with the Directors and various professional advisers.

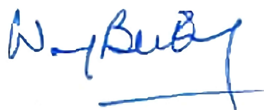
For completeness and transparency, we have also set out in Appendix IV further Maxwellisation comments by Christian which are not included in the Sections as we did not draw the same findings and/or conclusions.

For a more complete understanding of our findings of the Transactions, comments from various parties arising from the interviews and Maxwellisation processes carried out for the purpose of this Report, it is recommended that the Summary Highlights and Executive Summary be read together with the full text of this Report.

5. EXPRESSION OF THANKS

We would like to express our thanks to the respective Board of Directors of Incredible and Ntegrator and the relevant personnel whom we have interviewed or who have provided their Maxwellisation comments for their co-operation throughout the course of our Review and preparation of this Report.

Yours faithfully
For and on behalf of
PROVENANCE CAPITAL PTE. LTD.



Wong Bee Eng
Chief Executive Officer

SUMMARY HIGHLIGHTS

This Summary Highlights should be read in conjunction with the Executive Summary, and the full text of our Report.

1. We have identified various common links among certain Directors and shareholders of Incredible and Ntegrator which may be useful as a reference to aid understanding of the Transactions (see paragraph 1 of the Executive Summary).

2. Both Companies were eager to acquire target companies to build up their new core businesses as part of their goals and plans, and had proposed the six acquisitions (i.e. HB2021 ApS, Billion Credit, Golden Ultra, the Gadmobe Group, AES Shares and Watches.com) which were announced and/or completed during the Review Period. However, based on our findings, we are of the view that these acquisitions do not appear to be carried out on normal commercial terms (as certain terms were disadvantageous to the Companies), and hence there are grounds on which the acquisitions would be prejudicial to the interests of the Companies and their respective minority shareholders. Our findings include the following:

    (i) The Companies had paid significant considerations for most of the target companies with relatively weak historical financial positions and financial results, and/or which were not supported by the opinion of the IFA and independent valuations of the target companies. Despite the above, the Recommending Directors of the Companies had supported these acquisitions and recommended their shareholders to vote in favour of these acquisitions (see paragraph 3.2.1 of the Executive Summary);

    (ii) Certain important facts and/or terms of the transactions (e.g. 1H2021 Interim Results and the dividend payout arrangements) were not made known to the valuers by the respective Management of Incredible and Ntegrator and therefore not disclosed in the independent valuation reports pertaining to the target companies (i.e. Billion Credit, Golden Ultra and the Gadmobe Group) and hence, it is not clear if the valuation of these target companies might have been overstated if the valuers had taken into consideration these facts/terms of the transactions (see paragraph 3.2.2 of the Executive Summary);

    (iii) The Companies had disclosed that the acquisitions of the target companies have no financial impact on their respective NTAs. Such disclosures are misleading and erroneous as the Companies had paid considerations significantly above the respective attributable NAV/NTA of the target companies and the considerations were paid for via promissory notes, resulting in significant goodwill and/or intangible assets which would have a material impact on the NTA of these Companies post-acquisition. In addition, the Companies had misinterpreted the definition of NTA to mean "net total assets" instead of "net tangible assets" even though NTA was defined as "net tangible assets" in their announcements/circulars to shareholders (see paragraph 3.2.3 of the Executive Summary);

    (iv) The AC/Special Committee of the Companies had opined that the Interested Person Transactions were on normal commercial terms and not prejudicial to the interests of the companies and their minority shareholders, despite the opinion of the IFA that the acquisitions were not on normal commercial terms and may be prejudicial to the interests of the Companies and their minority shareholders. The proposed acquisitions were approved at the respective EGMs with the support of certain shareholders (see paragraph 3.2.4 of the Executive Summary);

    (v) There was material non-disclosure of the dividend payouts arrangements (in the acquisition of Golden Ultra by Incredible) and a lack of evaluation of the implications of the dividend payouts by Directors of both Companies (see paragraph 3.2.5 of the Executive Summary); and

(vi) Ntegrator did not disclose the Refund Clause which is a material term in the proposed acquisition of AES Shares (see paragraph 3.2.6 of the Executive Summary).

3. The Companies had issued promissory notes to fund most of their acquisitions which were at significant considerations for most of the target companies with relatively weak historical financial positions and financial results, and/or which were not supported by the opinion of the independent valuations of the target companies. To repay these promissory notes, as well as to meet the Companies' fund-raising goals and plans, the Companies had proposed various equity fund-raising exercises. Incredible had announced the proposed placement of shares with free warrants on 6 May 2022, Ntegrator had announced its proposed share consolidation and rights cum warrants issue on 31 December 2021 and the Companies had announced the proposed cross-issuance of perpetual securities with free warrants in early January 2022.

However, since the announcements of the acquisitions of the target companies, market share prices of the Companies had fallen considerably. As a result, the equity fund-raising exercises which were benchmarked to prevailing market share prices had involved the issuance of a significant number of shares and warrants.

Based on our findings, we are of the view that the proposed fund-raising exercises do not appear to be carried out on normal commercial terms, and hence there are grounds on which these proposed fund-raising exercises would be prejudicial to the interests of the Companies and their respective minority shareholders. Our findings include the following:

(i) Under the proposed placement exercise by Incredible announced on 6 May 2022, Incredible's existing minority shareholders would face substantial dilution in their respective shareholding interests in the Company, the warrants confer additional benefits and incentives to the placees, and the proposed placement exercise is NAV-dilutive (see paragraph 3.3.4 of the Executive Summary);

(ii) Following shareholders' approval of the proposed share consolidation and rights cum warrants issue, Ntegrator had effected the share consolidation on 9 May 2022. Ntegrator's proposed rights cum warrants issue involves the issuance of a significant number of shares and a series of European-style warrants with different expiry dates and exercise prices. Ntegrator's existing minority shareholders would face substantial dilution in their shareholding interests in the Company if they do not subscribe to their full entitlement (see paragraph 3.3.5 of the Executive Summary);

(iii) Both Incredible and Ntegrator had proposed the cross-issuance of perpetual securities with free warrants to each other with no actual cash flows between the Companies, to be followed by a proposed distribution *in specie* of some or bulk of the free warrants received to their respective shareholders.

The proposed transactions facilitate the issuance of significant number of free warrants (with exercise prices at significant discounts to market share prices) to shareholders other than its own, has no immediate net tangible financial benefits to the Companies, and existing minority shareholders would also face substantial dilution in their shareholding interests in the Companies.

The Companies had disclosed the proposed distribution *in specie* by way of a proposed capital reduction but did not state the amount of the capital reduction that is required for the distribution *in specie*. Instead, the Companies had disclosed that the proposed capital reduction would be used to cancel accumulated losses that these Companies had incurred.

In addition, the Interested Person had failed to abstain from voting on the proposed transactions as an Interested Person Transaction at the EGM of Ntegrator and the EGM results announcement had erroneously disclosed that the Interested Person had abstained from voting when it had, in fact, voted on the Interest Person Transaction,

(see paragraph 3.3.6 of the Executive Summary); and

(iv) Both Companies had erroneous/inappropriate disclosures of NTA information in relation to certain of the fund-raising exercises (see paragraph 3.3.7 of the Executive Summary).

4. Arising from our review of the Transactions, we note that various aspects of the internal controls and corporate governance appear to be lacking in both Companies. Our findings include the following:

   (i) There was generally weak and/or no evidence to show that the Directors had put in sufficient robust deliberations and due diligence to evaluate the terms of the Transactions before putting forth the proposed Transactions to shareholders for their approval at the EGMs (see paragraph 4.1 of the Executive Summary);

   (ii) There was significant inter-reliance among the various parties to give comfort that the Transactions were appropriately addressed, disclosed and in full compliance with the relevant rules and regulations, which were "blind spots" for the issues that we have identified, and these are not in the interests of the Companies and their minority shareholders (see paragraph 4.2 of the Executive Summary);

   (iii) Both Companies should have, together with their Sponsors, conducted robust deliberation prior to appointing the same IFA for the acquisition of the same target company (Golden Ultra) concurrently undertaken by both Companies and made the necessary disclosures of their deliberations in their circulars to shareholders.

   In addition, there appears to be no good reason for the self-declared conflicted AC members of Incredible to be exempted from making a recommendation on the acquisition of Golden Ultra, as they had, in fact, participated in, deliberated on and supported the proposed acquisition of Golden Ultra as an Interested Person Transaction and were involved in the appointment of the IFA,

   (see paragraph 4.3 of the Executive Summary); and

   (iv) Both Companies should have conducted more robust due diligence and checks for accuracy to avoid erroneous and unclear disclosures as well as non-disclosures of material information in relation to *inter alia* financial terms, financial effects, material terms of the Transactions, failure of the Interested Person to abstain from voting in an Interested Person Transaction and erroneous disclosure in the EGM results announcement (see paragraph 4.4 of the Executive Summary).

5. As the completed Transactions were mostly completed in March/April/May 2022, the Transactions did not result in any material impairment/write-downs on the 1H2022 financial results of the Companies, being the latest available results announcements of the Companies at the time of our Review (see paragraph 5 of the Executive Summary).

6. In our review of the Transactions to assess any linkage to the remuneration of the respective Board of Directors and key management personnel, we note the following:

   (i) Ms Zhou Jia Lin, as a Non-Executive Director and AC member of Incredible, would not be entitled to but had received salaries and other benefits from Incredible for FY2019, FY2020 and FY2021.

   The Company had viewed that the brother and wife of Christian are not key management and they do not occupy a Managerial Position in the Incredible Group, and hence, there was no need to disclose the nature of their employment in its annual reports. However, we note that the brother and wife of Christian are employed as business development managers reporting directly to Christian and were paid

significant remuneration compared to the key management executives named in the annual reports of Incredible,

(see paragraph 6.1 of the Executive Summary); and

(ii) The bonus awarded by Incredible to Christian in FY2021 is not in full compliance with the relevant statements on “Remuneration Matters” under the Corporate Governance Statement in Incredible’s annual report for FY2021. The bonus was subsequently reversed in the results announcement of Incredible for 2H2022 (see paragraph 6.2 of the Executive Summary).

7. Arising from our review and findings of the Transactions, the Companies may have potentially breached the following rules and regulations (see paragraph 7 of the Executive Summary):

- Companies Act - Sections 157(1), 157(2) and 157C;

- SFA - Section 203; and

- Catalist Rules - 703(1) and 703(4) (read with para 6 and para 27 of Appendix 7A), 719(1), 812(2), 919, 921(6), 1010(8) and 1203(1).

EXECUTIVE SUMMARY

This Executive Summary sets out the key findings from our review of the Transactions in accordance with the scope of Review by SGX RegCo. The findings are based on our review of various publicly available information, and documents and information which were provided to us by the Companies in relation to the above Transactions. To obtain clarifications and insights into these Transactions, we have conducted various interviews with the relevant personnel who were involved in these Transactions.

For completeness and transparency, we have attached an Annex to this Executive Summary the Maxwellisation comments by Christian which are not included in the Executive Summary as we did not draw the same findings and/or conclusions. This Executive Summary and the Annex should be read in conjunction with, and is qualified by reference to, the full text of our Report.

1. COMMON LINKS AMONG CERTAIN DIRECTORS AND SHAREHOLDERS OF BOTH COMPANIES

1.1 In the course of our review of the Companies, we have identified various common links among certain personnel and companies which may be useful as a reference to aid understanding of the Transactions. These include:

(a) **Christian** (a citizen of Denmark) is concurrently the Executive Director of Incredible and Ntegrator. He is also the single largest shareholder in Incredible and the second largest shareholder in Ntegrator after Ms Zheng Zeli;

(b) Christian's wife (**Ms Jamie Siu**) (a resident of Hong Kong) was a former substantial shareholder of Incredible between June 2008 and November 2016;

(c) Christian's brother (**Mr Henrick Heilesen**) (a citizen of Denmark) and Ms Jamie Siu are employees of Incredible, but the nature of their employment was not disclosed in the past annual reports or in its full year results announcement as the Company was of the view that they are not key management of Incredible and not persons occupying a Managerial Position;

(d) **Ms Zhou Qi Lin** (a citizen of the PRC), who is presently a substantial shareholder of Incredible, was a substantial shareholder of Incredible at various times in the past, including 2008, 2016 and 2018 through *inter alia* subscriptions and disposals of Incredible Shares during these periods;

(e) **Ms Zhou Jia Lin** (a resident of Hong Kong), who is concurrently the Non-Executive and Non-Independent Director of Incredible and Independent Director of Ntegrator, was a substantial shareholder of Incredible between July 2008 and February 2016 through an entity named **Lissington Ltd**. She also received salaries and other benefits in Incredible in FY2019, FY2020 and FY2021 in addition to her director's fees but the nature of her employment with Incredible was not disclosed in the annual reports.

In the interview with us, Ms Zhou Jia Lin confirmed that she is not related to Ms Zhou Qi Lin, even though they bear similar names;

(f) **Ms Zheng Zeli** (a resident of Hong Kong), who is presently a substantial shareholder of Ntegrator, was a former substantial shareholder of Incredible until June 2008. She could have become a 4.9% shareholder of Incredible following the proposed placement exercise announced in May 2022 but which was withdrawn in June 2022 following the Notice of Compliance;

(g) **Mr Stanley Leung** (a resident of Hong Kong) is concurrently the Independent Director of Incredible and Ntegrator, and presently an independent non-executive director of Echo International (see further information below under "Echo International");

(h) **Mr Jacob Leung** (a resident of Hong Kong), who is concurrently the Independent Director of Incredible and Ntegrator, was the former independent chairman of Industronics Berhad,

a company listed on Bursa Malaysia, from December 2013 to February 2018. He was publicly reprimanded and fined along with the other directors of Industronics Berhad on 15 October 2019 for breaching the listing rules of Bursa Malaysia for failing to discharge their obligation to ensure that the deposit of S$2.5 million made by Industronics Berhad to Vashion (now known as Incredible) was fair and reasonable, and not to the detriment of Industronics Berhad. Under the listing rules of Bursa Malaysia, the deposit, which was paid before Industronics Berhad acquired any shares in Vashion, was in substance an advance/provision of financial assistance;

(i) **Industronics Berhad** also expanded into the watch business in 2021 and 2022. Christian was a director and substantial shareholder of Industronics Berhad in 2013, and a director of the subsidiaries of Industronics Berhad until 2019. Christian had bought the entire interest in Mission Well Limited (which held a 16.49% shareholding interest in Incredible) in November 2015 from **Mr Lee Chee Meng** (a citizen of Malaysia), who is the general manager of Industronics Berhad since December 2013.

Ms Zhou Qi Lin was a substantial shareholder of Industronics Berhad between 2013 and 2017. Lissington Ltd was also listed as a substantial shareholder of Industronics Berhad between 2013 and 2021 but the beneficial interest of Lissington Ltd was not disclosed. We note the change of beneficial owner from Ms Zhou Jia Lin to Ms Zheng Zeli during this period. Bluemount Investment Fund SPC is also a substantial shareholder of Industronics Berhad since 2021 (see further information below under "Mr Pan Jiye").

The market capitalisation of Industronics Berhad was approximately S$10 million on 31 October 2022, being the Cut-Off Date* for our Review;

* The market capitalisations of Incredible and Ntegrator were S$6.0 million and S$5.9 million respectively as at the Cut-Off Date.

(j) **Echo International** is a company listed on the Growth Enterprise Market (GEM board) of the HKEX. It also has an e-commerce platform to sell various products such as watches and jewellery. The market capitalisation of Echo International was approximately S$11 million as at the Cut-Off Date.

Ms Jamie Siu, Mr Henrick Heilesen, Ms Zheng Zeli (through Lissington Limited), Ms Zhou Qi Lin and Industronics Berhad are/were substantial shareholders or shareholders with more than 5% interest of Echo International. Ms Zhou Jia Lin and Mr Jacob Leung were former directors and Mr Stanley Leung is the present independent non-executive director of Echo International. Tansri Saridju Benui @ Chen Bingwen, who was the former director of Incredible is the executive director of Echo International; and

(k) **Mr Pan Jiye** owns IEPL, which is also in the business of *inter alia* selling watches. He is also a substantial shareholder of Bluemount Financial Group Limited (a company incorporated in Hong Kong), which owns 100% of Bluemount Capital Limited (a company incorporated in Hong Kong). Echo International and Ms Zhou Qi Lin are also substantial shareholders of Bluemount Financial Group Limited. Mr Pan Jiye is the director and manager of Bluemount Investment Fund SPC and has a substantial indirect shareholding interest in the manager of the fund through entities including Bluemount Financial Group Limited. Bluemount Investment Fund SPC is a substantial shareholder of Industronics Berhad.

In the placement exercise by Ntegrator in November 2021, Christian had introduced IEPL as a placee and Bluemount Capital Limited, who was the consultant to Ntegrator, had introduced Ms Zheng Zeli as a placee. IEPL became a 4.93% shareholder of Ntegrator and Ms Zheng Zeli became a substantial shareholder (7.16%) of Ntegrator immediately after the placement exercise in November 2021.

1.2 Incredible and Ntegrator had five Directors each, four of whom are common Directors of both boards (namely Christian, Mr Jacob Leung, Mr Stanley Leung and Ms Zhou Jia Lin), until September 2021 and December 2021 when Ntegrator appointed new additional Independent

Directors (namely Mr Chay Yiowmin and Mr Tao Yeoh Chi respectively), as one of the mitigating measures agreed with SGX RegCo for both the Companies to have two different distinct boards.

We understand that Ntegrator was in the process of appointing additional new Independent Directors (in addition to Mr Chay Yiowmin and Mr Tao Yeoh Chi). However, the Company could not proceed further in view of the Notice of Compliance.

1.3 In relation to the Transactions, the key shareholders of Incredible at the material times were Christian (approximately 59%) and Ms Zhou Qi Lin (approximately 7%), and the key shareholders of Ntegrator at the material times were Christian (approximately 11%), Ms Zheng Zeli (approximately 13%) and IEPL (close to but below 5%).

1.4 The various Transactions were approved at the EGMs held by both Companies by certain key shareholders including Christian, Ms Zhou Qi Lin, Ms Zheng Zeli and IEPL. There was very low participation from public shareholders at the EGMs of these Companies.

1.5 We also noted that no shareholders had attended the virtual information sessions which the Companies had arranged for some of the Transactions prior to their EGMs.

2. REVIEW AND ASSESS THE CIRCUMSTANCES THAT LED TO THE TRANSACTIONS

2.1 We note that both Incredible and Ntegrator had undergone changes in their Board of Directors and core businesses after Christian became their substantial shareholder and Executive Director in November 2015 and May 2021 respectively. In fact, the changes had resulted in both Incredible and Ntegrator having common Directors and similar businesses in the trading of luxury watches including trading through online platforms, and e-commerce business.

2.2 Christian had explained to us his plan for Ntegrator was to build the watch and e-commerce business as the main core businesses of Ntegrator. This was the rationale for Ntegrator's acquisitions of majority equity interests in Golden Ultra and the Gadmobe Group (which were completed in April and May 2022), and the proposed acquisition of Watches.com. His strategy was for Ntegrator to build a platform to sell watches through the domain "watches.com" as announced in January 2022. Ntegrator's proposed acquisition of a controlling interest in another Catalist listed company, AES, as announced in April 2022 was to *inter alia* facilitate a proposed hive-off of Ntegrator's existing cabling business.

2.3 Christian had further explained that his plan for Incredible was to become an investment holding company and diversify into the real estate business. This explained Incredible's acquisitions of minority stakes in Golden Ultra and the Gadmobe Group (which were completed in March and April 2022). The proposed cross-issuance of perpetual securities with warrants between Ntegrator and Incredible announced in early January 2022 would enable the Companies to hold strategic investment interests in each other, enlarge the shareholder base of both Companies and to potentially raise significant amount of fresh equity when the warrants are exercised.

In view of the business plans Christian had for Ntegrator and Incredible, he wanted to raise significant amount of funds and hence, the significant number of warrants (with different exercise and expiry dates for the rights cum warrants issue) and significant number of warrants attached to the perpetual securities.

Christian had hoped that Incredible would, as an investment holding company, enjoy business growth and dividends from its investee companies including Ntegrator.

Christian acknowledged that his acquisition and fund-raising plans may be too fast, not perfectly executed, and the proposed structures may not be easily understood by the investing public in Singapore. However, he believed that Incredible and Ntegrator had complied with all applicable rules and regulations in Singapore with the advice of the appointed professional advisers.

2.4 During 2021 and 2022, we note that both Companies had announced various acquisitions including acquiring different proportions of equity interests in the same target companies (e.g.

Golden Ultra and the Gadmobe Group), as well as businesses previously beneficially owned by Christian (e.g. Billion Credit and Golden Ultra). In the above-mentioned acquisitions, the considerations paid for the equity interests were at a significant premium above the respective independent valuations carried out for these target companies. In July 2021, Incredible had completed the acquisition of a 100% interest in HB 2021 ApS, which had resulted in significant impairment losses for Incredible in less than six months after the acquisition. The then auditors of Incredible had issued a qualified opinion in respect of the audited financial statements of the Incredible Group for FY2021.

2.5 Most of these acquisitions were paid for by the Companies via the issue of promissory notes to the vendors. To repay these promissory notes, as well as to raise funds for working capital and additional funds for further acquisitions, both Companies had carried out or attempted to carry out fund-raising exercises in 2021 and 2022 including placement of shares, placement of shares cum warrants, rights shares cum warrants issue, and the cross-issuance of perpetual securities cum warrants. Some of these fund-raising exercises had involved the issuance of a significant number of shares and warrants, and complex structuring of the terms and conditions of the securities which are not easily understood by the investing public. In addition, these fund-raising exercises may potentially result in significant dilution of shareholding interests by minority shareholders in these Companies. (*See Maxwellisation comments Ref. No. 2.5 as set out in the Annex.*)

2.6 SGX RegCo had raised numerous queries to the Companies on each of these Transactions. On 27 June 2022, SGX RegCo had issued the Notice of Compliance to both Companies to direct the Companies to (a) appoint a Joint Independent Reviewer to carry out the Review; and (b) not to proceed with any of the announced corporate actions and fund-raising exercises nor propose any further corporate actions prior to completion of the Review and satisfactory resolution of issues raised by the Joint Independent Reviewer.

2.7 As a result, the Transactions which were not completed were put on hold as at 27 June 2022. These Transactions pertain to the proposed acquisition of a controlling stake in AES and proposed acquisition of Watches.com by Ntegrator, proposed rights issue by Ntegrator, proposed placement of shares cum warrants by Incredible and proposed cross-issuance of perpetual securities with warrants by both Companies.

2.8 On 5 and 7 September 2022, Incredible and Ntegrator announced updates and clarification on an investigation by the Hong Kong Customs and Excise Department ("**C&E**") on 31 August 2022 at CKLY's business premises and seizure of watches due to an alleged breach of the Trade Description Ordinance. The seized watches were suspected to be counterfeit in contravention of certain provisions in the Trade Description Ordinance. Christian and a sales staff of CKLY had been released on bail by the police following their arrests.

CKLY is a wholly-owned subsidiary and the sole operating entity of the Golden Ultra Group, which was acquired by both Companies as IPTs in March/April 2022.

On 13 September 2022, Incredible and Ntegrator announced a voluntary trading suspension on their shares in view of the Notice of Compliance by SGX RegCo, this Independent Review and the above investigation by C&E.

On 11 May 2023, the Companies announced that CKLY's legal advisers had received a confirmation from C&E that after due consideration of the evidence at hand, C&E had decided not to proceed with the prosecution of CKLY, Christian and the sales staff. C&E had further confirmed that the investigation was concluded and the case ended.

3. DETERMINE (A) WHETHER THESE TRANSACTIONS WERE ENTERED INTO ON NORMAL COMMERCIAL TERMS AND ARE NOT PREJUDICIAL TO THE INTERESTS OF THE COMPANIES AND THEIR RESPECTIVE MINORITY SHAREHOLDERS (FOR THE AVOIDANCE OF DOUBT, WE ARE NOT EXPECTED TO CARRY OUT THE ROLE OF AN IFA TO RE-ASSESS AND RE-EVALUATE THE TERMS OF THE TRANSACTIONS); (B) WHETHER THERE ARE COMMERCIAL BASES FOR THESE TRANSACTIONS; AND (C) DETERMINE HOW THESE TRANSACTIONS, IF UNDERTAKEN, WILL SUPPORT EACH OF THE COMPANIES' GOALS AND PLANS

3.1 Transactions

Following from paragraphs 2.4 and 2.5 above, we have categorised the Transactions into acquisitions and fund-raising exercises for the purposes of our Review, and the salient information is set out below.

3.1.1 Acquisitions undertaken by the Companies

Salient information on the acquisitions undertaken by the Companies in 2021 and 2022 is set out in Table 1 below, with acquisitions under items 1 to 4 completed while acquisitions under items 5 and 6 not completed as a result of the Notice of Compliance:

Table 1 – Acquisitions undertaken by the Companies

#	Target Company	Consideration/implied consideration (S$ equivalent)	Valuation of 100% equity interest of target company based on the valuation report
1.	HB 2021 ApS ▪ retailing of watches and jewellery	S$1.128 million for 100% equity interest in the target company, payable in cash, monthly instalments and interest free promissory notes	Not applicable
2.	Billion Credit ▪ money lending business	S$1 million for 100% equity interest in the target company, payable in cash via 8% interest bearing promissory notes	S$0.8 million
3.	Golden Ultra ▪ trading of watches via online platform	Ntegrator – implied consideration was S$26.2 million (before earn-out incentive) and S$34.8 million (after earn-out incentive) for 100% equity interest in the target company, payable in cash via 8% interest bearing promissory notes Incredible – implied consideration was S$34.8 million for 100% equity interest in the target company, payable in cash via interest free promissory notes	S$24.1 million
4.	The Gadmobe Group ▪ e-commerce business	Ntegrator – implied consideration was S$17.9 million (before earn-out incentive) and S$21.1 million (after earn-out incentive) for 100% interest in the target company, payable in cash via 8% interest bearing promissory notes Incredible – implied consideration was S$21.1 million for 100% interest in the target company, payable in cash via interest free promissory notes	S$14.1 million
5.	AES ▪ Catalist listed company	S$3 million for 27.44% equity interest (controlling stake)	Note 1
6.	Watches.com ▪ trading of watches through online platform	US$11 million (S$15.3 million) for certain assets including its domain name, payable in cash - US$0.33 million non-refundable deposit, US$3.67 million on 30 June 2022 and US$7 million in monthly instalments between July 2022 and January 2026	Not mentioned

Note:

(1) Open market value of the 27.44% equity interest was S$2.05 million based on the VWAP of the AES Shares on the day before the announcement.

3.1.2 Fund-raising exercises undertaken by the Companies

Salient information on the fund-raising exercises undertaken by the Companies in 2021 and 2022 is set out in Table 2 below, with the placement exercise under item 1 completed while the rest of items 2 to 4 were not completed as a result of the Notice of Compliance:

Table 2 – Fund-raising exercises undertaken by the Companies

1.	Ntegrator Placement exercises in June and November 2021– (a) Share placement to Ms Zhou Qi Lin to raise S$2.06 million in June 2021, which resulted in her becoming a 14.99% shareholder, but she sold most of her holdings in October 2021; and (b) Placement of shares cum free warrants to Ms Zheng Zeli and IEPL in November 2021, to raise S$1.4 million from the placement shares and potentially another S$1.4 million from the exercise of warrants. Together with the warrants exercised, Ms Zheng Zeli and IEPL had approximately 13% and 4.7% shareholding interest in Ntegrator around the material times during the EGMs held by Ntegrator in March and April 2022.
2.	Ntegrator Proposed share consolidation on the basis of 3:1, to be followed by a proposed rights cum warrants issue on the basis of 15:1 rights shares with a series of, in total, 10 European-style warrants A to E, to *inter alia* repay the promissory notes issued for the acquisitions of Golden Ultra and the Gadmobe Group. The rights issue could raise net proceeds of between S$0.7 million and S$88.9 million from the rights shares under the minimum and maximum subscription scenarios, before taking into account any exercise of the warrants attached to the rights shares.
3.	Both Companies Proposed cross-issuance of perpetual securities of the same amount of S$9 million with significant number of free warrants by both Companies, and upon the receipt of the free warrants, a proposed distribution *in specie* of some or most of these warrants to their respective shareholders. The perpetual securities to be issued by Incredible to Ntegrator comprise S$6.9 million 0% perpetual bonds and S$2.1 million perpetual convertible bonds, which are convertible into Incredible Shares, cum 1 billion of free Incredible warrants which could potentially raise S$1.6 million. The perpetual securities to be issued by Ntegrator to Incredible comprise S$9.0 million 0% perpetual convertible bonds which are convertible into Ntegrator Shares, cum 10 billion of free Ntegrator warrants which could potentially raise S$33.33 million.
4.	Incredible Proposed placement of a significant number of shares with free warrants to Mission Well Limited, Ms Zhou Qi Lin and Ms Zheng Zeli, on the basis of 15 free warrants for every 10 placement shares, to raise S$15.5 million from the placement shares, and potentially another S$23.25 million if the warrants are fully exercised. Most of the proceeds from the placement shares are intended to repay promissory notes issued by Incredible.

3.2 Our key findings in relation to the acquisitions undertaken by the Companies

Based on our review of the information pertaining to the acquisitions, interviews with the various personnel and Maxwellisation process, we set out below our key findings:

3.2.1 We note that the Companies had paid significant considerations for most of the target companies with relatively weak historical financial positions and financial results, and/or which were not supported by the opinion of the IFA and independent valuations of the target companies. Despite the above, the Recommending Directors of the Companies had supported these acquisitions and recommended shareholders to vote in favour of these acquisitions. The following are examples and certain amounts in foreign currencies are expressed in S$ equivalent as reference:

(a) HB 2021 Aps

HB 2021 ApS was acquired by Incredible in July 2021 for S$1.128 million at a goodwill of S$1.1 million as HB 2021 ApS was in a net liability position of S$5K as at 30 April 2021 and had incurred losses of S$14K since its recent incorporation in December 2020 to 30

April 2021 (based on management accounts of HB 2021 ApS at the time of the acquisition). No valuation was carried out on HB 2021 ApS and the acquisition was only a discloseable transaction approved by the Directors of Incredible. (*See Maxwellisation comments Ref. No. 3.2.1(a) as set out in the Annex.*)

(b) Billion Credit

The acquisition of Billion Credit was announced by Incredible in September 2021 and completed in March 2022 after shareholders' approval at the EGM. Incredible had acquired Billion Credit as an IPT for S$1 million from the vendor which was wholly-owned by Christian. Billion Credit was incorporated in June 2012 with a paid-up capital of HK$10,000, was in a net liability position of S$0.4 million as at 31 December 2020 and 30 June 2021, and reported a net profit of S$27K for FY2020. Christian was the sole director of Billion Credit, and he and a team of two staff had managed the operations of Billion Credit. The auditors for Billion Credit for FY2020 had highlighted a material going concern issue in view of the net liability position of Billion Credit as at 31 December 2020.

The consideration paid for Billion Credit was 22.6% higher than the independent valuation as at 30 June 2021 which was prepared based on the financial information of Billion Credit as at 31 December 2020 and on the assumption that there were no material changes in the financial performance and position of Billion Credit during the period from 31 December 2020 to 31 June 2021, as instructed by the Management of Incredible (Mr Leif Chan).

The IFA (W Capital) had opined that the acquisition was not on normal commercial terms and may be prejudicial to the interests of the Company and its minority shareholders, taking into consideration the premium paid above the independent valuation and the net liability position of Billion Credit.

We note that the valuer had adopted the Income Approach in the valuation of Billion Credit, based on the income projections provided by Management of Incredible, which had included expectations and projections of the financial performance of Billion Credit arising from *inter alia* intangibles like existing client and business network of Billion Credit as a money lender regulated under the Money Lenders Ordinance in Hong Kong, competent personnel and management experience in Billion Credit.

Notwithstanding the valuation approach adopted by the valuer, the AC of Incredible and the Recommending Directors (which had comprised only the AC members), gave their opinion that the acquisition of Billion Credit was in the best interests of the Company and justified that the premium above independent valuation was due to intangible assets and benefits of Billion Credit which were not reflected in the valuation report, such as Billion Credit's relevant knowledge and experience, competent personnel to support the operation, and existing customers, deals and network, and time and cost savings through acquiring an existing business. The above intangibles were similar to the intangibles that the valuer had taken into account when carrying out their valuation exercise.

Incredible had not shown in its circular to shareholders the Recommending Directors' computations or substantiation to support the premium attributable to these intangible assets in excess of what the valuer had taken into account, other than mainly qualitative factors, as extracted below for reference:

Incredible's circular to shareholders

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

(1) 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;

> *(2) 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;*
>
> *(3) 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);*
>
> *(4) the license for loan financing license was approved from the court in Hong Kong on 28 October 2021, the Group can commerce 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;*
>
> *(5) the Billion Credit's existing office and setup that will speed up the expansion of the Company's expansion efforts into Hong Kong; and*
>
> *(6) 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.*"

(c) Golden Ultra

The acquisition of Golden Ultra was announced by the Companies in October 2021 and completed in March/April 2022. Golden Ultra was incorporated with a paid-up capital of US$1,000 in July 2021 to own 100% of CKLY which was previously wholly owned by Christian. CKLY was incorporated in 2015 with a paid-up capital of HK$10,000, had a NAV of S$1.9 million as at 30 June 2021 and had achieved a net profit of S$0.5 million for the 6-month period ended 30 June 2021.

On 31 August 2021, CKLY declared and paid dividend of S$1.74 million. In addition, Golden Ultra was to declare dividends to Christian such amount to be determined at completion which would result in the NTA of Golden Ultra to be HK$0 (Pre-Completion Dividend Payout).

Ntegrator was to acquire a 55% interest in Golden Ultra for S$14.4 million (before the earn-out incentive) and S$19.2 million (after the earn-out incentive). This would imply a consideration of between S$26.2 million (before the earn-out incentive) and S$34.8 million (after the earn-out incentive) for 100% equity interest in Golden Ultra. The independent valuation of 100% interest in CKLY was S$24.1 million as at 30 June 2021.

In general, the earn-out incentive represents additional consideration that Ntegrator would have to pay Christian based on 55% of 8 times of Golden Ultra's EBITDA for FY2022, up to a maximum of S$4.8 million for its 55% stake in Golden Ultra. The additional contingent consideration represents approximately 33% above the consideration (before the earn-out incentive).

The consideration (before and after the earn-out incentive) paid by Ntegrator for a majority stake of 55% interest in Golden Ultra was 8.7% to 45% higher than the independent valuation.

Incredible was to acquire a minority stake of 42% interest in Golden Ultra, but at the consideration of S$14.6 million which was based on the maximum implied consideration that Ntegrator had agreed to pay to acquire a majority stake in Golden Ultra with the earn-out incentive. Hence, Incredible had paid a premium of 45% above the independent valuation.

Incredible did not disclose the reason why it had to pay a consideration based on the maximum implied consideration with the earn-out incentive. The additional contingent consideration (arising from the earn-out incentive) represents 33% above the consideration before the earn-out incentive. As a result, Incredible had paid for its stake at the maximum consideration regardless of whether Ntegrator would eventually be paying the maximum contingent consideration. The above term does not appear to be equitable to Incredible. (***See Maxwellisation comments Ref. No. 3.2.1(c) as set out in the Annex.***)

The IFA (W Capital) gave similar opinions to Incredible and Ntegrator that the acquisition of Golden Ultra was not on normal commercial terms and may be prejudicial to the interests of the respective Companies and their minority shareholders, taking into consideration the significant premium paid above the market valuation of Golden Ultra and that the NTA of Golden Ultra would be reduced to HK$0 as a result of the Pre-Completion Dividend Payout to Christian.

The valuer had stated that it had adopted the income approach using the DCF method in the valuation of Golden Ultra which takes into account future revenue projections derived from intangible assets like customer relationships and the online platform www.bestwatch.com.hk.

Despite the valuation methodology used which had included intangibles, the Recommending Directors of Incredible and Ntegrator were of the view that qualitative factors including intangible assets e.g. better knowledge, competent know-how, extensive network, value of website, time and cost savings of acquiring an existing business, were not factored into the valuation of Golden Ultra, and had justified that it was fair to pay a premium above the independent valuation of Golden Ultra in view of these qualitative factors. The valuation report on CKLY was issued in October 2021. (*See Maxwellisation comments Ref. No. 3.2.1(c) as set out in the Annex.*)

Both Incredible and Ntegrator had not shown in their circulars to shareholders the Recommending Directors' computations or substantiation to support the premium attributable to these intangible assets in excess of what the valuer had taken into account, other than the qualitative factors, as extracted below for reference:

Incredible's circular to shareholders

"*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;

(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 ("S&P") contract 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."

Ntegrator's circular to shareholders

"*The Audit Committee had considered the Board's view on the following factors in relation to the Target are as follows:*

(1) In-depth knowledge and experience of the industry;

(2) *Competent know-how and adequate personnel to support the existing operation and expansion of the business;*

(3) *extensive network of existing suppliers, customers, dealers and connections over the last five to six years;*

(4) *value of the existing website on www.bestwatch.com.hk, and the search engine optimisation ("SEO") included within;*

(5) *the Proposed Acquisition makes economic sense in terms of time and cost savings for the Company to acquire the Target with a profitable track record, especially when new projects and businesses developed by the Company will take time, management resources and significant setup costs. Furthermore, it may not achieve a favourable profitable outcome for the Company. Accordingly, the Proposed Acquisition will expedite the Company's road to profitability; and*

(6) *The consideration shall be paid by way of a Promissory Note is not satisfied out of Company's existing capital and cash resources, and hence enables the Company to enter into a sale and purchase ("S&P") contract without straining the cashflow of the Company immediately.*"

As the acquisitions of Golden Ultra by Incredible and Ntegrator are considered as IPTs, the AC of both Companies had to provide their views. In the case of Incredible, the AC deemed themselves as conflicted and not independent, as they were also AC members of Ntegrator. Hence, a Special Committee was formed and had comprised only Ms Eunice Koh as the sole member. She was also the only Recommending Director of Incredible and her views are as stated above.

In the case of Ntegrator, the AC had further justified the premium paid above valuation by the concept of "control premium" as Ntegrator was acquiring a majority stake of 55% in Golden Ultra. They have viewed the premium of 45% to be reasonable when compared to the median control premium of 40% and average control premium of 50% for M&A transactions between 2011 and 2020, as extracted from a report entitled "Mergerstat Review 2021".

To our knowledge, the above application of control premium is typically applied to valuations derived from a <u>market approach</u> which reflects the marketable minority value of a publicly traded company, in order to derive the market value of a target company where the acquirer would acquire a controlling interest. On the other hand, the independent valuation of 100% equity interest of a target company using <u>DCF method</u> is an acceptable valuation approach in a situation where the acquirer would have acquired control of the target company, and hence, would have incorporated a control premium attributable to a controlling equity holder. Hence, no further adjustment by way of an additional control premium is necessary to adjust the market value of a target company derived from the DCF method. (*See Maxwellisation comments Ref. No. 3.2.1(c) as set out in the Annex.*)

Therefore, the above justification by the AC of Ntegrator to pay a control premium above the market valuation of Golden Ultra (which was determined based on DCF approach) appears to be excessive.

(d) The Gadmobe Group

The acquisition of the Gadmobe Group was announced by the Companies in October 2021 and completed in April/May 2022. The Gadmobe Group comprises five entities after a restructuring exercise. The pro forma Gadmobe Group had NAV/NTA of S$0.9 million as at 30 June 2021 and had achieved pro forma net profit of S$0.35 million for the 6-month period ended 30 June 2021.

The vendor, Mr Tam Ki Ying, was to repay all outstanding loans owed by him to the Gadmobe Group (S$1.8 million) and the Gadmobe Group was to declare dividend (S$1.6 million) to the vendor by 30 June 2022 (Post-Completion Dividend Payout). The Post-Completion Dividend Payout would have the effect of reducing the NTA of the Gadmobe

Group from S$0.9 million as at 30 June 2021 to a negative NTA amount or NTL of S$0.7 million.

Ntegrator was to acquire the 85% interest in the Gadmobe Group for S$15.2 million (before the earn-out incentive) and S$17.9 million (after the earn-out incentive). This would imply a consideration of between S$17.9 million (before the earn-out incentive) and S$21.1 million (after the earn-out incentive) for 100% equity interest in the Gadmobe Group. The independent valuation of 100% interest in the Gadmobe Group was S$14.1 million as at 30 June 2021.

Similar to the acquisition of Golden Ultra, in general, the earn-out incentive represents additional consideration that Ntegrator would have to pay the vendor based on 85% of 8 times Gadmobe Group's EBITDA for FY2022, up to a maximum of S$2.7 million for its 85% stake. The additional contingent consideration represents approximately 18% above the consideration (before the earn-out incentive).

The consideration (before and after the earn-out incentive) paid by Ntegrator for a majority stake of 85% interest in the Gadmobe Group was 27% to 50% higher than the independent valuation.

Incredible was to acquire a minority stake of 15% interest in the Gadmobe Group, but at the consideration of S$3.1 million which was based on the maximum implied consideration that Ntegrator had agreed to pay to acquire a majority stake in the Gadmobe Group with the earn-out incentive. Hence, Incredible had paid a premium of 50% above the independent valuation. (*See Maxwellisation comments Ref. No. 3.2.1(d) as set out in the Annex.*)

Incredible also did not disclose the reason why it had to pay a consideration based on the maximum implied consideration with the earn-out incentive. The above term does not appear to be equitable to Incredible. (*See Maxwellisation comments Ref. No. 3.2.1(d) as set out in the Annex.*)

The valuer had adopted the income approach using the DCF method as the primary valuation method as it captures all future economic benefits of the Gadmobe Group. The valuer had consulted the reasonableness of such financial forecasts with the management of the respective Companies and concluded the result was satisfactory.

Despite the valuation methodology used and the satisfaction with the financial forecasts used for the valuation, the Recommending Directors of both Incredible and Ntegrator were of the view that qualitative factors were not factored into the market valuation, and had justified their rationale for paying a significant premium above the independent valuation based mainly on these qualitative factors.

In the case of Incredible, the acquisition of the 15% stake in the Gadmobe Group was not subject to shareholders' approval as it was below the relevant thresholds under Catalist Rule 1006. Hence, it was only a discloseable transaction by way of an announcement and approved by the Directors of Incredible. In the case of Ntegrator, the acquisition of an 85% stake in the Gadmobe Group was subject to shareholders' approval at an EGM with the issue of a circular to shareholders setting out details of the acquisition.

Both Incredible and Ntegrator had not shown in their announcements/circulars to shareholders the Recommending Directors' computations or substantiation to support the premium attributable to these intangible assets in excess of what the valuer had taken into account, and there was also no evidence of their discussions with the valuer or disclosures of such discussions in their respective announcements/circulars to shareholders to reconcile the differences between the valuation report and the views of the Recommending Directors.

(e) AES Shares

Acquisition of AES Shares

On 13 April 2022, Ntegrator had announced the proposed acquisition of a 27.44% stake in AES (256.32 million AES Shares) for S$3 million, representing S$0.0117 for each AES Share. The consideration was to be paid by (a) a cash deposit of S$1 million (i.e. Cash Deposit) with the transfer of one-third of the AES Shares (85.44 million AES Shares) to Ntegrator (i.e. Share Deposit) upon the execution of the share purchase agreement; and (b) the balance S$2 million by way of non-interest bearing promissory notes secured over the remaining AES Shares upon the completion of the acquisition of the AES Shares. If the acquisition was terminated, the AES vendors would need to refund the entire Cash Deposit to Ntegrator and Ntegrator had to return all the Share Deposit to the AES vendors (i.e. Refund Clause).

Ntegrator had not disclosed the Refund Clause in its announcement.

The VWAP of the AES Shares on the day before the announcement was S$0.008. AES had incurred a loss before tax of S$169K for the half year ended 30 September 2021, and had NAV of S$2.6 million as at 30 September 2021. Based on the above VWAP of the AES Shares, Ntegrator had paid a premium of 46% above the market share price for its controlling stake of 27.44% in AES. Ntegrator had supported the purchase price for the AES stake by considering the 6-month VWAP of AES Shares of S$0.01038. The purchase price by Ntegrator represents a premium of 12.7% above the 6-month VWAP of the AES Shares. The consideration of S$3 million for a 27.44% stake in AES implies a market capitalisation of S$10.9 million for AES. Ntegrator had therefore paid a premium of 300% above the NAV of AES (which comprised substantially cash).

The proposed acquisition of the AES Shares was only a discloseable transaction to be approved by the Directors of Ntegrator. The acquisition of the AES Shares was intended to be completed in three months' time.

Disposal of AES Shares

On 13 April 2022 and prior to the release of the announcement of the acquisition of the AES Shares, the AC held a meeting to discuss the proposed disposal of the AES Shares. Christian had explained to the AC that the AES Vendors had required Ntegrator to acquire 27.44% interest in AES in order to obtain two board seats on AES, and Christian had recommended that Ntegrator need not tie up capital in holding all the AES Shares after the acquisition, that the Share Deposit could be sold, but Ntegrator to maintain a balance of 18.3% in AES was sufficient to have a voice on the board of AES.

Ntegrator obtained its board's approval for the disposal of the Share Deposit on that date and Ntegrator's obligation under the Refund Clause was noted in the board resolutions i.e. that Ntegrator had to transfer the Share Deposit to the Sellers in the event that the share purchase agreement is terminated prior to the completion of the proposed acquisition.

Ntegrator had not disclosed in its announcement the Board's approval to dispose the Share Deposit before the completion of the acquisition of the AES Shares, and the details of the Refund Clause.

Immediately on the next trading day after the announcement, Ntegrator had commenced selling in the open market some of the AES Shares that were part of the Share Deposit. Three weeks later, Ntegrator announced that it had sold 50,055,800 AES Shares out of the 85,440,000 AES Shares (Share Deposit) at an average price of S$0.007 each through a series of open market transactions from 14 April to 27 April 2022, and that it had incurred a loss of S$228,000 on the disposal of the AES Shares. The 50.0 million AES Shares represented approximately 5.4% interest in AES.

On 6 October 2022, Ntegrator announced the termination of the proposed acquisition of the AES Shares as the acquisition of the AES Shares could not be completed within the agreed extended timeline and that the Cash Deposit had been utilised to acquire the Share Deposit. Ntegrator was left with a 3.8% stake in AES.

As mentioned in paragraph 3.1.1 of this Executive Summary, Ntegrator could not proceed further with the acquisition of AES Shares as a result of the Notice of Compliance.

(f) Watches.com

Ntegrator had announced in January 2022 a non-binding letter of intent to acquire certain assets of Watches.com including its domain name for US$11 million (S$15.3 million) payable in three tranches including a non-refundable deposit of US$330K as the 1st tranche (i.e. Deposit), and Ntegrator had the interim use of the name "Watches.com".

No valuation was mentioned to support the consideration for the acquisition, and no financial information on Watches.com was disclosed in the announcement. (*See Maxwellisation comments Ref. No. 3.2.1(f) as set out in the Annex.*)

Ntegrator had intended to fund the acquisition of Watches.com in cash via internal funds and proceeds raised from the private placement in June 2021 and/or proposed warrants exercise from the cross-issuance of perpetual securities with warrants announced in January 2022.

Ntegrator's rationale for the proposed acquisition of Watches.com was part of its long-term growth strategy to diversify into the watch industry and secure a prime internet property with existing traffic and an existing search engine optimisation profile for the distribution of branded watches globally.

The letter of intent is subject to the execution of an asset purchase agreement by 30 June 2022 and shareholders' approval of the proposed acquisition at an EGM.

In March 2022, before the execution of an asset purchase agreement and before seeking shareholders' approval for the proposed acquisition of Watches.com at an EGM, Ntegrator had obtained shareholders' approval at its EGM for the change of name to "Watches.com Limited" and effected the name change in May 2022. Ntegrator's rationale for the name change was to more accurately reflect the Ntegrator Group's business activities and strategic direction into the watch business.

However, as the parties had not entered into the definitive agreement by the expiry date of the letter of intent on 30 June 2022, Ntegrator had to forfeit the Deposit of US$330K paid to the seller, and had to cease the use of the Watches.com name. (*See Maxwellisation comments Ref. No. 3.2.1(f) as set out in the Annex.*)

As a result, Ntegrator had to seek shareholders' approval for a further change of its name from "Watches.com Limited" to "Ntegrator Holdings Limited". The name change was effected on 9 March 2023.

3.2.2 We note that certain important facts and/or terms of the transactions were not made known to the valuers by the respective Management of Incredible and Ntegrator and therefore not disclosed in the independent valuation reports pertaining to Billion Credit, Golden Ultra and the Gadmobe Group. Hence, it is not clear if the valuation of these target companies might have been overstated if the valuers had taken into consideration these facts/terms of the transactions. The following are examples:

(a) The valuer of Billion Credit had determined the valuation of Billion Credit as at 30 June 2021 but had prepared the valuation report based on the financial information of Billion Credit as at 31 December 2020, and on the assumption that there were no material changes in the financial performance and position of Billion Credit during the period from 31 December 2020 to 30 June 2021, as instructed by Management of Incredible (Mr Leif

Chan). The valuation report was issued in September 2021. (*See Maxwellisation comments Ref. No. 3.2.2(a) as set out in the Annex.*)

We note that the interim results of Billion Credit for the half year ended 30 June 2021 ("**1H2021 Interim Results**") were available before the issue of the circular to shareholders on 14 January 2022. The balance sheet profile of Billion Credit had a significant difference between 31 December 2020 and 30 June 2021 – amount due to a director of HK$2.8 million as at 31 December 2020 had become an amount due from a director of HK$1.1 million as at 30 June 2021, i.e. there might have been a total outflow of funds of HK$3.9 million by Billion Credit to the director (i.e. Christian). (*See Maxwellisation comments Ref. No. 3.2.2(a) as set out in the Annex.*)

There was no explanation for the change in the balance sheet profile of Billion Credit between 31 December 2020 and 30 June 2021, and how this might affect the valuation of Billion Credit stated as at 30 June 2021, which was in fact carried out based on the assumption that there was no material change in the financial information of Billion Credit during 1H2021.

The above is a material relevant information as we note that Billion Credit had low paid-up capital of only HK$10,000 and amount due to a director of HK$2.8 million as at 31 December 2020 represents shareholder's loan to Billion Credit to support the operations of Billion Credit. In addition, based on our interview with the valuer, the valuer had confirmed that in the valuation exercise, they have assumed that all borrowings by Billion Credit including borrowings from the director were used for the operations of Billion Credit as part of working capital and have been factored into their financial projections. The effective change in position of the amount due to/from a director, amounting to HK$3.9 million, might have an impact on the valuation of Billion Credit.

Based on our interview with the valuer, we note that the 1H2021 Interim Results were not provided to the valuer and the valuer was not asked to provide a valuation update based on the 1H2021 Interim Results.

It is not clear whether the valuation of Billion Credit at HK$4.73 million might have been overstated if the valuer had taken into account the 1H2021 Interim Results, in particular, the potential outflow of funds to a director amounting to HK$3.9 million.

In view of the long time gap between the original valuation report based on 31 December 2020 financial statements of Billion Credit and the circular dated 14 January 2022, there is a need for an updated valuation report on Billion Credit based on a more recent set of financial results e.g. 1H2021 Interim Results.

(b) The valuer of CKLY had determined the valuation of CKLY (being the only operating subsidiary of Golden Ultra) as at 30 June 2021. The valuation report was issued in October 2021.

We note that there was no mention in the valuation report on (i) the payment of the HK$10 million dividend by CKLY to Christian on 31 August 2021; (ii) the Pre-Completion Dividend Payout as a term of the transaction, to reduce the NTA of Golden Ultra group to HK$0; and (c) how the outstanding amount due from director and related companies, totalling HK$38.2 million, would be addressed/settled at completion, and adjusted to derive the equity value of CKLY in the valuation report.

Furthermore, in the circular to shareholders by Ntegrator in February 2022 in relation to its acquisition of a 55% stake in Golden Ultra, it was disclosed for the avoidance of doubt, (with typographical errors corrected for the purpose of this Review) that the valuation of Golden Ultra did not include the payment of dividends to Christian and the repayment of loans due from him and his associates.

It appears from the above that the valuer had not taken into consideration the above facts and terms of the transaction. Hence, the valuation of CKLY might have been overstated if

the valuer had taken these facts/terms into consideration. (*See Maxwellisation comments Ref. No. 3.2.2(b) as set out in the Annex.*)

(c) The valuer of the Gadmobe Group had determined the valuation of the Gadmobe Group as at 30 June 2021. The valuation report was issued in October 2021.

We note that there was no mention in the valuation report on the Post-Completion Dividend Payout as a term of the transaction, and which would result in the NAV as at 30 June 2021 of the Gadmobe Group becoming negative.

Similarly, in the circular to shareholders by Ntegrator in February 2022 in relation to its acquisition of an 85% stake in the Gadmobe Group, it was disclosed for the avoidance of doubt (with typographical errors corrected for the purpose of this Review), that the valuation of the Gadmobe Group did not include the payment of dividends to the vendor and the repayment of loans due from the vendor to the Gadmobe Group.

It appears from the above that the valuer had not taken into consideration the above terms of the transaction. Hence, the valuation of the Gadmobe Group might have been overstated if the valuer had taken these terms into consideration.

3.2.3 **We note that the Companies had disclosed under the financial effects section in their respective announcements/circulars to shareholders that the acquisitions of the target companies (in particular, Billion Credit, Golden Ultra and the Gadmobe Group) have no impact on the NTA of the Companies. Such disclosures are misleading and erroneous as the considerations for these acquisitions were significantly above the respective attributable NAV/NTA of the target companies and the considerations were paid for via promissory notes, resulting in significant goodwill and/or intangible assets which would have a material impact on the NTA of the Companies post-acquisition. In addition, such goodwill/intangibles are subject to impairment tests under the relevant accounting policies of the Companies, and such impairment, if any, may have a material and adverse impact on the financial results of the Companies. The above matters were incorrectly disclosed and/or not disclosed by the Companies in their respective announcements/circulars to shareholders. In addition, the Companies had misinterpreted the definition of NTA to mean "net total assets" instead of "net tangible assets" even though NTA was defined as "net tangible assets" in their announcements/circulars to shareholders.** The following are examples:

(a) Incredible had disclosed that its last audited NTA was S$0.84 million as at 31 December 2020 when its NTA was, in fact, a negative S$0.11 million (i.e. net tangible liability or NTL position) as Incredible Group had NAV of S$0.84 million which included intangible assets of S$0.95 million as at 31 December 2020. This error had permeated in Incredible's announcements/circulars to shareholders in all the Transactions that had made references to the audited NTA of Incredible as at 31 December 2020 (i.e. acquisitions of HB2021 ApS, Billion Credit, Golden Ultra and the Gadmobe Group).

In the interview with us, HLF, as Sponsor to Incredible, explained that they have requested Incredible to get their auditors to check all financial figures. Management of Incredible had subsequently obtained confirmation from their auditors that they had checked the financial effects in their announcements and circulars to shareholders.

In our interview with Management of Incredible, we note that they had misinterpreted NTA to mean "net total assets" instead of "net tangible assets", even though NTA was defined in their announcements and circulars as "net tangible assets".

In the case of Ntegrator, Ntegrator had disclosed its audited NTA as at 31 December 2020 to be S$9 million which represented net assets/total equity of the Ntegrator Group comprising equity attributable to equity owners of the company of S$12.9 million and non-controlling interest of a negative amount of S$3.9 million. In our view, it is more appropriate for Ntegrator to disclose the NTA attributable to equity owners of the company of S$12.9 million in its computation of financial effects on NTA per share in its announcements and

circulars to shareholders, as these figures are used to illustrate NTA attributable to the shares of the Company, which excludes non-controlling interest.

(b) Billion Credit was in an NTL position of S$0.4 million as at 31 December 2020 and the consideration of S$1 million for the acquisition of Billion Credit represents a premium of S$1.4 million above the NTL of Billion Credit. However, Incredible had disclosed in its announcement/circular to shareholders that the financial effects on the NTA of Incredible before and after the acquisition would remain the same.

As an illustration, on the basis that the consideration was paid for via promissory notes and the consideration premium of S$1.4 million above the NTL of Billion Credit represents goodwill and/or intangible assets, the NTL of Incredible would be further increased by S$1.4 million from S$0.11 million (pre-acquisition) to S$1.51 million (post-acquisition). There was therefore a material adverse impact on the NTA of Incredible post-acquisition.

Incredible's disclosure that there was no financial impact on its NTA before and post-acquisition of Billion Credit was therefore grossly erroneous.

(c) Similarly in the acquisitions of Golden Ultra and the Gadmobe Group, both Incredible and Ntegrator had disclosed that there was no financial impact on the NTA of the Companies post-acquisitions of these target companies. Both Companies had paid the considerations via promissory notes and significant consideration premiums above the attributable NTA/NAV of these target companies as at 30 June 2021. Hence, similar gross errors were made by both Companies in their disclosures of financial effects on the NTA post-acquisition for each of these acquisitions, in view of the significant goodwill and/or intangible assets arising from the acquisitions.

(d) Further, under the relevant accounting policies of the Companies, goodwill/intangibles are subject to impairment tests, and such impairment, if any, may have a material and adverse impact on the financial results of the Companies. This risk factor was not disclosed by the Companies in their respective announcements and/or circulars to shareholders in relation to the acquisitions of Billion Credit, Golden Ultra and the Gadmobe Group.

(e) The Pre-Completion Dividend Payout (in the case of Golden Ultra) and the Post-Completion Dividend Payout (in the case of the Gadmobe Group) would reduce the NTAs of these target companies to HK$0 and a negative NTA amount respectively. As such, the Companies had paid significant goodwill and/or intangibles above the NTA/NTL positions of the target companies.

As Incredible was already in an NTL position of S$0.11 million as at 31 December 2020 and Ntegrator had NTA (attributable to equity owners of the company) of S$12.9 million as at 31 December 2020, the significant goodwill/intangibles paid for the target companies would have a material impact on the NTA of the Companies post-acquisition. The disclosures by the Companies that the acquisitions of Golden Ultra and the Gadmobe Group had no financial effect on their NTAs post-acquisitions were therefore grossly erroneous.

As an illustration, based on the consideration paid by the Companies via the promissory notes, and the adjusted NTA/NTLs of the target companies after the Pre-Completion Dividend Payout and Post-Completion Dividend Payout, the estimated amount of goodwill/intangibles could be summarised as follows:

	Incredible	Ntegrator
Golden Ultra NTA of S$0 as at 30 June 2021 (Post-Completion Dividend Payout)	For 42% equity interest Consideration – S$14.6 million Goodwill/intangibles – S$14.6 million	For 55% equity interest Consideration – S$14.4 million (before earn-out incentive) to S$19.2 million (after earn-out incentive) Goodwill/intangibles – between S$14.4 million to S$19.2 million
The Gadmobe Group NTL of S$0.7 million as at 30 June 2021 (Post-Completion Dividend Payout)	For 15% equity interest Consideration – S$3.1 million Goodwill/intangibles – S$3.2 million	For 85% equity interest Consideration – S$15.2 million (before earn-out incentive) to S$17.9 million (after earn-out incentive) Goodwill/intangibles – S$15.8 million to S$18.5 million
Total goodwill/ intangible impact	S$17.8 million	S$30.2 million to S$37.6 million
NTA/(NTL) (before the acquisitions)	S$(0.11) million	S$12.9 million
NTA/(NTL) (after the acquisitions)	S$(17.9) million	S$(17.3) million to S$(24.7) million

3.2.4 **We note that W Capital was appointed as IFA to Incredible for its acquisitions of Billion Credit and Golden Ultra, and was also appointed as IFA to Ntegrator concurrently for its acquisition of Golden Ultra; W Capital had issued similar ambiguous IFA opinion on all three IPTs; and the AC/Special Committee of the Companies had opined that the IPTs were on normal commercial terms and not prejudicial to the interests of the companies and their minority shareholders, despite the opinion of the IFA that the acquisitions were not on normal commercial terms and may be prejudicial to the interests of the Companies and their minority shareholders. The Companies had proceeded to seek approvals from shareholders for these acquisitions at their respective EGMs.** The following are our findings:

(a) Ambiguous IFA opinion

In all three IPTs, W Capital had opined that the acquisitions were not on normal commercial terms and may be prejudicial to the interests of the Companies and their minority shareholders.

W Capital explained that it had given its IFA opinion that the (a) terms are "not on commercial terms", in particular, as the considerations paid for the acquisitions were significantly higher than the independent valuer's market value of the target companies, and (b) "may be prejudicial" because of W Capital's conservative position taken on the transactions, as the high consideration paid for the acquisitions did not directly imply that the acquisitions were prejudicial to the minority shareholders as the target companies might turn out well and be profitable after the acquisitions.

We note that the above opinion i.e. "may be prejudicial" amounts to an ambiguous IFA opinion as it is not clear if the IPT is prejudicial or not prejudicial to the interests of the company and its minority shareholders. Hence, the IFA opinion is neither a "positive" opinion (i.e. not prejudicial to the interest of the company and its minority shareholders) nor an entirely "negative" one (i.e. is prejudicial to the interest of the company and its minority shareholders), i.e. ambiguous IFA opinion.

(b) Recommending Directors' opinion despite the IFA opinion

However, despite the IFA opinion (i.e. that the acquisitions are not on normal commercial terms), the AC/Special Committee of the Companies had opined that the acquisitions were on normal commercial terms and not prejudicial to the interests of the Companies and their minority shareholders and gave similar qualitative justifications for paying a significant premium above the independent valuation of the target companies.

We note, however, that the Recommending Directors did not deliberate on the following matters in the respective circulars to shareholders:

(i) how the justification by the Recommending Directors/AC for the significant premium above the independent valuation of the target companies can be quantified and substantiated;

(ii) deliberation with the independent valuer to reconcile the differences between the independent valuation and the consideration paid for the acquisitions, to ensure that their reasons given for the high premiums were justifiable and reasonably supported;

(iii) how the Pre-Completion Dividend Payout, as a term of the acquisition of Golden Ultra, and the Post-Completion Dividend Payout, as a term of the acquisition of the Gadmobe Group, would impact the valuation of the target companies, as the valuation reports did not disclose these terms and the valuers did not state in the valuation report that they had taken these terms into consideration; and

(iv) whether such terms i.e. Pre-Completion Dividend Payout and Post-Completion Dividend Payout were in the interests of the Companies and their minority shareholders.

(c) Appointment of the same IFA by both Companies for the concurrent acquisition of the same target company (Golden Ultra) is questionable

As the acquisition of Golden Ultra was deemed as an IPT by both Companies, with Christian being the common interested person, Directors of both Companies who are deemed independent of the acquisition, together with their Sponsors, should have robust deliberation before appointing the same IFA to opine on the IPT.

As Incredible and Ntegrator were acquiring materially different interests in Golden Ultra, there is a good argument for different IFAs to be appointed by each of them, so as to effectively assess their different considerations. (*See Maxwellisation comments Ref. No. 3.2.4(c) as set out in the Annex.*)

In the circular to shareholders of Incredible dated 14 January 2022, the AC members of Incredible, namely Mr Stanley Leung, Mr Jacob Leung and Ms Zhou Jia Lin, had viewed themselves as conflicted as Recommending Directors of Incredible as they were also AC members of Ntegrator. If these Directors had viewed themselves as being conflicted out in view of their common directorships in both Companies, by the same spirit, the IFA could be seen as conflicted by acting concurrently for both Companies for the acquisition of the same target company.

As a result of the perceived conflict of interest by the AC members, Incredible was left with only one remaining Independent Director, namely Ms Eunice Koh, to opine on the IPT. She had justified the IPT based on substantially similar reasons as Ntegrator's, which were put forth by the AC members of Ntegrator. However, Ms Eunice Koh had not deliberated nor disclosed in the circular to shareholders on why Incredible had to pay the same control premium as Ntegrator when Incredible was acquiring only a minority stake in Golden Ultra. She had also not deliberated nor disclosed why Incredible had to pay at the maximum implied consideration with the assumed earn-out incentive applicable to Ntegrator, as mentioned in paragraph 3.2.1(c) of this Executive Summary.

(d) Shareholders' support at the EGMs for the acquisitions of Billion Credit and Golden Ultra

The Companies had proceeded to seek shareholders' approval for the acquisitions of Billion Credit and Golden Ultra at their respective EGMs.

We note that Ms Zhou Qi Lin, who was the second largest shareholder (7%) in Incredible, had voted in favour of the acquisitions of Billion Credit and Golden Ultra at the Incredible EGM held on 7 February 2022 and her shareholding interest represented 82.3% of the total votes counted at the EGM of Incredible. Other Incredible shareholders who had voted in favour of the acquisitions represented 3.7% of the total votes and another 14.0% had voted against the acquisitions.

Ms Zheng Zeli who was the largest shareholder (13%) in Ntegrator, and IEPL (just below 5%) in Ntegrator, had voted in favour of the acquisition of Golden Ultra at the Ntegrator EGM held on 4 March 2022 and their shareholding interests represented almost 100% of the total votes counted at the EGM. No other Ntegrator shareholders had voted in favour of the acquisition and Ntegrator shareholders who had voted against the acquisition represented 0.08% of the total votes.

3.2.5 **We note that there was material non-disclosure by Incredible of the dividend payouts arrangements in the acquisition of Golden Ultra and a lack of evaluation of the implications of the dividend payouts by the Directors of both Companies.** The following are our findings:

(a) We note that Incredible did not disclose in its announcement on the acquisition of Golden Ultra on 18 October 2021 that CKLY had made a dividend payout of S$1.74 million to Christian on 31 August 2021 and that the dividend payout would have depleted most of the NAV of Golden Ultra group of S$1.9 million as at 30 June 2021, being the latest NAV of Golden Ultra disclosed in the above announcement. Directors of Incredible also had not addressed the implication of the above on the target company post-acquisition in its circular to shareholders dated 14 January 2022.

(b) We note that the Pre-Completion Dividend Payout was a term of the acquisition between Ntegrator and Christian. However, Incredible did not disclose the implications the above may have on Incredible when acquiring Golden Ultra as it would mean that Incredible would eventually be acquiring Golden Ultra with zero NAV and did not assess the impact this may have on the ability of Golden Ultra to achieve management's financial projections. (*See Maxwellisation comments Ref. No. 3.2.5(b) as set out in the Annex.*)

(c) The need for Directors' evaluation of the implications of the dividend payout in August 2021 and the Pre-Completion Dividend Payout as a term in the acquisition of Golden Ultra also applies to Ntegrator, and such evaluation was also absent in Ntegrator's announcement/ circular to shareholders.

3.2.6 **We note that Ntegrator did not disclose the Refund Clause which is a material term in the proposed acquisition of AES Shares.** The following are our findings:

As set out in paragraph 3.2.1(e), Ntegrator did not disclose the Refund Clause (pertaining to the Share Deposit and the Cash Deposit) in the event of termination in its announcement of the proposed acquisition of AES Shares. In addition, Ntegrator could be put at risk of a potential breach of the terms of the acquisition given that Ntegrator had commenced disposing of some of the Share Deposit after the announcement of the acquisition but before the completion of the acquisition. (*See Maxwellisation comments Ref. No. 3.2.6 as set out in the Annex.*)

The relevant Refund Clause in the share purchase agreement of the AES Shares is extracted below:

"In the event that this Agreement is terminated prior to Completion:

(a) the Sellers shall refund the entire amount of the Cash Deposit (without any interest thereon) to the Purchaser by way of telegraphic transfer (or in such other manner as the Parties may mutually agree in writing) (i) free of any restriction or condition; (ii) free and clear without deduction or withholding for or on account of any tax; and (iii) without deduction or withholding on account of any other amount, whether by way of set-off, counterclaim or otherwise; and

(b) against compliance by the Sellers with ***Clause 3.2(a)*** *above, the Purchaser shall transfer 85,440,300 Sale Shares, which are the subject of the Share Deposit, to the respective Sellers in the proportions as set out in* ***Clause 3.1(a)*** *above by delivering or making available to the Sellers original sets of the Request for Transfer of Securities (Form 4.2) of CDP duly executed by at least two authorised signatories of the Purchaser and duly witnessed in respect of the relevant Sale Shares, which are the subject of the Share Deposit, in favour of the respective Sellers,*

as soon as practicable and in any event within 14 Business Days from the date of termination of this Agreement."

We note from our interview with PPCF, the Sponsor of Ntegrator, that they were aware of the Refund Clause but did not pursue disclosure in Ntegrator's announcement for the following reasons:

(i) On the basis of materiality as they were of the view that the 85 million AES Shares transferred to Ntegrator as Share Deposit were deemed owned by Ntegrator and the difference between the market value of these AES Shares of S$890,000 and the Cash Deposit of S$1 million paid to the AES Vendors was small;

(ii) PPCF's interpretation of the Refund Clause (and hence its materiality) was that in the event the agreement was terminated and the AES Vendors could not refund the S$1 million Cash Deposit, then Ntegrator has the right to remain as owners of the 85 million AES Shares (since such transfer back to the vendors of the 85 million AES Shares is required only against the compliance of the refund of the entire amount of the Cash Deposit to the purchaser); and

(iii) The refund mechanism was already in the public domain, as AES had announced the same transaction on the same day.

We note that under the Refund Clause as set out in the agreement, the vendors are obliged to ("shall") refund the Cash Deposit in the event that the agreement is terminated before completion, and there is no option for the vendors to keep the Cash Deposit and purchaser to keep the relevant AES Shares upon such termination. *(See Maxwellisation comments Ref. No. 3.2.6 as set out in the Annex.)*

We further clarified with SLB who confirmed that our interpretation of the Refund Clause is correct i.e. the AES Vendors are obliged to refund the Cash Deposit of S$1 million in the event that the agreement is terminated before completion and Ntegrator shall return the Share Deposit to the AES Vendors.

3.2.7 Conclusion in relation to the acquisitions undertaken by the Companies

We note that both Companies were eager to acquire target companies (i.e. Billion Credit, Golden Ultra and the Gadmobe Group) to build up their new core businesses as part of their goals and plans as set out in paragraphs 2.2 and 2.3 of the Executive Summary. As a result, the Companies had proposed the six acquisitions which were announced and/or completed during the Review Period. The Companies' rationale for each of these acquisitions forms the commercial bases and merits for these acquisitions. However, based on our findings as set out in paragraphs 3.2.1 to 3.2.6 above, we are of the view that these acquisitions do not appear to be carried out on normal commercial terms (as certain terms were disadvantageous to the Companies), and hence there are grounds the acquisitions would be prejudicial to the interests of the Companies and their respective minority shareholders.

3.3 Our findings in relation to the fund-raising activities undertaken by the Companies

Based on our review of the information pertaining to the fund-raising exercises, interviews with various personnel and the Maxwellisation process, we set out below our key findings:

3.3.1 We note that Ntegrator's share placement exercise to Ms Zhou Qi Lin in June 2021 had resulted in Incredible and Ntegrator having common substantial shareholders during the short period of four months in addition to their common directors. The following are our findings:

(a) In June 2021, Incredible and Ntegrator already had common Directors and a common substantial shareholder (Christian). Ms Zhou Qi Lin was already a substantial shareholder of Incredible. The placement exercise to Ms Zhou Qi Lin by Ntegrator to raise S$2 million in June 2021 had further resulted in more commonalities between the two Companies as Ms Zhou Qi Lin also became a substantial shareholder of Ntegrator;

(b) Ms Zhou Qi Lin was introduced as a placee by Bluemount Capital Limited, acting as a consultant to Ntegrator; and

(c) The placement to Ms Zhou Qi Lin was undertaken pursuant to the accredited investor exemption under Section 275 of the SFA. However, within four months of the placement, Ms Zhou Qi Lin had disposed of most of her 14.99% holdings in the placement shares by way of market transactions and ceased to be a substantial shareholder of Ntegrator.

3.3.2 **We note that Ntegrator's placement exercise of shares cum free warrants to Ms Zheng Zeli and IEPL might have helped to provide strong shareholders' support to approve various transactions at Ntegrator's EGMs.** The following are our findings:

(a) Ntegrator had carried out a share cum warrants placement exercise to IEPL and Ms Zheng Zeli in November 2021 which raised cash proceeds of S$1.4 million. Bluemount Capital Limited had introduced Ms Zheng Zeli as a placee, and Christian had introduced IEPL as a placee.

Mr Pan Jiye owns 100% of IEPL. The relationships of Bluemount Capital Limited, IEPL and Mr Pan Jiye are disclosed in paragraph 1.1(k) of the Executive Summary.

The warrants were exercised by Ms Zheng Zeli and IEPL into Ntegrator Shares between December 2021 and July 2022.

(b) Ntegrator had held several EGMs in March/April 2022 to seek shareholders' approval for *inter alia* the acquisitions of Golden Ultra and the Gadmobe Group, change of Company's name to Watches.com, share consolidation and the rights cum warrants issue, and the cross-issuance of perpetual securities with warrants between Ntegrator and Incredible. We note that around the material times, Ms Zheng Zeli had a 13% interest, IEPL had just below 5% interest and Christian had an 11% interest in Ntegrator. The resolutions at the EGMs were passed with the support of Ms Zheng Zeli, IEPL and Christian (to the extent that he was not conflicted to vote on). Other Ntegrator shareholders who had voted in favour of these transactions were NIL or negligible, while Ntegrator shareholders who had voted against the transactions represented between 0.04% and 0.3% of the total votes at these EGMs.

3.3.3 **We note that both Companies had issued significant amount of promissory notes to the vendors to fund most of the acquisitions of the target companies. To repay these promissory notes, the Companies had proposed certain equity and equity-linked fund-raising exercises which involve significant issuance of shares and warrants to the holders of the promissory notes.** The following are our findings:

Most of the acquisitions by Incredible and Ntegrator (namely Billion Credit, Golden Ultra and the Gadmobe Group) were paid for via the issue of promissory notes amounting to, in total, S$48.3 million (before including the additional earn-out incentive consideration) to the vendors of the target companies at completion between March and May 2022. The vendors were Christian (S$30.0 million, for the sale of Billion Credit and Golden Ultra to the Companies) and Mr Tam Ki Ying (S$18.3 million, for the sale of the Gadmobe Group to the Companies).

Set out below is an overview of the promissory notes issued by the Companies to the respective vendors of the target companies:

Vendors of the target companies	Amount of promissory notes issued by Incredible (S$'million)	Ntegrator (S$'million)	Total (S$'million)
Christian (through Mission Well Limited)			
- Billion Credit	1.0	N.A.	30.0
- Golden Ultra	14.6	14.4	
Mr Tam Ki Ying			
- The Gadmobe Group	3.1	15.2	18.3
Total	**18.7**	**29.6**	**48.3**

To repay these promissory notes, the Companies had proposed certain equity and equity-linked fund-raising exercises as set out below:

(a) With respect to Incredible, the proposed placement exercise in May 2022 which comprised the issuance of significant number of shares cum free warrants to Mission Well Limited, Ms Zhou Qi Lin and Ms Zheng Zeli to raise S$15.5 million. Our further findings in relation to the above proposed placement exercise by Incredible are set out in paragraph 3.3.4 below.

(b) With respect to Ntegrator, the proposed rights issue announced on 31 December 2021 which comprised the issuance of rights shares at a significant discount to the market share price (post-share consolidated basis), attached with a series of European-style free warrants, A to E. Our further findings in relation to the above proposed rights cum warrants issue are set out in paragraph 3.3.5 below.

However, in view of the Notice of Compliance issued by SGX RegCo to Incredible and Ntegrator, the above fund-raising exercises were not proceeded with further.

Subsequent transfers in holdings of the promissory notes

We note from Incredible's announcement dated 6 May 2022 in relation to the proposed placement exercise that Ms Zheng Zeli is a promissory note holder of Incredible for an amount of S$3.1 million. Ms Zheng Zeli is a substantial shareholder (with approximately 13% interest) in Ntegrator. She would have become a significant shareholder of Incredible (with a 4.90% interest, just below the substantial shareholding threshold of 5%) if the placement exercise by Incredible had proceeded to completion. The net proceeds from the placement exercise would be used to repay the promissory notes of Incredible held by Christian and Ms Zheng Zeli.

Further, in the 1H2022 unaudited results announcement by Ntegrator dated 13 August 2022, we note that Ms Zheng Zeli is a promissory note holder of Ntegrator for an amount of S$15.2 million.

In the interview with us, Christian clarified that Mr Tam Ki Ying, the vendor for the acquisition of the Gadmobe Group by Ntegrator and Incredible, had sold all his promissory notes amounting to S$18.3 million to Ms Zheng Zeli. In addition, Christian had sold some of his promissory notes which were issued to him in relation to the acquisitions of Billion Credit and Golden Ultra to Ms Zheng Zeli as well. Christian had also transferred some of his promissory notes to Incredible.

As disclosed in Ntegrator 1H2022 results announcement, Incredible, Christian (including Mission Well Limited) and Ms Zheng Zeli held respectively S$0.6 million, S$13.9 million and S$15.2 million of the total outstanding promissory notes of S$29.6 million issued by Ntegrator as at 30 June 2022.

Similar information is not available for Incredible as Incredible did not disclose the holders of the outstanding promissory notes of S$18.7 million as at 30 June 2022 in its 1H2022 results announcement.

3.3.4 **We note that the proposed placement exercise by Incredible in May 2022 to repay the promissory notes owed by Incredible in relation to the acquisitions of the target companies appears to be prejudicial to the interest of the minority shareholders of Incredible.** Our findings are as follows:

As mentioned in paragraph 3.3.3 above, Incredible had, on 6 May 2022, proposed a placement exercise comprising a significant number of shares cum free warrants to three placees, namely Christian (through Mission Well Limited), Ms Zhou Qi Lin and Ms Zheng Zeli, to repay most of the promissory notes owed by Incredible to Christian (S$13.83 million out of S$15.6 million) and Ms Zheng Zeli (S$1.62 million out of S$3.1 million). Ms Zheng Zeli, who is a substantial shareholder of Ntegrator, would have become a 4.9% shareholder of Incredible upon the completion of the above proposed placement exercise (before the exercise of the free warrants attached to the placement shares).

The proposed placement exercise to raise S$15.5 million comprises 14.1 billion new Incredible Shares with 21.1 billion free warrants on the basis of 15 free warrants for every 10 placement shares, with the issue price of the placement shares and the exercise price of the warrants at the same price of S$0.0011 each. Mission Well Limited would grant a 24-month moratorium from the completion date not to dispose of or transfer any of the placement shares, warrants and exercised shares from the exercise of the warrants, and Ms Zhou Qi Lin and Ms Zheng Zeli would grant a similar moratorium but for a shorter period of 6 months.

Set out below is the salient information of the proposed placement exercise by Incredible in May 2022 to illustrate the size and impact on Incredible and its existing minority shareholders:

(a) Incredible's issued share capital comprises 3.0 billion Incredible Shares. The proposed placement would increase the number of issued shares from 3.0 billion Incredible Shares to 17.1 billion Incredible Shares, and upon the full exercise of the warrants, would further increase to 38.2 billion Incredible Shares.

The 14.1 billion placement shares represent 4.7 times of the existing 3.0 billion Incredible Shares, and the 21.1 billion free warrants represent 7.0 times of the existing 3.0 billion Incredible Shares. Together, the proposed placement exercise would potentially result in the issuance of 35.2 billion shares, representing 11.7 times of the existing 3.0 billion Incredible Shares.

In view of the significant number of placement shares and new shares upon the exercise of the warrants, Incredible's existing minority shareholders would face substantial dilution in their respective shareholding interests in the Company, as illustrated in the table below:

	As at 1 June 2022		**After the placement shares but before exercise of warrants**		**After the placement shares and exercise of warrants**	
Relevant parties in Incredible	**No. of shares (in millions)**	**%**	**No. of shares (in millions)**	**%**	**No. of shares (in millions)**	**%**
Christian[(1)]	1,770.5	59.14	14,389.5	84.22	33,318.0	87.17
Ms Zhou Qi Lin	207.9	6.95	844.2	4.94	1,798.8	4.71
Ms Zheng Zeli	-	-	836.4	4.90	2,091.0	5.47
Other shareholders	1,015.2	33.91	1,015.2	5.94	1,015.2	2.65
Total	**2,993.5**	**100.00**	**17,085.3**	**100.00**	**38,223.0**	**100.00**

Note:

(1) Includes Christian's direct and indirect interests in the Incredible Shares, including shares held by Mission Well Limited and under the CKLY Family Trust.

Incredible had issued its circular to shareholders dated 3 June 2022 to seek shareholders' approval for the proposed placement to each of the placees, and each of the resolutions are inter-conditional upon each other. The Board had viewed Mission Well Limited, Ms

Zhou Qi Lin and Ms Zheng Zeli as different unrelated parties. Ms Zheng Zeli did not hold any Incredible Shares. Hence, while Mission Well Limited and Ms Zhou Qi Lin could not vote on their own resolution for the proposed placement, the Board was of the view that they could vote on the other resolutions.

As there are no other significant shareholders in Incredible, the outcome of voting at the proposed EGM would have been dependent on the support of Christian and Ms Zhou Qi Lin.

On 11 June 2022, Incredible announced that it would withdraw the EGM notice and the circular to shareholders dated 3 June 2022. The notice of EGM was withdrawn following SGX-ST's requirements *inter alia* for the proposed placement to the three placees to be considered as a single transaction and for Christian, Ms Zhou Qi Lin, Ms Zheng Zeli and their associates to abstain from voting on the resolution.

The proposed placement exercise did not proceed further because of the Notice of Compliance.

(b) The then market share price of Incredible was S$0.001 on 29 April 2022, which is also the minimum trading price for shares listed on the SGX-ST. The issue price of the placement shares and the exercise price of the warrants were each fixed at $0.0011, which is at a 10% premium above the then market share price of Incredible of S$0.001. (*See Maxwellisation comments Ref. No. 3.3.4(b) as set out in the Annex.*)

We note that since the announcement of the acquisitions of the target companies in September/October 2021, Incredible Share prices had fallen significantly from S$0.004/S$0.005 to S$0.002/S$0.003 at completion of these acquisitions in March/April 2022, and further to S$0.001 when the proposed placement exercise was announced on 6 May 2022. The repayment of the promissory notes with the placement shares with free warrants which were pegged to the then prevailing market share price, which had fallen by up to 80% in 9 months since the announcement of the acquisitions of the target companies, would not be in the interest of Incredible's existing minority shareholders given the resultant dilution impact arising from the issuance of the large number of Incredible Shares.

The Board of Incredible was supportive of the acquisitions of the target companies and had approved the acquisitions at considerations well above the respective independent valuations, and these acquisitions were settled mostly through interest-free promissory notes to the vendors to conserve cash flow for Incredible. However, soon thereafter following the completion of these acquisitions in March/April 2022, Incredible had, on 6 May 2022, proposed the placement exercise to repay most of these promissory notes.

(c) The proposed placement exercise includes the issue of warrants which is 1.5 times the number of placement shares, and are exercisable into new Incredible Shares at the same price as the placement shares over a period of five years. These warrants, which are issued free with the placement shares, confer additional benefits and incentives to the placees, as the moratorium periods granted by the placees are much shorter than the expiry date of the warrants.

(d) The issue price of the placement shares and the exercise price of the warrants at S$0.0011 each are significantly below the NTA/NAV per share of the Incredible Group of S$0.003 as at 31 December 2021, being the latest available financial information of Incredible at the time of the announcement of the proposed placement exercise. This would result in a significant dilution to NAV per Incredible Share and is therefore not in the interests of the Company and its minority shareholders. (*See Maxwellisation comments Ref. No. 3.3.4(d) as set out in the Annex.*)

3.3.5 **We note that Ntegrator's proposed rights cum warrants issue involves the issuance of a significant number of shares and a series of European-style warrants with different expiry dates and exercise prices, and Ntegrator minority shareholders would face substantial dilution in their shareholding interests in the Company if they do not subscribe to their full entitlement.** Our findings are as follows:

Ntegrator had, on 31 December 2021, announced a proposed share consolidation on the basis of 3:1 to be followed by a proposed rights issue on the basis of 15 rights shares for every 1 consolidated share at the issue price of S$0.01 for each consolidated share, attached with a series of, in total, 10 European-style free warrants A to E, with different exercise prices and which are exercisable at different expiry dates. The rights shares are priced at a discount of approximately 52% to the market share price (post-share consolidated basis).

The proposed rights issue would raise net proceeds of between S$0.7 million and S$88.9 million under the minimum and maximum subscription scenarios, before taking into account any exercise of the warrants attached to the rights shares. The minimum subscription scenario is where only the undertaking shareholders, namely Christian, Mission Well Limited and Incredible, subscribe to their *pro rata* entitlements to the rights issue, without triggering any takeover obligations under the Code. The maximum subscription scenario is where the rights issue is fully subscribed. In comparison, the market capitalisation of Ntegrator as at 31 December 2021 was approximately S$10 million.

The proposed rights issue was to *inter alia* repay the promissory notes that Ntegrator had issued in relation to its acquisitions of Golden Ultra (S$14.4 million) and the Gadmobe Group (S$15.2 million). At the time of the completion of the acquisitions of the target companies, Christian and Mr Tam Ki Ying held S$14.4 million and S$15.2 million of the promissory notes issued by Ntegrator respectively.

The share consolidation and rights issue were approved by shareholders at the EGM of Ntegrator on 11 April 2022. In-principle approval from SGX-ST was obtained on 21 April 2022 for the listing of the rights shares, and the Warrant A to Warrant E. The share consolidation was effected on 9 May 2022.

Set out below is the salient information of the proposed share consolidation and proposed rights issue (if fully subscribed) to illustrate the size and impact of these proposed transactions on Ntegrator and its existing minority shareholders:

(i) Ntegrator had 1.46 billion shares before the share consolidation exercise. After making certain assumptions that outstanding Ntegrator warrants would be exercised and Incredible would convert part of the Ntegrator perpetual convertible bonds (S$600K) that it holds into Ntegrator Shares to be eligible to participate in the proposed rights issue, Ntegrator issued shares would comprise 1.78 billion shares (before the share consolidation and the rights issue) and 593 million shares (after the share consolidation but before the rights issue).

The rights issue on the basis of 15:1 would involve the issue of 8.9 billion rights shares. The proposed rights shares were priced at a discount (of 52%) to the VWAP of S$0.021 (post-share consolidation basis) and a discount (of 49%) to the theoretical ex-rights price of S$0.0107 (post-share consolidation basis) on 31 December 2021. (*See Maxwellisation comments Ref. No. 3.3.5(i) as set out in the Annex.*)

The series of European-style warrants A to E which are attached free to the rights shares on the basis of 10 free warrants for every 15 rights shares, would involve the issue of, in total, 5.9 billion warrants. These warrants are exercisable at different pre-determined exercise prices at different specified expiration dates ranging from 6 months to 24 months. The exercise prices of Warrant A, Warrant B, Warrant C and Warrant D were substantially above the rights issue price, while the exercise price of Warrant E was at a 30% discount to VWAP on the expiration date of Warrant E and capped at S$0.045. If any of these warrants are not exercised at the respective expiration dates, they would lapse and cease to be valid i.e. structure of a typical European-style warrant.

The above would result in Ntegrator increasing its post-consolidation shares from 593 million to 15.4 billion shares if all the rights shares are fully issued and all the Warrants A to E are fully exercised.

Further, through the exercise of the free warrants attached to these perpetual convertible bonds (held by Incredible and Incredible shareholders) into further Ntegrator Shares, Ntegrator would be issuing another 3.333 billion consolidated Ntegrator Shares (see paragraph 3.3.6 below for information on the perpetual securities).

The above would result in Ntegrator having a grand total of 18.7 billion consolidated Ntegrator Shares as shown in the table below:

	No. of Ntegrator Shares
Existing number of Ntegrator Shares as at 31 December 2021	1,464,458,714
Assuming exercise of outstanding warrants	133,600,000
Assuming Incredible converts part of the perpetual convertible bonds (S$599,940) into 180 million conversion shares to be entitled to the rights issue as per Ntegrator's announcement	180,000,000
Sub-total before share consolidation	***1,778,058,714***
Share consolidation on basis of 3:1	**592,686,238**
Assuming securities are fully issued, exercised and/or converted:	
Rights issue on the basis of 15:1[(1)]	8,890,293,570
Exercise of Warrant A	1,185,372,476
Exercise of Warrant B	1,185,372,476
Exercise of Warrant C	1,185,372,476
Exercise of Warrant D	1,185,372,476
Exercise of Warrant E	1,185,372,476
Exercise of the 10 billion warrants that were attached and issued with the convertible bonds at the exercise price of S$0.003333 (pre-consolidated basis) which is equivalent to 3.333 billion warrants at the exercise price of S$0.01 (post-consolidation basis)	3,333,333,333
Total	**18,743,175,521**

Note:

(1) Assuming that Incredible would subscribe to its full entitlement of 900 million Ntegrator rights shares, of which 840 million Ntegrator's rights shares would be payable by way of set-off of the remaining perpetual convertible bonds of S$8.4 million, resulting in the full settlement of the perpetual convertible bonds issued by Ntegrator to Incredible, and the remaining subscription of the 60 million rights shares would be payable in cash.

(ii) In an ideal scenario where all existing Ntegrator shareholders subscribe to their full entitlement to the rights issue, there would not be any material change in their respective existing shareholding interests in Ntegrator after the proposed rights issue. However, certain shareholders like Christian, Ms Zheng Zeli and IEPL and parties deemed acting in concert with them might be constrained in their level of subscription of the rights shares in order not to trigger any takeover obligations under the Code. Their ability to subscribe to the rights shares without resulting in each of them owning 30% or more of the shareholding interest in Ntegrator after the rights issue would also depend on the subscription interests of Ntegrator's minority shareholders in the proposed rights issue.

In the scenario where Ntegrator's minority shareholders do not subscribe to the proposed rights issue, and Christian, Ms Zheng Zeli and IEPL and their concert parties could only subscribe to their maximum permitted level without triggering any takeover obligations under the Code, we note that (a) Ntegrator's existing minority shareholders would face

significant dilution in its shareholding interest in Ntegrator from 70% to 16% as highlighted in the table below; and (b) the number of rights shares issued (1.7 billion) and amount raised (S$17 million) would be much lower compared to a fully subscribed rights issue of 8.9 billion rights shares (S$88 million).

Shareholders of Ntegrator	Before the proposed rights issue		After partial conversion of the Ntegrator bonds held by Incredible		After the proposed rights issue[(2)]	
	No. of shares (in millions)	%	No. of shares (in millions)	%	No. of shares (in millions)	%
Mission Well Limited[(1)]	57.1	10.7	57.1	9.6	339.4	14.6
Incredible[(1)]	-	-	60.0[(3)]	10.1	356.7	15.4
Ms Zheng Zeli	68.0	12.8	68.0	11.5	696.0	30.0
IEPL[(4)]	34.8	6.5	34.8	5.9	557.0	24.0
Other shareholders[(5)]	372.8	70.0	372.8	62.9	372.8	16.0
Total	**532.7**	**100.0**	**592.7**	**100.0**	**2,321.9**	**100.0**

Notes:

(1) Christian is deemed interested in the Ntegrator shares held by Mission Well Limited and Incredible, and they are each an undertaking shareholder for the purpose of the rights cum warrants issue;

(2) Assuming that Mission Well Limited, Incredible, Ms Zheng Zeli and IEPL subscribed to the rights shares without triggering any takeover obligations after the completion of the rights issue;

(3) Assuming Incredible had subscribed for Ntegrator's S$9.0 million perpetual convertible bonds and converted S$599,940 of it into 60 million Ntegrator shares (consolidation shares) to be entitled to the rights issue as per Ntegrator's disclosures;

(4) After taking into consideration that IEPL had exercised its outstanding warrants in July 2022; and

(5) Other shareholders' interest in Ntegrator is derived as a balancing figure before and after the rights issue.

Under the above scenario, Christian, Incredible, Ms Zheng Zeli and IEPL, would together own approximately 84% of the enlarged Ntegrator after the rights issue, and the remaining shareholders would be substantially diluted from 70% to approximately 16% after the rights issue.

(iii) Christian, Ms Zheng Zeli and IEPL are the significant shareholders of Ntegrator who had voted in favour of the share consolidation and the proposed rights issue. Their votes accounted for almost 100% of the total votes at the EGM held on 11 April 2022. Other Ntegrator shareholders who had voted in favour of the transactions held 2,600 Ntegrator Shares and Ntegrator shareholders who had voted against the transactions held 201,500 Ntegrator Shares, representing 0.04% of the total votes at the EGM.

3.3.6 **Both Incredible and Ntegrator had proposed the cross-issuance of perpetual securities with free warrants to each other with no actual cash flows between the Companies, to be followed by a proposed distribution *in specie* of some or bulk of the free warrants received to their respective shareholders. The above proposed transactions facilitate the issuance of significant number of free warrants (with exercise prices which are at significant discounts to market share prices) to shareholders other than its own, has no immediate net tangible financial benefits to the Companies, and existing minority shareholders would also face substantial dilution in their shareholding interests in the Companies. In addition, the Interested Person had failed to abstain from voting on the proposed transactions as an Interested Person Transaction at the EGM of Ntegrator and there was erroneous disclosure in the EGM results announcement.** Our findings are as follows:

Both Companies had in early January 2022 announced the proposed cross-issuance of perpetual securities with free warrants to each other, and upon the receipt of the free warrants to further distribute *in specie* some or most of the free warrants to their respective shareholders. The total size of the perpetual securities to be issued by each of Incredible and Ntegrator, in the form of

perpetual convertible bonds and/or perpetual bonds, is similar at S$9 million. As the bonds amount offset each other, there would be no inflow/outflow of funds to each of the Companies. Ntegrator's S$9 million perpetual convertible bonds are attached with 10 billion free Ntegrator warrants, and Incredible's S$6.9 million 0% perpetual bonds and S$2.1 million 0% perpetual convertible bonds are attached with 1 billion free Incredible warrants.

The cross-issuance of perpetual securities by the Companies are conditional upon each other, subject to shareholders' approval at the respective EGMs of the Companies and the respective IFA opinions.

Incredible and Ntegrator had obtained shareholders' approval for the proposed cross-issuance of perpetual securities at the respective EGMs on 4 May 2022 and 28 April 2022 respectively. Ntegrator had also received in-principle approvals from the SGX-ST for the listing of the conversion shares (upon the conversion of the perpetual convertible bonds) and the new Ntegrator Shares (upon the exercise of the warrants) arising from its proposed issuance of S$9 million 0% perpetual convertible bonds (on 28 January 2022) and listing of the 10 billion Ntegrator warrants (on 20 May 2022).

However, in view of the Notice of Compliance issued by SGX RegCo to Incredible and Ntegrator, the proposed cross-issuance of perpetual securities with free warrants were not proceeded with further.

Set out below are salient findings on the proposed cross-issuance of the perpetual securities with free warrants by Incredible and Ntegrator:

(a) Incredible and Ntegrator would subscribe to each other's perpetual bonds for the same aggregate amount of S$9 million. Hence, there is no cash flow of funds.to each other. These bonds are attached with significant number of free warrants which are exercisable at significant discounts to the respective market share prices of Incredible and Ntegrator. In turn, Incredible and Ntegrator would distribute *in specie* some or most of the free warrants to their respective shareholders for free via the capital reduction. The bonds would have facilitated the issuance of a significant number of free warrants at significant discounts to market share prices to shareholders other than its own. There is therefore no immediate net tangible financial benefit to the Companies.

(b) Ntegrator had appointed W Capital as its IFA on the cross-issuance of perpetual securities. W Capital had issued its opinion that "*on balance, the Proposed Issuance 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 steep discount of the Conversion Price and Exercise Price as compared to the VWAP of the Shares and the significant potential dilution to the public shareholders*." and "*on balance, the Proposed Subscription 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 the salient terms of the Proposed Subscription vis-à-vis those of the Proposed Issuance*."

    Despite the ambiguous IFA opinion, the Special Committee of Ntegrator (comprising Mr Chay Yiowmin, Mr Tao Yeoh Chi and Mr Han Meng Siew) had concluded that the proposed cross-issuance of perpetual securities with warrants as IPTs are <u>on</u> normal commercial terms and are <u>not</u> prejudicial to the Company and their respective shareholders.

    (In the case of Incredible, the Special Committee of Incredible (comprising only one member, Ms Eunice Koh) had concurred with the IFA opinion by Novus that "*on balance, the Proposed Transactions as interested person transactions are on normal commercial terms and are not prejudicial to the interests of the Company and the Independent Shareholders.*")

(c) It was the intention for Incredible to subscribe to Ntegrator's proposed rights issue of shares with free warrants by way of the set-off of the perpetual convertible bonds issued by Ntegrator to Incredible. In effect, Ntegrator would have fully repaid its perpetual

convertible bonds without any cash outflow and Incredible would have acquired Ntegrator Shares and free warrants also without any cash outflow.

As a result of the complex structuring and indirect way of the fund-raising exercises by the Companies with practically no financial outlay by Incredible and Ntegrator: (*See Maxwellisation comments Ref. No. 3.3.6(c) as set out in the Annex.*)

- Incredible would (i) acquire Ntegrator Shares at significant discounts to market share prices, (ii) enable Incredible shareholders to own Ntegrator warrants for free, which are exercisable into new Ntegrator Shares at significant discounts to market share prices, and (iii) enable Ntegrator shareholders to own Incredible warrants for free, which are also exercisable into new Incredible Shares at significant discounts to market share prices.
- Ntegrator would increase its NAV by S$9 million represented by its holding of Incredible's perpetual securities totalling S$9 million, without any cash inflow or outflow of funds, (ii) enable Ntegrator shareholders to own Incredible warrants for free, which are exercisable into new Incredible Shares at significant discounts to market share prices, and (iii) enable Incredible shareholders to own Ntegrator warrants for free, which are also exercisable into new Ntegrator Shares at significant discounts to market share prices.

(d) Dilution impact on Incredible

The S$2.1 million perpetual convertible bonds issued by Incredible to Ntegrator are convertible into 525 million new Incredible Shares and the attached 1 billion Incredible warrants which are distributed to Ntegrator Shareholders are exercisable into 1 billion new Incredible Shares. Incredible's existing minority shareholders would potentially suffer a dilution impact arising from the issuance of the above new Incredible Shares, from 33.9% to 22.5%, as shown in Table 1 below:

Table 1: Incredible

Shareholders in Incredible	Before full conversion of perpetual convertible bonds and the exercise of warrants		After full conversion of perpetual convertible bonds and the exercise of warrants	
	No. of Incredible Shares (million)	**% shareholding interest**	**No. of Incredible Shares (million)**	**% shareholding interest**
Existing Incredible Shares held by Christian and Ms Zhou Qi Lin	1,978	66.1	1,978	45.7
Exercise of their share (Christian, Ms Zheng Zeli and IEPL) of the distribution *in specie* of the Incredible warrants by Ntegrator[1]	-	-	86	
Ntegrator				
- conversion of the Incredible bonds held by Ntegrator into Incredible Shares	-	-	525	27.1
- exercise of 700 million Incredible warrants retained by Ntegrator after the distribution *in specie*			700	
Ntegrator's minority shareholders				
- exercise of the Incredible warrants distributed *in specie* by Ntegrator	-	-	214	4.7
Existing Incredible's minority shareholders	1,015	33.9	1,015	22.5
Total	**2,993**	**100.0**	**4,518**	**100.0**

Note:

(1) As shareholders of Ntegrator, Christian, Ms Zheng Zeli and IEPL would receive their respective share of the distribution *in specie* of the Incredible warrants distributed by Ntegrator, and upon their exercise of these warrants, they would collectively own 86 million Incredible Shares.

(e) Dilution impact on Ntegrator

The S$9 million perpetual convertible bonds issued by Ntegrator to Incredible are convertible into 2.7 billion new Ntegrator Shares (equivalent to 900 million consolidated Ntegrator Shares) and the attached 10 billion Ntegrator warrants which are distributed to Incredible Shareholders are exercisable into 10 billion new Ntegrator Shares (equivalent to 3.33 billion new consolidated Ntegrator Shares). Ntegrator's existing minority shareholders would potentially suffer a dilution impact arising from the issuance of the above new Ntegrator Shares, from 70.0% to 7.8%, as shown in Table 2 below:

Table 2: Ntegrator (pre-consolidation basis)

	Before full conversion of perpetual convertible bonds and the exercise of warrants		After full conversion of perpetual convertible bonds and the exercise of warrants	
Shareholders in Ntegrator	**No. of Ntegrator Shares (million)**	**% shareholding interest**	**No. of Ntegrator Shares (million)**	**% shareholding interest**
Existing Ntegrator Shares held by Christian, Ms Zheng Zeli and IEPL[1]	480	30.0	480	48.4
Exercise of their share (Christian and Ms Zhou Qi Lin) of the distribution *in specie* of the Ntegrator warrants by Incredible[2]	-	-	6,443	
Incredible				
- conversion of the Ntegrator bonds held by Incredible into Ntegrator Shares	-	-	2,700	19.6
- exercise of 100 million Ntegrator warrants retained by Incredible after the distribution *in specie*			100	
Incredible's minority shareholders				
- exercise of the Ntegrator warrants distributed *in specie* by Incredible	-	-	3,457	24.2
Existing Ntegrator's minority shareholders	1,118	70.0	1,118	7.8
Total	**1,598**	**100.0**	**14,298**	**100.0**

Notes:

(1) After taking into consideration all warrants issued to IEPL and Ms Zheng Zeli had been fully exercised into Ntegrator Shares; and

(2) As shareholders of Incredible, Christian and Ms Zhou Qi Lin would receive their respective share of the distribution *in specie* of the Ntegrator warrants distributed by Incredible, and upon their exercise of these warrants, they would collectively own 6.4 billion Ntegrator Shares.

Ntegrator had originally planned to concurrently carry out the rights issue and the cross-issuance of the perpetual securities with warrants, as (a) S$0.6 million of the perpetual convertible bonds is to be converted into Ntegrator Shares by Incredible to participate in Ntegrator's proposed rights issue; and (b) Incredible would subscribe to its entitlement of the proposed rights issue mostly by way of the set-off of the remaining S$8.4 million perpetual convertible bonds.

Christian explained to us that the exercises were proceeding according to the Company's plans until SGX RegCo issued the Notice of Compliance. Christian further explained that

if the proposed transactions had proceeded according to its plans, and as Ntegrator shareholders subscribed to their *pro rata* entitlements to the proposed rights issue, the dilution impact on Ntegrator's existing minority shareholders arising from the proposed cross-issuance of perpetual securities with warrants would be lesser.

Following from the above, we have attempted to show the hypothetical dilution impact on Ntegrator's existing minority shareholders (a) assuming all Ntegrator shareholders subscribe to their *pro rata* entitlements in full ("**Scenario A**"); and (b) assuming only Christian, Ms Zheng Zeli, IEPL and Incredible subscribe to the rights issue without triggering any takeover obligations, if none of the remaining minority Ntegrator shareholders subscribe to the rights issue ("**Scenario B**"). The dilution impact on Ntegrator's existing minority shareholders under Scenario A and Scenario B are set out below in Table 3 and Table 4 respectively.

Under Scenario A, Ntegrator's existing minority shareholders would be diluted from 70% to 46.5% and under Scenario B, Ntegrator's existing minority shareholders would be significantly diluted from 70% to 6.6%.

Table 3: Ntegrator (post-consolidation basis) under Scenario A

	Before proposed rights issue and cross-issuance of perpetual securities		**After proposed rights issue and cross-issuance of perpetual securities and the exercise of free Ntegrator warrants**	
Shareholders in Ntegrator	**No. of Ntegrator consolidated shares (million)**	**% shareholding interest**	**No. of Ntegrator consolidated shares (million)**	**% shareholding interest**
Existing Ntegrator Shares held by Christian, Ms Zheng Zeli and IEPL	160	30.0	2,559	36.7
Exercise of their share (Christian and Ms Zhou Qi Lin) of the distribution *in specie* of the Ntegrator warrants by Incredible	-	-	2,148	
Incredible				
- partial conversion, full repayment of perpetual convertible bonds issued to Incredible through the subscription of rights shares			960	7.8
- exercise of Ntegrator warrants retained by Incredible after the distribution *in specie*			33	
Incredible's minority shareholders				
- exercise of the Ntegrator warrants distributed *in specie* by Incredible	-	-	1,152	9.0
Existing Ntegrator's minority shareholders	373	70.0	5,964	46.5
Total	**533**	**100.0**	**12,816**	**100.0**

Table 4: Ntegrator (post-consolidation basis) under Scenario B

Shareholders in Ntegrator	Before proposed rights issue and cross-issuance of perpetual securities		After proposed rights issue and cross-issuance of perpetual securities and the exercise of free Ntegrator warrants	
	No. of Ntegrator consolidated shares (million)	% shareholding interest	No. of Ntegrator consolidated shares (million)	% shareholding interest
Existing Ntegrator Shares held by Christian, Ms Zheng Zeli and IEPL	160	30.0	1,592	66.1
Exercise of their share (Christian and Ms Zhou Qi Lin) of the distribution *in specie* of the Ntegrator warrants by Incredible	-	-	2,148	
Incredible				
- partial conversion, partial repayment of perpetual convertible bonds issued to Incredible through the subscription of rights shares			357	6.9
- exercise of Ntegrator warrants retained by Incredible after the distribution *in specie*			33	
Incredible's minority shareholders				
- exercise of the Ntegrator warrants distributed *in specie* by Incredible	-	-	1,152	20.4
Existing Ntegrator's minority shareholders	373	70.0	373	6.6
Total	**533**	**100.0**	**5,655**	**100.0**

(f) We note that the Companies would be issuing the warrants free of charge to each other and some or the bulk of these warrants would in-turn be distributed *in specie* for free to their respective shareholders. The Companies had stated that the distribution *in specie* would be carried out by way of a proposed capital reduction but were unclear and did not state the amount of the capital reduction that is required for the distribution *in specie*. On the contrary, the Companies had disclosed that the proposed capital reduction would be used to cancel accumulated losses that these Companies had incurred. The above is therefore unclear, inadequate and confusing. (*See Maxwellisation comments Ref. No. 3.3.6(f) as set out in the Annex.*)

(g) In respect of Incredible, Christian was considered as an Interested Person for the proposed transactions. Ms Zhou Qilin who held 207.9 million Incredible Shares had voted in favour of the proposed transactions and her votes had accounted for 95.7% of the total votes at the EGM held on 4 May 2022. Other Incredible shareholders who held 9.3 million Incredible Shares had also voted in favour of the proposed transactions, representing 4.3% of the total votes. Only 2 Incredible Shares had voted against the proposed transactions.

(h) In respect of Ntegrator, it was disclosed in its circular to shareholders dated 6 April 2022 that Christian and his associates, being considered as Interested Persons for the proposed transactions, will abstain from voting on the proposed transactions under Catalist Rules 812, 919 and 1014. Mission Well Limited held directly 120.1 million Ntegrator Shares and indirectly 51.2 million Ntegrator Shares, totalling 171.3 million Ntegrator Shares. However, based on information provided by Management, we note that 51.2 million Ntegrator Shares held indirectly by Mission Well Limited had voted in favour of the proposed transactions. This is in contradiction to the disclosures in the above circular.

We further note that Ntegrator had erroneously disclosed in its EGM results announcement on 28 April 2022 that Mission Well Limited which held in aggregate 171.3 million Ntegrator Shares had abstained from voting on the proposed transactions at the EGM, when in fact, Mission Well Limited had voted for the proposed transactions in respect of its 51.2 million Ntegrator Shares.

(i) As a result, Mission Well Limited (51.2 million Ntegrator Shares), Ms Zheng Zeli (204.1 million Ntegrator Shares) and IEPL (72.9 million Ntegrator Shares) had voted in favour of the proposed transactions. The above accounted for almost 100% of the total votes at the EGM held on 28 April 2022. No other Ntegrator shareholders had voted in favour of the proposed transactions. Other Ntegrator shareholders who held 1.0 million Ntegrator Shares, representing 0.3% of the total votes, had voted against the proposed transactions.

3.3.7 We note that both Companies had erroneous/inappropriate disclosures of NTA information in relation to certain of the fund-raising exercises. The following are examples:

In respect of Incredible

Similar to errors as mentioned in paragraph 3.2.3 of this Executive Summary, in relation to the proposed cross-issuance of perpetual securities with free warrants and the proposed placement of shares with warrants in May 2022, Incredible had made similar errors in disclosing NTA of the Incredible Group as at 31 December 2020 in its announcements/circular to shareholders without deducting intangibles.

Incredible also made an error in disclosing the audited NTA of the Incredible Group as at 31 December 2021 in the computation of financial effects of the proposed cross-issuance of perpetual securities with free warrants in its circular to shareholders dated 11 April 2022, when the amount was, in fact, derived from the unaudited NTA of the group. The auditors of Incredible had only signed off its auditor’s report on 7 June 2022 for the financial statements of Incredible for FY2021.

In respect of Ntegrator

In relation to the fund-raising exercises by Ntegrator pertaining to the placements in May and November 2021, the proposed rights issue with warrants and the proposed cross-issuance of perpetual securities with warrants, Ntegrator had disclosed its NTA as at 31 December 2020 and 31 December 2021, where relevant, based on net assets/total equity of the Ntegrator Group which comprised equity attributable to equity owners of the company and non-controlling interest.

In our view, it is more appropriate for Ntegrator to use the NTA attributable to equity owners of the company instead of total equity for its disclosure of NTA of the Group and computation of financial effects on NTA per share, as these figures are used to illustrate NTA attributable to the shares of the Company, which excludes non-controlling interests.

The difference between total equity of Ntegrator Group and NTA attributable to equity owners of the company is set out below as an illustration:

NTA of Ntegrator Group as at	Based on total equity of Ntegrator Group (S$’million)	Based on NTA attributable to equity owners of the company (S$’million)	% difference
31 December 2020	S$9.001	S$12.864	43%
31 December 2021	S$9.868	S$14.280	45%

3.3.8 Conclusion in relation to the fund-raising exercises undertaken by the Companies

We note that the Companies had issued promissory notes amounting to, in aggregate, at least S$48.3 million to fund most of the acquisitions of the target companies (i.e. Billion Credit, Golden Ultra and the Gadmobe Group) which were completed in March/April/May 2022. The Companies

had paid significant considerations for most of the target companies with relatively weak historical financial positions and financial results, and/or which were not supported by the opinion of the IFA and independent valuations of the target companies.

To repay these promissory notes, as well as to meet the Companies' fund-raising goals and plans, the Companies had proposed various equity fund-raising exercises. Incredible had announced its proposed placement of shares with free warrants on 6 May 2022, Ntegrator had announced its proposed rights cum warrants issue on 31 December 2021 and the Companies had announced the proposed cross-issuance of perpetual securities with free warrants in early January 2022. However, market share prices of the Companies had fallen considerably since the announcements of the acquisitions of the target companies. As a result, the equity fund-raising exercises which were benchmarked to prevailing market share prices had involved the issuance of a significant number of equity and equity-linked securities. (*See Maxwellisation comments Ref. No. 3.3.8 as set out in the Annex.*)

(a) As elaborated in paragraphs 3.3.1 to 3.3.6 above, these equity fund-raising exercises would potentially result in significant dilution of the interests of minority shareholders of these Companies.

(b) These equity fund-raising exercises involving a huge number of shares and warrants, and perpetual convertible bonds with free warrants might result in significant overhang of securities in the market and might depress share prices further.

(c) The fund-raising exercises like placement of shares cum free warrants to certain placees by Ntegrator in November 2021 had helped to provide strong shareholders' support to approve various transactions proposed at Ntegrator's EGMs in March and April 2022. (*See Maxwellisation comments Ref. No. 3.3.8(c) as set out in the Annex.*)

(d) The proposed cross-issuance of perpetual securities has no cash inflow/outlay to/by the Companies. These proposed bonds have facilitated the issuance of a significant number of free warrants (which are exercisable into new shares of the Companies at significant discounts to market share prices) to shareholders other than its own. There is therefore no immediate net tangible financial benefit to the Companies.

Based on the above, we are of the view that the proposed fund-raising exercises by the Companies do not appear to be on normal commercial terms, and hence there are grounds on which these proposed fund-raising exercises would be prejudicial to the interests of the Companies and their respective minority shareholders.

4. REVIEW THE INTERNAL CONTROLS AND GOVERNANCE STRUCTURE LEADING TO THE TRANSACTIONS BEING ENTERED INTO

Following from our key findings on the Transactions as set out in paragraph 3 above, and the responses that we have gathered from our interviews with various personnel as well as the Maxwellisation process, we note that various aspects of the internal controls and corporate governance appear to be lacking in both Companies. Our findings on this matter are set out below.

4.1 We note that there was generally weak and/or no evidence to show that the Directors had put in sufficient robust deliberations and due diligence to evaluate the terms of the Transactions before putting forth the proposed Transactions to shareholders for their approval at the EGMs. Our findings are set out below.

4.1.1 <u>Directors of the Companies</u>

(a) Audit Committee

The minutes of the AC meetings were brief and did not show robust deliberations by the AC members on each of the Transactions.

In particular, there is no evidence of deliberations on *inter alia* the detailed terms of each of the Transactions, the financial implications the Transactions may have on the Companies, impact on minority shareholders, review and understanding of the independent valuation reports and the IFA reports, and to reconcile, address and quantify together with the respective valuers and the IFA the significant gaps between the opinions of these experts and the proposed terms of the Transactions. For example, in the interview with us, Mr Chay Yiowmin said that he was not aware of the dividend pay-out as a term of the acquisitions of Golden Ultra and the Gadmobe Group, as Christian did not inform the AC. In addition, certain AC members appear to be relatively passive.

(b) Investment Committee

Incredible had formed an Investment Committee in October 2013 which comprises <u>all</u> the Directors of the Company. The Investment Committee is responsible to *inter alia* evaluate and approve all investments and fund-raising exercises. The detailed principal objectives of the Investment Committee are set out in the annual reports of Incredible under “Corporate Governance Statement”.

However, there was no evidence to show that the Transactions were reviewed, evaluated or approved by the Investment Committee of Incredible.

(Ntegrator does not have any Investment Committee to review and approve its corporate actions.)

(c) Board

The Transactions were approved via the sign-off on the board resolutions. There were no board meetings to discuss and deliberate on the Transactions. Hence, there is no evidence that Directors who are not AC members e.g. Mr Han Meng Siew (Executive Director of Ntegrator), Mr Tao Yeoh Chi (Independent Director of Ntegrator) and Ms Eunice Koh (Independent Director of Incredible) were involved in the deliberations of the Transactions. Based on our interviews with these Directors, we note that they were hardly involved in the deliberation and review of the Transactions, nor did they appear to understand the intricacies of the terms of the Transactions even though they had approved the Transactions by signing on the board resolutions. In addition, we note that Mr Han Meng Siew had not signed-off on most of the board resolutions.

(d) General overview approach

Based on our interviews with the various Directors, we note that most of the Directors had relied on Management’s representations and justification on the terms of the Transactions, and had mainly evaluated the Transactions based on a “big picture” approach or general overview that the Transactions were beneficial for the Companies.

Further, some of the Directors were not involved in the deliberations of the Transactions as most of the discussions were carried out by the Management and the AC members.

It is pertinent to note that Christian is the key Management as Executive Director of both Companies and was instrumental in proposing these Transactions to both Companies.

Mr Han Meng Siew is the other Executive Director of Ntegrator but we understand that he had considered himself as legacy management after the hostile takeover of Ntegrator by Christian and his appointed Directors in May 2021, and his involvement in Ntegrator was to continue to oversee the legacy business of Ntegrator.

(e) No board verification meetings on important material public documents

We note that there were no board verification meetings conducted by the Companies on important material public documents for all the Transactions except for Incredible’s circular to shareholders dated 14 January 2022 in relation to *inter alia* the acquisitions of Billion

Credit and Golden Ultra. As a result, the important material public documents and expert opinions/reports were not formally presented, clarified, verified and confirmed by the Directors, Management and the respective professional parties. As a result, the Directors (other than Management who were involved in the Transactions) may not have formalised meetings to clarify and understand the terms and disclosures of the Transactions, prior to the release of the public documents.

During our interviews, we note from SLB that the Companies had requested them to do away with the board verification meetings for the circulars to shareholders as the Directors were not available to attend the board verification meetings. SLB further noted that the Directors generally have no comments on the circulars, and that the Directors would send email confirmations to approve the issue of the circulars following the Sponsors' clearance of the circulars.

4.1.2 Deliberations of Recommending Directors

As set out in paragraph 3.2.1, in the acquisitions of the target companies (i.e. Billion Credit, Golden Ultra and the Gadmobe Group) where the considerations paid were significantly above the independent valuations of these target companies, generally, the Recommending Directors had justified and supported the Transactions by stating that intangible assets of the target companies were not reflected in the valuation report and, hence, taking into account these intangible assets, the premiums paid above the independent valuation were considered as fair.

Further, where the acquisitions were deemed as IPTs and the IFA had given an ambiguous IFA opinion i.e. "not on commercial terms but may be prejudicial", the Recommending Directors had opined that the Transactions were "on normal commercial terms and not prejudicial" on similar qualitative reasons given for the premium paid above independent valuation. In addition, the Recommending Directors of Ntegrator had tried to substantiate the premium paid for the acquisitions with the concept of "control premium" as Ntegrator was acquiring more than 50% interest in the target companies.

Based on our findings as detailed in paragraph 3.2.1, we are of the view that the Recommending Directors had not carried out sufficient due diligence and had not provided sufficient justifications to substantiate the premium paid for the acquisitions, in particular, given that the IFA had expressed that the transactions were not on normal commercial terms (i.e. to the disadvantage of the Companies), as set out below:

(a) The same or similar qualitative reasons were given by both Companies for premiums ranging from 8.7% to 50% above the independent valuations of the target companies. As a result, the qualitative reasons given appear to be arbitrary.

(b) The claim that intangible assets were not included in the valuation report as a justification by the Recommending Directors appears unsubstantiated, as we note that the valuers had adopted the Income Approach i.e. DCF method in their valuations which was based on the income projections provided by the Management. These projections had included expectations and projections of the financial performance of the target companies arising from *inter alia* the above intangibles.

(c) The Recommending Directors did not appear to have engaged with the valuers and/or the IFA to understand their reports and to reconcile the gaps between their reports and the terms of the acquisitions, to arrive at the Recommending Directors' opinion/conclusion that their reasons given for the high premiums were justifiable and reasonably supported.

For example, during our interview, Mr Chay Yiowmin had explained that Ntegrator had justified the premium paid above the valuation by the concept of control premium as the valuation based on DCF approach provides an intrinsic value of the target company but as Ntegrator is acquiring a majority interest in the target company, a control premium above the DCF valuation is therefore justifiable, based on his quoted sources.

We note that the valuer was valuing the target company based on 100% equity interest which would have assumed that the prospective acquirer would have acquired control of the target company. In addition, the valuation derived from the DCF/income approach was based on projections provided by the Management.

We further note that the Recommending Directors of Ntegrator had not engaged the valuers to ascertain whether or not their valuation of 100% equity interest of the target companies had included the "control premium" element, to validate whether their recommendations and opinions to shareholders of Ntegrator were reasonably supported by the additional "control premium" element.

(d) The Directors of Incredible, on the other hand, had not addressed the premium paid for its minority interests in the target companies as Incredible had paid an implied consideration which is based on the "controlling premium" consideration that Ntegrator had paid for its majority interest in the target companies.

In the acquisition of the 42% interest in Golden Ultra, the sole Recommending Director of Incredible was Ms Eunice Koh, as Christian was an Interested Person and the remaining three Directors, namely Mr Jacob Leung, Mr Stanley Leung and Ms Zhou Jia Lin, had viewed themselves as conflicted out, being Directors of Ntegrator which was concurrently acquiring a 55% interest in Golden Ultra. We note that the sole Recommending Director had not addressed why Incredible should be paying at the implied consideration as Ntegrator which includes a "control premium" when Incredible was only acquiring a 42% minority stake in Golden Ultra.

In the acquisition of the 15% interest in the Gadmobe Group, the acquisition was not subject to shareholders' approval at an EGM, being a discloseable transaction which requires only the approval of the Board. Notwithstanding the above, we note that the Board had not addressed why Incredible should be paying at the same implied consideration as Ntegrator which includes a "control premium" when Incredible was only acquiring a 15% minority stake in the Gadmobe Group. (*See Maxwellisation comments Ref. No. 4.1.2(d) as set out in the Annex.*)

(e) Further, the Recommending Directors of Incredible had not addressed why Incredible had to pay considerations for minority interests in the target companies (Golden Ultra and the Gadmobe Group) which are based on Ntegrator's maximum implied consideration with the assumed earn-out incentive. The additional contingent consideration (arising from the earn-out incentive) represents between 18% and 33% above the consideration before the earn-out incentive. The above premium does not appear to be equitable to Incredible.

4.2 We note that there was significant inter-reliance among the various parties to give comfort that the Transactions were appropriately addressed, disclosed and in full compliance with the relevant rules and regulations, which were "blind spots" for the issues that we have identified in the earlier paragraphs of this Executive Summary, and these are not in the interests of the Companies and their minority shareholders. Our findings are set out below.

Based on our interviews with various personnel, the following are examples of "blind spots" that we have noted:

(a) Management and the Directors had relied on the professional parties, especially the Sponsors and the legal adviser, for the compliance of all rules and regulations, including disclosures of material facts, in all aspects of the Transactions.

(b) The legal adviser had commenced on documentation on the presumption that the Companies had obtained clearance of the structures and terms of the Transactions from the Sponsors, as the legal adviser had emphasised that their role was only on the legal aspects of the Transactions, and they had relied on the Companies to check with their Sponsors that the Transactions were "doable". They had also largely relied on clients' information made available to them and worked based on clients' instructions.

(c) The Sponsors likewise had also presumed the Companies had obtained clearance of the structures and terms of the Transactions (to the extent that the Transactions comply with all relevant laws) with their legal adviser, as the Sponsors had emphasised that their role was only on compliance on disclosures and compliance with the Catalist Rules (as guided by, amongst others, their respective checklists), and had relied on the Companies to check with their legal adviser on the Transactions. They had also largely relied on information made available to them.

(d) HLF, as Sponsor to Incredible, also mentioned that they were not privy to information on Ntegrator, and hence, had worked independently. HLF had constantly reminded Incredible the need to deliberate on its proposed corporate actions with the entire Board as HLF also observed that the discussions were mainly carried out with the AC members only. Robustness of discussions and documentation of these discussions are also areas which HLF thinks Incredible needs improvement on.

Both Sponsors also relied on the legal adviser’s assurance that disclosures and legal requirements had been complied with, and confirmation from Management and Directors on the information disclosed in the announcements and circulars to shareholders was accurate, complete and correct.

From HLF, PPCF and SLB’s viewpoints, other than compliance, all other matters were considered as commercial in nature which they had relied on Management for their input, and the ultimate decision to proceed with the Transactions rests with the relevant Boards.

4.3 Both Companies should have, together with their Sponsors, conducted robust deliberation prior to appointing the same IFA for the acquisition of the same target company concurrently undertaken by both Companies and made the necessary disclosures of their deliberations in their circulars to shareholders. In addition, there appears to be no good reason for the AC members of Incredible to be exempted from making a recommendation to shareholders on the proposed acquisition of Golden Ultra. Our findings are set out below.

(a) As the acquisition of Golden Ultra was deemed as an IPT by both Companies, with Christian being the common interested person, Directors of both Companies who are deemed independent of the acquisition, together with their Sponsors, should have robust deliberation before appointing the same IFA to opine on the IPT.

As Incredible and Ntegrator were acquiring materially different interests in Golden Ultra, there is a good argument for different IFAs to be appointed by each of them, so as to effectively assess their different considerations.

Both Companies should have, together with their Sponsors, deliberated on the appropriateness of appointing the same IFA for the transaction, and made the necessary disclosures and justifications in their circulars to shareholders.

(b) As set out in paragraph 4.1.2(d) above, in the acquisition of 42% interest in Golden Ultra, the Directors, namely Mr Jacob Leung, Mr Stanley Leung and Ms Zhou Jia Lin, had viewed themselves as conflicted out, being Directors of Ntegrator which was concurrently acquiring a 55% interest in Golden Ultra. Hence, these Directors had excluded themselves as Recommending Directors of Incredible in the acquisition of 42% interest in Golden Ultra.

There appears to be no good reason for these self-declared conflicted AC members of Incredible to be exempted from making a recommendation on the acquisition of Golden Ultra as we note that they had, prior to the issue of the circular to shareholders dated 14 January 2022, participated in, deliberated on and supported the proposed acquisition of Golden Ultra in the four AC meetings of Incredible held between September and December 2021 (17 September 2021, 19 September 2021, 12 October 2021 and 16 December 2021). They were also involved in the appointment of W Capital as the IFA for Incredible in relation to the acquisition of Golden Ultra. *(See Maxwellisation comments Ref. No. 4.3(b) as set out in the Annex.)*

4.4 Both Companies should have conducted more robust due diligence and checks for accuracy to avoid erroneous and unclear disclosures as well as non-disclosures of material information in relation to *inter alia* financial terms, financial effects, material terms of the Transactions, failure of the Interested Person to abstain from voting in an Interested Person Transaction and erroneous disclosure in the EGM results announcement, as set out in paragraphs 3.2.3, 3.2.5, 3.2.6, 3.3.6 and 3.3.7 of this Executive Summary.

Paragraph 3.2.3 pertains to erroneous disclosure and computation of NTA and financial effects on NTA of the Companies arising from the acquisition of the target companies (i.e. Billion Credit, Golden Ultra and the Gadmobe Group).

Paragraph 3.2.5 pertains to material non-disclosure of the dividend payouts arrangements in the acquisition of Golden Ultra by the Companies and a lack of evaluation of the implications of the dividend payouts by the Directors of both Companies.

Paragraph 3.2.6 pertains to Ntegrator's non-disclosure of the Refund Clause which is a material term in the acquisition of the AES Shares.

Paragraph 3.3.6 pertains to the failure of Mission Well Limited as an Interested Person to abstain from voting on the proposed cross-issuance of the perpetual securities with warrants as an IPT at the EGM of Ntegrator, and erroneous disclosure in the EGM results announcement in relation to the abstention of voting by the Interested Person.

Paragraph 3.3.7 pertains to the erroneous/inappropriate disclosures of NTA information in relation to certain fund-raising exercises.

5. ASSESS THE IMPACT OF THE TRANSACTIONS ON THE FINANCIAL RESULTS OF INCREDIBLE AND NTEGRATOR (INCLUDING SUBSEQUENT IMPAIRMENTS/WRITE-DOWNS/LOSS FROM DISPOSAL, IF ANY)

5.1 Overview

At the time of our Review, Incredible and Ntegrator's latest audited financial results were in respect of FY2021 and both Companies had released their latest unaudited interim 1H2022 results in August 2022.

The acquisition of HB 2021 ApS was completed in July 2021, the acquisitions of Billion Credit, Golden Ultra and the Gadmobe Group were completed between March and May in 2022, the placement exercises by Ntegrator were completed in June and November 2021, the share consolidation by Ntegrator was completed in May 2022, while the rest of the Transactions were not completed due to the Notice of Compliance.

As a result, among the Transactions, only the acquisition of 100% interest in HB 2021 ApS by Incredible which was completed in July 2021 had a financial impact on the audited results of Incredible for FY2021. The acquisitions of 100% interest in Billion Credit, 42% interest in Golden Ultra and 15% interest in the Gadmobe Group by Incredible which were completed in March and April 2022 had a financial impact on the unaudited statement of financial position of Incredible for 1H2022. Highlights of the financial analysis of Incredible for FY2021 and 1H2022 are set out in paragraph 5.2 below.

The acquisitions of 55% interest in Golden Ultra and 85% interest in the Gadmobe Group by Ntegrator which were completed in April and May 2022 had a financial impact on the unaudited statement of financial position of Ntegrator for 1H2022. Highlights of the financial analysis of Ntegrator for 1H2022 are set out in paragraph 5.3 below.

5.2 Highlights of the financial analysis of Incredible for FY2021 and 1H2022

5.2.1 FY2021 – Acquisition of HB 2021 ApS had resulted in impairment losses to the Incredible Group for FY2021

In summary, the acquisition of HB 2021 ApS had, in a span of less than half a year, resulted in Incredible making a full impairment of approximately S$1.4 million due mainly to (i) the goodwill for the acquisition of HB 2021 ApS of S$1.1 million and (ii) on the inventory of jewellery as at 31 December 2021 arising from a subsequent loss on disposal of jewellery of S$182,815 on 11 May 2022.

Incredible reported an increase in revenue from S$3.2 million in FY2020 to S$23.3 million in FY2021, but higher losses of S$6.3 million in FY2021 compared to a loss of S$4.1 million in FY2020 due to *inter alia* the above impairment relating to HB 2021 ApS and higher administrative expenses due mainly to the S$1 million bonus awarded to Christian.

As at 31 December 2021, total equity or NAV of the Incredible Group was S$9.1 million. As the Incredible Group did not have any intangible assets as at 31 December 2021, its NTA was the same as its NAV.

The then auditors of Incredible, Baker Tilly, had issued a qualified opinion (in its auditor's report dated 7 June 2022) on the audited financial statements of the Incredible Group for FY2021, details of which are set out on pages 54 to 56 of the annual report of Incredible for FY2021.

5.2.2 1H2022 – Acquisition of Golden Ultra and the Gadmobe Group had resulted in significant intangibles and increase in liabilities which have a significant adverse impact on the NTA of the Incredible Group as at 30 June 2022

Revenue had declined significantly to S$5.7 million for 1H2022, from S$17.5 million in the corresponding period for 1H2021, due mainly to a significant decline in sales from its watch business. Incredible Group had reported higher losses of S$1.9 million for 1H2022 compared to a loss of S$1.2 million for 1H2021.

Incredible Group had significant increase in investment in associates from nil as at 31 December 2021 to S$17.7 million as at 30 June 2022 arising from its acquisitions of minority interests in Golden Ultra and the Gadmobe Group. Incredible Group also had intangibles of S$2.3 million (compared to NIL as at 31 December 2021) arising from the acquisition of HB 2021 ApS and Billion Credit, which became subsidiaries of the Incredible Group, as these entities were in NTL positions. Total assets amounted to S$33.8 million comprising non-current assets of S$21.4 million and current assets of S$12.3 million.

Total liabilities of the Incredible Group were S$26.4 million comprising non-current liabilities of S$3.4 million and current liabilities of S$23.0 million. The increase in current liabilities of S$19.1 million from S$3.9 million as at 31 December 2021 to S$23.0 million as at 30 June 2022, was due mainly to the issuance of promissory notes for the acquisitions of Billion Credit (S$1 million), Golden Ultra (S$14.6 million) and the Gadmobe Group (S$3.1 million) during 1H2022.

As a result, the Incredible Group was in a net current liability position of S$10.7 million as at 30 June 2022 (i.e. current liabilities had exceeded current assets), compared to a net current asset position of S$8.6 million as at 31 December 2021.

Total equity or NAV of the Incredible Group as at 30 June 2022 was S$7.3 million. After excluding intangibles of S$2.3 million, the NTA of the Incredible Group was S$5.1 million as at 30 June 2022.

The above recognition of intangibles by Incredible arising from its acquisitions of the target companies (i.e. Billion Credit, Golden Ultra and the Gadmobe Group) reaffirm our findings that Incredible's disclosures in its announcements/circulars that there was no financial impact on its NTA post-acquisition were erroneous.

Incredible had disclosed in the results announcement for 1H2022 that it had obtained a financial support letter from its controlling shareholder at zero interest rate to enable the Company to meet its obligations as and when they fall due for at least 12 months, and Incredible intends to continue with its fund-raising exercises once the Notice of Compliance (dated 27 June 2022) has been addressed.

5.3 Highlights of the financial analysis of Ntegrator for 1H2022

5.3.1 1H2022 – Acquisition of Golden Ultra and the Gadmobe Group had resulted in significant intangibles and increase in liabilities which have a significant adverse impact on the NTA of the Ntegrator Group as at 30 June 2022

Revenue increased significantly to S$26.2 million for 1H2022, from S$11.5 million in the corresponding period for 1H2021, due mainly to revenue contribution from its acquisitions of Golden Ultra and the Gadmobe Group. However, Ntegrator's net loss had also increased significantly from S$273K in 1H2021 to S$1.8 million in 1H2022 due mainly to increase in administrative costs of S$0.8 million (due mainly to forfeiture of deposit paid of S$0.5 million for the proposed acquisition of Watches.com and higher professional fees) and increase in finance expenses of S$0.5 million (due mainly to interest incurred on the promissory notes issued to finance the acquisitions of Golden Ultra and Gadmobe Group) and fair value losses of S$0.4 million. Profit attributable to equity holders of the company became a loss of S$1.4 million for 1H2022 compared to a profit of S$112K in 1H2021.

In Ntegrator's results announcement, the acquisition of the 85% interest in the Gadmobe Group was referred to as the acquisition of 85% of the issued share capital of New Genesis Development Limited ("**NG**"). NG was incorporated by the vendor as the investment holding company to hold the four subsidiaries after an internal restructuring, which together had formed the Gadmobe Group for the purposes of the acquisition by Incredible and Ntegrator.

Total assets of Ntegrator Group had amounted to S$87.2 million as at 30 June 2022 comprising current assets of S$53.4 million and non-current assets of S$33.8 million. As at 30 June 2022, total intangible assets amounted to S$30.8 million arising from its acquisitions of Golden Ultra and the Gadmobe Group which had minimal, zero NTA or negative NTA.

Total liabilities of Ntegrator Group amounted to S$78.5 million as at 30 June 2022 comprising current liabilities of S$20.1 million and non-current liabilities of S$58.4 million. Of the total liabilities of S$78.5 million, total borrowings amounted to S$71.1 million, which had increased substantially by S$58.3 million from S$12.8 million as at 31 December 2021 to S$71.1 million as at 30 June 2022. The increase in borrowings was due partly to the issue of promissory notes for the acquisitions of Golden Ultra (S$14.4 million) and the Gadmobe Group (S$15.2 million), and recognition of borrowings (S$28.6 million) from the consolidation arising from the acquisitions of Golden Ultra and the Gadmobe Group.

NAV attributable to equity holders of the company of Ntegrator Group was S$14.3 million as at 31 December 2021 and there was no intangibles. Its NAV as at 30 June 2022 had reduced to S$8.6 million. However, after excluding intangibles of S$30.8 million, the NTA of Ntegrator Group became a negative amount or NTL of S$22.2 million as at 30 June 2022.

The above recognition of intangibles by Ntegrator arising from its acquisitions of the target companies (i.e. Billion Credit, Golden Ultra and the Gadmobe Group) reaffirms our findings that Ntegrator's disclosures in its announcements/circulars that there was no financial impact on its NTA post-acquisition were erroneous.

6. ASSESS THE LINKAGE BETWEEN THE TRANSACTIONS TO THE REMUNERATION OF THE RESPECTIVE BOARD OF DIRECTORS AND KEY MANAGEMENT PERSONNEL, AND HOW THE REMUNERATION COMMITTEE HAS ASSESSED SUCH REMUNERATION AGAINST THE RESPECTIVE PERSONNEL'S PERFORMANCE

We note that queries were raised on Incredible's payment of S$1 million as bonus to Christian for FY2021 as disclosed in the annual report of Incredible for FY2021. Our findings on this matter are set out in paragraph 6.2 below.

With respect to Ntegrator, we note that Christian had joined Ntegrator as an Executive Director on 21 May 2021 and was paid a salary for FY2021. He was not paid any bonus for FY2021. Mr Han Meng Siew had been an Executive Director of Ntegrator since 2004. His remuneration for FY2021 comprised substantially his salary.

Other than the above bonus paid to Christian, we did not note any linkages between the Transactions and any significant payment to the Directors or key management of Incredible or Ntegrator for FY2021.

6.1 Ms Zhou Jia Lin, as a Non-Executive Director and AC member of Incredible, would not be entitled to but had received salaries and other benefits for FY2019, FY2020 and FY2021, and the nature of employment of the brother and wife of Christian was not disclosed in Incredible's annual reports

Ms Zhou Jia Lin

We note that Incredible had paid salaries and other benefits to Ms Zhou Jia Lin in addition to her director's fees as a Non-Executive Non-Independent Director for FY2019, FY2020 and FY2021. The aggregate salaries and other benefits paid to Ms Zhou Jia Lin had ranged between S$68K and S$73K per annum. Ms Zhou Jia Lin would not have been considered a Non-Executive Director and would not have qualified as an AC member while being employed as an employee of the Company in view of her receiving salaries and other benefits.

During the interview with us, Christian clarified that Ms Zhou Jia Lin's salary was paid in respect of her position as company registry director for Incredible Trading Limited, a wholly-owned subsidiary of Incredible, which is engaged in wholesale trading of watches. Christian further clarified that Ms Zhou Jia Lin had ceased to be the registry director of Incredible Trading Limited since January 2022 and the salary payments to her had also ceased since then.

Brother and wife of Christian

The Company had viewed that the brother and wife of Christian are not key management and they do not occupy a Managerial Position in the Incredible Group, and hence, there was no need to disclose the nature of their employment in its annual reports. However, we note that the brother and wife of Christian are employed as business development manager reporting directly to Christian and were paid significant remuneration compared to the key management executives named in the annual reports of Incredible.

We note that the remuneration paid to the brother and wife of Christian, namely Mr Henrick Heilesen and Ms Jamie Siu, were significant in comparison to the remuneration paid to the key management executives named in Incredible's annual reports. As an illustration, for FY2021, the total remuneration paid to Incredible's two key management executives (Mr Leif Chan, CFO and Mr Choo Tian Wang, General Manager) was S$232K. Based on the range of remuneration disclosed in the annual report of FY2021, Christian's brother was paid in the range of between S$200K and S$300K, and Christian's wife was paid in the range of between S$100K and S$200K.

6.2 Christian's remuneration in Incredible – the bonus awarded to Christian is not in full compliance with the relevant statements on "Remuneration Matters" under the Corporate Governance Statement in Incredible's annual report for FY2021

6.2.1 As analysed in paragraph 5.2.1 above, Incredible had incurred a higher loss of S$6.3 million for FY2021 as compared to a loss of S$4.1 million for FY2020 due to *inter alia* the impairment of S$1.4 million relating to HB 2021 ApS and higher administrative expenses due mainly to the S$1 million bonus awarded to Christian.

In the annual report of Incredible for FY2021 under the Corporate Governance Statement, it was also disclosed that Christian was awarded S$1 million of bonus for FY2021 besides his annual salary of S$300K and annual housing allowance of S$255K.

The acquisition of HB 2021 ApS was the only acquisition completed by Incredible in FY2021. The proposed acquisitions of Billion Credit, Golden Ultra and the Gadmobe Group were announced in September/October 2021 but were completed in March/April 2022. The proposed cross-issuance of perpetual securities was announced in early January 2022.

6.2.2 The Board and the RC members had supported the bonus in recognition of Christian's efforts for, among other things, expanding the business to various geographical regions including Korea, Denmark, Singapore and Hong Kong, and working on the various acquisitions and fund-raising exercises, which are intended to provide profitability to Incredible and bring value to shareholders going forward.

In our interview with the RC, namely Mr Jacob Leung (Chairman), Ms Eunice Koh and Ms Zhou Jia Lin, they had reiterated the above reasons for supporting the bonus as a recognition of Christian's efforts to find deals and introduce acquisition targets for Incredible. They believed that whilst results are not immediately apparent and may take time, such acquisitions are good for Incredible as Incredible cannot continue to run on the old switchgear business. In addition, although the cash bonus had been approved, the bonus had yet to be paid until Incredible has raised enough funds in the future.

From the above, we note that the bonus to Christian is to reward him for his efforts on the corporate actions and the potential benefits that these corporate actions might bring to Incredible in the future, and is not a reward that is based on the actual deliverables of these corporate actions or the financial performance of the Incredible Group in FY2021.

6.2.3 We refer to the following relevant statements on "Remuneration Matters" under the Corporate Governance Statement in Incredible's annual report for FY2021:

- The RC is responsible for approving the performance targets for assessing the performance of each of the key management personnel and recommending the performance targets as well as employee specific remuneration packages for each of such key management personnel for the endorsement of the Board.

- The Company recognises that a significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance, and such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the company.

We note that the bonus awarded to Christian is not in full compliance with the above statements, as:

(a) there was no evidence of the RC setting or approving performance targets and specific remuneration packages upon achieving these targets for Christian, who is the only Executive Director of Incredible;

(b) there was no evidence of a remuneration structure that links rewards to the corporate and individual performance of the Executive Director; and

(c) the minutes of the RC held on 31 December 2021 had stated that the S$1 million to the Executive Director was a one-off bonus for, among other things, his efforts as mentioned in paragraph 6.2.2 above.

6.2.4 Based on Incredible's results announcement for 2H2022 released on 1 March 2023, we note that the Company had reversed the S$1 million bonus to Christian that was accrued in FY2021. No reason was disclosed for the reversal of the bonus in the above announcement.

7. POTENTIAL BREACHES OF THE COMPANIES ACT, SFA AND CATALIST RULES

7.1 Relevant rules and regulations

As a reference, set out below are extracts of the Companies Act, SFA and Catalist Rules which are relevant to the Companies:

Companies Act 1967 ("Companies Act")
Section 157: *(1) A director must at all times act honestly and use reasonable diligence in the discharge of the duties of his or her office.* *(2) An officer or agent of a company must not make improper use of his or her position as an officer or agent of the company or any information acquired by virtue of his or her position as an officer or agent of the company to gain, directly or indirectly, an advantage for himself or herself or for any other person or to cause detriment to the company.* *(…)*
Section 157C: *(1) Subject to subsection (2), a director of a company may, when exercising powers or performing duties as a director, rely on reports, statements, financial data and other information prepared or supplied, and on professional or expert advice given, by any of the following persons:* *(a) an employee of the company whom the director believes on reasonable grounds to be reliable and competent in relation to the matters concerned;* *(b) a professional adviser or an expert in relation to matters which the director believes on reasonable grounds to be within the person's professional or expert competence;* *(c) any other director or any committee of directors upon which the director did not serve in relation to matters within that other director's or committee's designated authority.* *(2) Subsection (1) applies to a director only if the director –* *(a) acts in good faith;* *(b) makes proper inquiry where the need for inquiry is indicated by the circumstances; and* *(c) has no knowledge that such reliance is unwarranted.*

Securities and Futures Act 2001 ("SFA")
Section 203: *A person to whom this subsection applies must not intentionally, recklessly or negligently fail to notify the approved exchange of such information as is required to be disclosed by the approved exchange under the listing rules or any other requirement of the approved exchange, if the person is required by the approved exchange under the listing rules or any other requirement of the approved exchange to notify*

Securities and Futures Act 2001 (“SFA”)
the approved exchange of information on specified events or matters as they occur or arise for the purpose of the approved exchange making that information available to an organised market operated by the approved exchange.

Catalist Rules

703:

(1) An issuer must announce any information known to the issuer concerning it or any of its subsidiaries or associated companies which:

(a) is necessary to avoid the establishment of a false market in the issuer’s securities; or

(b) would be likely to materially affect the price or value of its securities.

(…)

(4) In complying with the Exchange’s disclosure requirements, an issuer must:

(a) observe the Corporate Disclosure Policy set out in Appendix 7A, and

(b) ensure that its directors and executive officers are familiar with the Exchange's disclosure requirements and Corporate Disclosure Policy.

(…)

Appendix 7A:

Para 6 *– The fact that information is generally available is not a reason for failing to disclose under Rule 703. For example, if an issuer releases material information to the media but did not announce it to the market via SGXNET, the issuer is in breach of Rule 703. Rule 702 requires an issuer to make announcements via SGXNET, unless specified otherwise.*

Para 27 *– The content of a press release or other public announcement is as important as its timing. Each announcement should:*

(a) be factual, clear and succinct;

(b) contain sufficient quantitative information to allow investors to evaluate its relative importance to the activities of the issuer;

(c) be balanced and fair. Thus, the announcement should avoid:

(i) omission of important unfavourable facts, or the slighting of such facts (for example by "burying" them at the end of a press release);

(…)

(…)

719:

Internal Controls and Risk Management Systems

(1) An issuer should have adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The Audit Committee may commission an independent audit on internal controls and risk management systems for its assurance, or where it is not satisfied with the systems of internal controls and risk management. In arriving at the decision, the Audit Committee should consider the recommendation of the continuing sponsor.

(…)

Catalist Rules
812: *(1) An issue must not be placed to any of the following persons:* *(a) the issuer's directors and substantial shareholders;* *(b) immediate family members of the directors and substantial shareholders;* *(c) substantial shareholders, related companies (as defined in Section 6 of the Companies Act), associated companies and sister companies of the issuer's substantial shareholders;* *(d) corporations in whose shares the issuer's directors and substantial shareholders have an aggregate interest of at least 10%; or* *(e) any person who, in the opinion of the Exchange, falls within category (a) to (d).* *(2) Rule 812(1) will not apply if specific shareholder approval for such a placement has been obtained. The person, and its associates, must abstain from voting on the resolution approving the placement.* *(…)*
919: *In a meeting to obtain shareholder approval, the interested person and any associate of the interested person must not vote on the resolution, nor accept appointments as proxies unless specific instructions as to voting are given.*
921: *Except in the case of a general mandate, if shareholder approval is required, the circular to shareholders must include:* *(…)* *(6) All other information known to the issuer or any of its directors that is material to shareholders in deciding whether it is in the interests of the issuer to approve the transaction. Such information includes, from an economic and commercial point of view, the true potential costs and detriments of, or resulting from, the transaction, including opportunity costs, taxation consequences, and benefits forgone by the entity at risk.* *(…)*
1010: *Where any of the relative figures computed on the bases set out in Rule 1006 exceeds 5%, an issuer must, after terms have been agreed, immediately announce the following:* *(...)* *(8) The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year.* *(...)*
1203: *Any circular sent by an issuer to its shareholders must:*

Catalist Rules
(1) contain all information necessary to allow shareholders to make a properly informed decision or, if no decision is required, to be properly informed; *(...)*

7.2 Summary of potential breaches

Based on our review and findings of the Transactions, the Companies may have potentially breached certain relevant rules and regulations as set out in the table below.

For the avoidance of doubt, the following summary (i) is made pursuant to our mandated terms of reference; (ii) is not and should not be interpreted as an indication or determination of guilt or liability of any party; (iii) is based solely on the documents and information made available to us pursuant to our Review; (iv) may be materially varied by any documents or information not made available to us during our Review; and (v) is subject to judicial or regulatory determination and proper investigative processes taking into account all relevant circumstances, which are beyond the scope of our mandate and authority.

Relevant rules & regulations	Summary of description
Companies Act	
Sections 157(1) and 157C - fiduciary duties	• Insufficient robust deliberations and due diligence to evaluate the terms of the Transactions (see paragraph 4.1) and to support that the Transactions are on normal commercial terms and not prejudicial to the interests of the Companies and their minority shareholders (see paragraphs 3 and 4). • Significant inter-reliance on various parties (see paragraph 4.2).
Section 157(2) - improper use of position	• The terms of some Transactions appear to have conferred significant financial benefits to Christian and certain shareholders (see paragraph 3).
SFA	
Section 203 - disclosures of material information	• Erroneous, unclear as well as non-disclosure of material information (in relation to paragraphs 3.2.3, 3.2.5 and 3.3.7 as summarised in paragraph 4.4).
Catalist Rules	
Rule 719(1) - adequate and effective internal controls and risk management systems	• Insufficient robust deliberations and due diligence to evaluate the terms of the Transactions (see paragraph 4.1). • No board verification meetings to clarify, verify and confirm disclosure of information on important material public documents for most of the Transactions (see paragraph 4.1.1(c)). • Significant inter-reliance by the Directors (see paragraph 4.2). • No good reason for exempting AC members of Incredible as recommending directors for the IPT (see paragraph 4.3(b)). • Non-compliance with Remuneration Matters (see paragraph 6).

Relevant rules & regulations	Summary of description
Rules 703(1), 703(4) (read with para 6 and para 27 of Appendix 7A), 921(6), 1010(8) and 1203(1) - disclosures of material information	• Erroneous disclosure and computation of NTA and financial effects on NTA (see paragraphs 3.2.3 and 3.3.7). • Non-disclosure of material facts/terms of acquisition (see paragraph 3.2.5).
Rules 812(2) and 919 - abstention of voting by Interested Person	• Failure of the Interested Person to abstain from voting on the Interested Person Transaction at Ntegrator's EGM (see paragraph 3.3.6(h)).

In addition, as an incidental finding, we note that Ms Zhou Qi Lin had subscribed to the placement shares of Ntegrator in June 2021 pursuant to the prospectus exemption relating to offers made to relevant persons (including accredited investors) under Section 275 of the SFA.

Under Section 276 of the SFA, any subsequent sale of these placement shares will have to comply with the relevant prospectus requirements under the SFA if these placement shares are sold to persons other than specified persons (including institutional investors and accredited investors) within a period of six months from the date of the placement.

In this connection, we note that Ms Zhou Qi Lin may have breached Section 276 of the SFA, as she had disposed of most of her placement shares by way of market transactions within four months of the placement (see paragraph 3.3.1 of this Executive Summary).

Annex to the Executive Summary – Maxwellisation comments

The Maxwellisation comments by Christian as set out in the table below in this Annex are not included in the Executive Summary as we did not draw the same findings and/or conclusions. These Maxwellisation comments should be read in conjunction with the Executive Summary and the full text of the Report. Responses to Christian's Maxwellisation comments from relevant professional parties, including PPCF and ourselves, are stated in bold italics in the relevant sections in the table below.

Other Directors of the Companies who have acknowledged that they have read and agreed with Christian's Maxwellisation comments are Mr Chay Yiowmin, Mr Tao Yeoh Chi, Ms Eunice Koh and Mr Jacob Leung. Mr Han Meng Siew, Ms Zhou Jia Lin and Mr Stanley Leung did not make similar acknowledgements on the above.

Ref. No.	Provenance Capital's observations as set out in the Executive Summary	Additional Maxwellisation comments by Christian (Responses to Christian's comments, where relevant, are in bold italics)
2.5	Most of these acquisitions were paid for by the Companies via the issue of promissory notes to the vendors. To repay these promissory notes, as well as to raise funds for working capital and additional funds for further acquisitions, both Companies had carried out or attempted to carry out fund-raising exercises in 2021 and 2022 including placement of shares, placement of shares cum warrants, rights shares cum warrants issue, and the cross-issuance of perpetual securities cum warrants. Some of these fund-raising exercises had involved the issuance of a significant number of shares and warrants, and complex structuring of the terms and conditions of the securities which are not easily understood by the investing public. In addition, these fund-raising exercises may potentially result in significant dilution of shareholding interests by minority shareholders in these Companies.	We have complied with the requisite notice periods and have provided sufficient and clear information on the terms of exercise for each warrant issue (as announced on SGXNet). Such issuance of warrants is similar to issuance of warrants by other companies. Hence, we are of the view that the investing public would have been able to understand the terms and conditions of the warrants issued.
3.2.1(a)	HB 2021 ApS was acquired by Incredible in July 2021 for S$1.128 million at a goodwill of S$1.1 million as HB 2021 ApS was in a net liability position of S$5K as at 30 April 2021 and had incurred losses of S$14K since its recent incorporation in December 2020 to 30 April 2021 (based on management accounts of HB 2021 ApS at the time of the acquisition). No valuation was carried out on HB 2021 ApS and the acquisition was only a discloseable transaction approved by the Directors of Incredible.	Valuation was not conducted as the goodwill paid for the shop was for the right to lease the central location, which included renovation and security features that would have easily cost over S$1 million in cash (attributable to the cost of setting-up the location, time to search for contractors and the execution risk etc.)
3.2.1(c)	Incredible did not disclose the reason why it had to pay a consideration based on the maximum implied consideration with the earn-out incentive. The additional contingent consideration (arising from the earn-out incentive) represents 33% above the consideration before the earn-out incentive. As a result, Incredible had paid for its stake at the maximum consideration regardless of whether Ntegrator	(1) Incredible was able to finance the deal with a promissory note of 0% interest. When discounted at 8% per year, which the interest rate Ntegrator was paying, the discounted cash flow is approximately 8% for 1 year, 16% for 2 years, 24% for 3 years and so forth. The 8% discount would be considered

<table>
<tr><th>Ref. No.</th><th>Provenance Capital’s observations as set out in the Executive Summary</th><th>Additional Maxwellisation comments by Christian

(Responses to Christian’s comments, where relevant, are in bold italics)</th></tr>
<tr><td></td><td>would eventually be paying the maximum contingent consideration. The above term does not appear to be equitable to Incredible.</td><td>very cheap in the context of the 2022-2023 interest rate environment for an unsecured promissory note.

(2) Additionally, as Incredible had completed the acquisition earlier, it had received dividends up until the closing of the Ntegrator / Golden Ultra deal.</td></tr>
<tr><td>3.2.1(c)</td><td>Despite the valuation methodology used which had included intangibles, the Recommending Directors of Incredible and Ntegrator were of the view that qualitative factors including intangible assets e.g. better knowledge, competent know-how, extensive network, value of website, time and cost savings of acquiring an existing business, were not factored into the valuation of Golden Ultra, and had justified that it was fair to pay a premium above the independent valuation of Golden Ultra in view of these qualitative factors. The valuation report on CKLY was issued in October 2021.</td><td>We wish to clarify that at the material time, Ntegrator's Management and Mr Chay Yiowmin (Audit Committee Chairman) was of the view that the discount rate of 13% based on cost of equity used by the Hong Kong valuer (FT Consulting) for the valuation of CKLY was too high, and should be closer to 8%, and had held discussion with the valuer on this matter. In addition, in the draft valuation report provided by the valuer in November 2021, a sensitivity analysis was provided with a range of market values as set out below, which showed that the valuation of CKLY could be significantly higher (up to HK$250 million). However, when we received the final valuation report, in spite of our discussion, the valuer had adopted a discount rate of 13%, and had excluded the sensitivity analysis table from the report.

Sensitivity Analysis

A valuation result sensitivity analysis was performed using several values for discount rate. The below table presents the change of the valuation by varying the discount rate.

<table>
<tr><th colspan="2" rowspan="2">Equity Value</th><th colspan="5">WACC</th></tr>
<tr><th>7.0%</th><th>8.0%</th><th>9.0%</th><th>10.0%</th><th>11.0%</th></tr>
<tr><td rowspan="5">Perpetual Growth Rate</td><td>2.0%</td><td>196,390,000</td><td>143,850,000</td><td>106,500,000</td><td>78,620,000</td><td>57,050,000</td></tr>
<tr><td>2.5%</td><td>227,100,000</td><td>164,220,000</td><td>120,860,000</td><td>89,220,000</td><td>65,140,000</td></tr>
<tr><td>3.0%</td><td>265,490,000</td><td>188,660,000</td><td>137,620,000</td><td>101,330,000</td><td>74,240,000</td></tr>
<tr><td>3.5%</td><td>314,850,000</td><td>218,520,000</td><td>157,430,000</td><td>115,310,000</td><td>84,560,000</td></tr>
<tr><td>4.0%</td><td>380,670,000</td><td>255,860,000</td><td>181,200,000</td><td>131,620,000</td><td>96,350,000</td></tr>
</table>

The above table that are shaded light green contain the range of values that we believe are the most likely to be reasonable. The range of reasonable value chosen (the “Chosen Range”) is between HKD89.22 million to HKD218.52 million. It is worth noted that it is not possible to forecast future performance of the Target Company or other economic factors with certainty and that it is prudent to consider a sufficient range of variation in the relevant factors.

Hence, a second opinion was sought in April 2023 from another valuer, FSC Valuers Pte Ltd, on the Cost of Equity that reflects the business at the time of valuation, without carrying out a separate valuation exercise on the target business.</td></tr>
</table>

Ref. No.	Provenance Capital's observations as set out in the Executive Summary	Additional Maxwellisation comments by Christian (Responses to Christian's comments, where relevant, are in bold italics)
		The Cost of Equity as at 30 June 2021 assessed by FSC Valuers Pte Ltd was 10.2%. Had the HK Valuer used 10.2% as the discount rate, the market value of CKLY would have been HK$199.94 million.
3.2.1(c)	To our knowledge, the above application of control premium is typically applied to valuations derived from a market approach which reflects the marketable minority value of a publicly traded company, in order to derive the market value of a target company where the acquirer would acquire a controlling interest. On the other hand, the independent valuation of 100% equity interest of a target company using DCF method is an acceptable valuation approach in a situation where the acquirer would have acquired control of the target company, and hence, would have incorporated a control premium attributable to a controlling equity holder. Hence, no further adjustment by way of an additional control premium is necessary to adjust the market value of a target company derived from the DCF method.	We do not agree with this view as it does not fully appreciate how the DCF method operates. If the price of $100 is obtained using DCF, should we still pay only $51 for 51% or pay more for the 51% since we are now controlling it with less outlay of capital. In this regard, we are of the view that if we obtain 51% to control an asset that we value at $100 for 100%, this should deserve a premium as we are laying out less cash for the controlling stake. As per the second opinion on the valuation, Ntegrator had not paid any premium, save for the premium via the 8% promissory note issued for the controlling stake. Further, to clarify, kindly note that there is a controlling stake premium for buying less but still having control.
3.2.1(d)	Incredible was to acquire a minority stake of 15% interest in the Gadmobe Group, but at the consideration of S$3.1 million which was based on the maximum implied consideration that Ntegrator had agreed to pay to acquire a majority stake in the Gadmobe Group with the earn-out incentive. Hence, Incredible had paid a premium of 50% above the independent valuation.	To clarify, this acquisition was financed with a promissory note at 0% interest.
3.2.1(d)	Incredible also did not disclose the reason why it had to pay a consideration based on the maximum implied consideration with the earn-out incentive. The above term does not appear to be equitable to Incredible.	The difference between the promissory notes of Incredible (of 0%) and Ntegrator (of 8%) is not disclosed in this section. The focus should not only be on the quantitative figures.
3.2.1(f)	No valuation was mentioned to support the consideration for the acquisition, and no financial information on Watches.com was disclosed in the announcement.	Given that the letter of intent is non-binding, the transaction is not a Chapter 10 transaction. Accordingly, no financial information was needed to be disclosed to the general public at this MOU stage. Nevertheless, the Company had already done internal valuations and DCF for the acquisition.
3.2.1(f)	However, as the parties had not entered into the definitive agreement by the expiry date of the letter of intent on 30 June 2022, Ntegrator had to forfeit the Deposit of US$330K paid to the seller, and had to cease the use of the Watches.com name.	We would like to provide the context to this statement - that due to the NOC, it was not possible to extend or enter into an agreement as (1) it would constitute a corporate action and/or (2) there was no visibility on the timeline as a result of the NOC and it would not be financially viable for the Company or the vendor to wait indefinitely.

Ref. No.	Provenance Capital's observations as set out in the Executive Summary	Additional Maxwellisation comments by Christian (Responses to Christian's comments, where relevant, are in bold italics)
3.2.2(a)	The valuer of Billion Credit had determined the valuation of Billion Credit as at 30 June 2021 but had prepared the valuation report based on the financial information of Billion Credit as at 31 December 2020, and on the assumption that there were no material changes in the financial performance and position of Billion Credit during the period from 31 December 2020 to 30 June 2021, as instructed by Management of Incredible (Mr Leif Chan). The valuation report was issued in September 2021.	We are of the view that a change in the Directors' current account is not a material change in light of the fact that the transaction is intended to be closed at zero NAV. This would only be an issue if the amount was due from a company which is unable to repay the said debt (i.e. the amount would not be collectible).
3.2.2(a)	We note that the interim results of Billion Credit for the half year ended 30 June 2021 ("**1H2021 Interim Results**") were available before the issue of the circular to shareholders on 14 January 2022. The balance sheet profile of Billion Credit had a significant difference between 31 December 2020 and 30 June 2021 – amount due to a director of HK$2.8 million as at 31 December 2020 had become an amount due from a director of HK$1.1 million as at 30 June 2021, i.e. there might have been a total outflow of funds of HK$3.9 million by Billion Credit to the director (i.e. Christian).	To clarify, there is no material difference as to whether it is due to a director or from a director. The net effect is the same. This is because the director would either have to be repaid that HK$2.8 or the director would have to pay back the HK$1.1 million to the Company at completion of the acquisition. Hence, this does not change nor affect the fundamentals of the business (i.e. it does not change the setup or the licensing of the business for example).
3.2.2(b)	It appears from the above that the valuer had not taken into consideration the above facts and terms of the transaction. Hence, the valuation of CKLY might have been overstated if the valuer had taken these facts/terms into consideration.	To clarify, the Hong Kong valuer (i.e. FT Consulting) had valued the target company at HK$138 million with a Cost of Equity of 13% as the discount rate. Even though a sensitivity analysis was provided with a range of market values in the draft valuation report provided by the valuer in November 2021, however, the valuer did not want to revise the valuation report subsequently, and did not want to provide a price range for the valuation of the target in the final report. (See earlier comment about the range given) Hence, a second opinion was sought in April 2023 from another valuer, FSC Valuers Pte Ltd, on the Cost of Equity that reflects the business at the time of valuation, without carrying out a separate valuation exercise on the target business. The Cost of Equity as at 30 June 2021 assessed by FSC Valuers Pte Ltd was 10.2%. Had the HK Valuer used 10.2% as the discount rate, the market value of CKLY would have been HK$199.94 million.
3.2.4(c)	As Incredible and Ntegrator were acquiring materially different interests in Golden Ultra, there is a good argument for different IFAs to be appointed by each of them, so as to effectively assess their different considerations.	Both Companies relied on the advice provided by their Sponsors and other professionals on this issue. ***PPCF: Directors and key management of companies have fiduciary responsibility for the accuracy and completeness of information released to shareholders. Professional firms including sponsors advise directors and***

Ref. No.	Provenance Capital's observations as set out in the Executive Summary	Additional Maxwellisation comments by Christian (Responses to Christian's comments, where relevant, are in bold italics)
		key management on relevant laws, rules, guidelines and practices that should be considered in preparing announcements and circulars released to shareholders based on information, representations and documents provided by directors and key management. The inclusion of this statement in the report effectively abdicates/ disclaims the responsibilities of directors and key management and is not, in our opinion, a fair representation of the role of professional firms and sponsors unless appropriate qualifiers are also included. ("PPCF Review Responsibility Comment") ***HLF: HLF was not informed nor been consulted of the concurrent appointment of IFA to both Incredible and Ntegrator prior to engagement.***
3.2.5(b)	We note that the Pre-Completion Dividend Payout was a term of the acquisition between Ntegrator and Christian. However, Incredible did not disclose the implications the above may have on Incredible when acquiring Golden Ultra as it would mean that Incredible would eventually be acquiring Golden Ultra with zero NAV and did not assess the impact this may have on the ability of Golden Ultra to achieve management's financial projections.	We wish to clarify that as Incredible had completed the acquisition of Golden Ultra on 22 March 2022, which is before Ntegrator's acquisition on 21 April 2022, Incredible had received a dividend amount of S$365,072 on 20 April 2022 as a result of its entitlement to its 42% share of the Pre-Completion Dividend Payout by Golden Ultra.
3.2.6	As set out in paragraph 3.2.1(e), Ntegrator did not disclose the Refund Clause (pertaining to the Share Deposit and the Cash Deposit) in the event of termination in its announcement of the proposed acquisition of AES Shares. In addition, Ntegrator could be put at risk of a potential breach of the terms of the acquisition given that Ntegrator had commenced disposing of some of the Share Deposit after the announcement of the acquisition but before the completion of the acquisition.	The announcements were drafted by SLB and reviewed by the Sponsor. ***PPCF: Please refer to the PPCF Review Responsibility Comment.***
3.2.6	We note that under the Refund Clause as set out in the agreement, the vendors are obliged to ("shall") refund the Cash Deposit in the event that the agreement is terminated before completion, and there is no option for the vendors to keep the Cash Deposit and purchaser to keep the relevant AES Shares upon such termination.	We wish to clarify the following: (i) At the point of entry into the agreement with AES, the Company did not envisage that there will be an NOC which barred the Company from carrying out any corporate actions. (ii) Hence, at the point of entry into the agreement, both parties have the full intention to fulfil its obligations under the agreement and complete the transaction. (iii) As explained in our earlier comment to paragraph 3.2.1(e), the Company had sold some of the AES Shares in view of higher ROE with no downside to the Company and in line with its rationale as stated in its announcement. The

Ref. No.	Provenance Capital's observations as set out in the Executive Summary	Additional Maxwellisation comments by Christian (Responses to Christian's comments, where relevant, are in bold italics)
		Company did not announce the sale of the AES Shares as it would be commercially sensitive to the transaction and not material as the Company could have bought back the AES Shares at a later stage if necessary or if the Refund Clause was triggered. (iv) However, unfortunately, in view of the restrictions under the NOC, the agreement was first extended and eventually terminated which the Company deemed is the best course of action. Further, due to the NOC, the Company were not able to buy back the AES Shares even if the share price was favourable.
3.3.4(b)	The then market share price of Incredible was S$0.001 on 29 April 2022, which is also the minimum trading price for shares listed on the SGX-ST. The issue price of the placement shares and the exercise price of the warrants were each fixed at $0.0011, which is at a 10% premium above the then market share price of Incredible of S$0.001.	On top of the price at 10% premium to the market price, there was also a moratorium of 6 to 24 months.
3.3.4(d)	The issue price of the placement shares and the exercise price of the warrants at S$0.0011 each are significantly below the NTA/NAV per share of the Incredible Group of S$0.003 as at 31 December 2021, being the latest available financial information of Incredible at the time of the announcement of the proposed placement exercise. This would result in a significant dilution to NAV per Incredible Share and is therefore not in the interests of the Company and its minority shareholders.	The proforma NTA would actually be NTL when you take into account the acquisitions completed several months before the proposed placement, and therefore the placement would have been at a significant premium to the NTL. ***Provenance Capital: In response to the above comment, we are of the view that NAV is the relevant benchmark for the evaluation of the terms of the placement exercise instead of NTA, as (a) the acquisitions of the target companies do not have a material impact on the NAV of the Incredible Group since these acquisitions were settled mostly by way of the promissory notes; (b) the Company had justified the payment of significant consideration/premium for the acquisitions of the target companies with minimal or zero NAV/NTA in view of their significant goodwill/intangibles; and (c) there was no disclosure by the Company of any expected material impairment on these goodwill/intangibles arising from the acquisitions of the target companies at the time of the proposed placement exercise.***
3.3.5(i)	The rights issue on the basis of 15:1 would involve the issue of 8.9 billion rights shares. The proposed rights shares were priced at a discount (of 52%) to the VWAP of S$0.021 (post-share consolidation basis) and a discount (of 49%) to the theoretical ex-rights price of S$0.0107 (post-share consolidation basis) on 31 December 2021.	We wish to highlight that the share price of the shares trading between the date of the post consolidation and the rights issue was significantly above the theoretical ex-rights price of 0.0107 most of the time.

ANNEX TO THE EXECUTIVE SUMMARY – MAXWELLISATION COMMENTS

Ref. No.	Provenance Capital's observations as set out in the Executive Summary	Additional Maxwellisation comments by Christian (Responses to Christian's comments, where relevant, are in bold italics)
3.3.6(c)	As a result of the complex structuring and indirect way of the fund-raising exercises by the Companies with practically no financial outlay by Incredible and Ntegrator: (...)	We do not agree with the findings of this section as (1) the exercise prices are the same as the rights issue prices and is not significantly discounted, and (2) there is an overemphasis on the discounts (i.e. the term "significant discounts" had been repeated 5 times in this section) whilst the benefit of the warrants distributed to both Company's shareholders is not disclosed. Such benefits would include, *inter alia*¸ the capital gains both Company's shareholders would be sitting on if they had received the listed warrants distributed to them (as illustrated by the capital gains to be achieved if the warrants had been distributed to their respective shareholders).
3.3.6(f)	We note that the Companies would be issuing the warrants free of charge to each other and some or the bulk of these warrants would in-turn be distributed *in specie* for free to their respective shareholders. The Companies had stated that the distribution *in specie* would be carried out by way of a proposed capital reduction but were unclear and did not state the amount of the capital reduction that is required for the distribution *in specie*. On the contrary, the Companies had disclosed that the proposed capital reduction would be used to cancel accumulated losses that these Companies had incurred. The above is therefore unclear, inadequate and confusing.	To clarify, the accumulated losses would be cancelled so that we would be able to distribute profits out of the retained earnings. Hence, we are of the view that the above is not confusing.
3.3.8	To repay these promissory notes, as well as to meet the Companies' fund-raising goals and plans, the Companies had proposed various equity fund-raising exercises. Incredible had announced its proposed placement of shares with free warrants on 6 May 2022, Ntegrator had announced its proposed rights cum warrants issue on 31 December 2021 and the Companies had announced the proposed cross-issuance of perpetual securities with free warrants in early January 2022. However, market share prices of the Companies had fallen considerably since the announcements of the acquisitions of the target companies. As a result, the equity fund-raising exercises which were benchmarked to prevailing market share prices had involved the issuance of a significant number of equity and equity-linked securities.	To clarify, the acquisitions were separate transactions and should not be grouped together, suggesting that they are a series of transactions (which is factually inaccurate and prejudicial). In any case, the debt would have to be eventually repaid in the future. There are two options to repay the debt holders, either in cash or shares. Paying in cash would mean that we would need to have the cash available. Paying in shares would mean that the investor wants to take up equity in exchange for their debt.
3.3.8(c)	The fund-raising exercises like placement of shares cum free warrants to certain placees by Ntegrator in November 2021 had helped to provide strong shareholders' support to approve various transactions proposed at Ntegrator's EGMs in March and April 2022	The placees paid for the shares and conversion of the warrants at the maximum discount of 10% to the market price at the material time of the placement, which is in compliance with the requisite rules for such placements.

ANNEX TO THE EXECUTIVE SUMMARY – MAXWELLISATION COMMENTS

Ref. No.	Provenance Capital's observations as set out in the Executive Summary	Additional Maxwellisation comments by Christian (Responses to Christian's comments, where relevant, are in bold italics)
4.1.2(d)	In the acquisition of the 15% interest in the Gadmobe Group, the acquisition was not subject to shareholders' approval at an EGM, being a discloseable transaction which requires only the approval of the Board. Notwithstanding the above, we note that the Board had not addressed why Incredible should be paying at the same implied consideration as Ntegrator which includes a "control premium" when Incredible was only acquiring a 15% minority stake in the Gadmobe Group.	We have previously commented in paragraph 3.2.1(d) above that the difference is due to, *inter alia*, the different interest rates of 8% and 0% in the promissory notes issued to Ntegrator and Incredible respectively.
4.3(b)	There appears to be no good reason for these self-declared conflicted AC members of Incredible to be exempted from making a recommendation on the acquisition of Golden Ultra as we note that they had, prior to the issue of the circular to shareholders dated 14 January 2022, participated in, deliberated on and supported the proposed acquisition of Golden Ultra in the four AC meetings of Incredible held between September and December 2021 (17 September 2021, 19 September 2021, 12 October 2021 and 16 December 2021). They were also involved in the appointment of W Capital as the IFA for Incredible in relation to the acquisition of Golden Ultra.	The Board has been advised by SLB on this matter. ***SLB: We wish to highlight that our only advice in relation to this issue is that the AC members of Incredible should abstain from making any recommendation on or approving any of the matters in connection with the proposed acquisition of Golden Ultra for good corporate governance. This is because they were concurrently the directors of both Ntegrator and Incredible at the material time. We were not made known of their past deliberations on the said acquisition given that we are not the company secretary of Incredible.***

~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~ END OF EXECUTIVE SUMMARY AND ANNEX~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~~