

CLARIFICATION IN RELATION TO THE BUSINESS TIMES ARTICLE ON 17 JULY 2022

The Board of Directors of Incredible Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce the clarification in relation to the Business Times Article on 17 July 2022 Sunday “Regulators can do more about governance lapses at Incredible Holdings and Watches.com” (the “Article”) <https://www.businesstimes.com.sg/opinion/regulators-can-do-more-about-governance-lapses-at-incredible-holdings-and-watchescom>

The Company would like to address the following insinuations made against the Company:

(1) *“The Securities Investors Association (Singapore) sent a letter with questions to the company before its last annual general meeting to raise concerns in relation to the independent directors’ oversight of management, the safeguarding of shareholders’ interests, and the role of the sponsor. Unfortunately, the company chose not to respond to these concerns.”*

Response:

We have replied to all of SIAS enquiries as on Thursday, 23 June 2022 8:46 pm when an email containing our responses have been emailed to Mr David Gerald. Also, multiple parties have been cc-ed in this email reply to SIAS enquiries and bear witness to our reply to SIAS enquiries. Mr. Eric Lim Head of Corporate Governance & Investor Rights at SIAS had replied on 27 June 2022 4:16 pm with “Thank you for answering our questions. This shows your Board and Management’s willingness to be accountable and practise good corporate governance.”

(2) *“The company had paid S\$1.1 million for HB 2021 — a company with a shop in Denmark. The fair value of net identifiable assets of HB 2021 was only S\$8,600, which meant that goodwill paid was almost the full S\$1.1 million. The company wrote off the entire goodwill amount in the same financial year.”*

Response:

We wish to clarify by adding that the consideration of approximately S\$1.128 million considered not only the registered capital of S\$8,600, but also good quality furnishings and fittings armed with bullet-proof display cabinets and drawers as well as advanced security system, which resulted in a goodwill of S\$1.1 million. Based on our internal cost estimates and assessment, the Company would have to spend a few million DKK to set up a store with the same security standard and quality.

Please refer to our replies to SGX queries on 15 June 2021 and 17 June 2021 for further rationale on the acquisition of HB 2021.

SGX Reply 1:

<https://links.sgx.com/FileOpen/Incredible%20-%20response%20to%20SGX%20queries.ashx?App=Announcement&FileID=671254>

SGX Reply 2:

<https://links.sgx.com/FileOpen/Incredible%20-%202nd%20response%20to%20SGX%20queries.ashx?App=Announcement&FileID=671458>

(3) *“In the same annual report, the independent auditors issued a qualified opinion: “Based on the responses and explanations provided relating to the acquisition of HB 2021, we were unable to obtain sufficient appropriate audit evidence on the business rationale for the group’s acquisition of HB 2021.”*

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Response:

We wish to clarify by adding that although the external auditors were unable to obtain sufficient appropriate audit evidence on the business rationale for the group's acquisition of HB 2021, that the Company had provided all supporting documents to the auditors during the audit and upon request. The Audit Committee, having reviewed both the management's and the external auditor's views on the Acquisition of HB 2021 ApS, concurred with the management on the responses and explanations relating to the business rationale and consideration paid for the acquisition of HB2021 ApS, and the subsequent impairment.

Please refer to our replies to SGX queries on 14 June 2022 for a more detailed explanation in relation to the qualified opinion by the auditors for FY2021.

SGX Reply:

<https://links.sgx.com/FileOpen/Incredible%20-%20response%20to%20SGX%20in%20relation%20to%20auditor%20not%20seeking%20for%20re-appointment%20and%20the%20qualified%20opinion.ashx?App=Announcement&FileID=720802>

In view of the foregoing, the Article contains factually inaccurate statement which is damaging, and the Company is compelled to reserve all rights against any and all individuals or entities responsible for the publication of the Article.

By Order of the Board

Christian Kwok-Leun Yau Heilesen
Executive Director
21 July 2022

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

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