

ENTRY INTO OF SHARE SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL BY INCREDIBLE HOLDINGS LTD., OF 49% SHARE CAPITAL IN PT. LOUIS GIANNI

The Board of Directors of Incredible Holdings Ltd. (the “**Company**”) and together with its subsidiaries the “**Group**”) wishes to announce that the Company entered into a share sale and purchase agreement with Fulan Group Limited (the “**Purchaser**”) on 8 January 2020 (the “**Share Sale and Purchase Agreement**”) for the sale of the 49% of share capital in PT. Louis Gianni (“**PTLG**”) to the Purchaser (the “**Proposed Disposal**”).

PTLG is a company with limited liability, incorporated in the Indonesia on 3 April 2013. PTLG has an existing registered capital of IDR24,777,000,000 or equivalent to S\$3,230,000, 49% of which is held by the Company (including 2% equity interest held on behalf of the Company by Tansri Saridju Benuei @ Chen Bing Wen (“**Tansri**”). On 12 December 2018, the Company has completed the sale of 51% of the share capital in PTLG to the Purchaser. PTLG was formerly engaged in the retail and wholesale of garments in Indonesia and currently dormant.

For the financial year ended 31 December 2018 (“**FY2018**”), PTLG recorded nil revenue and loss before tax of approximately S\$187 thousand. As at 31 December 2018, PTLG was in net tangible assets position of approximately S\$2.6 million.

INFORMATION ON THE PURCHASER

The Purchaser is a limited company incorporated in Hong Kong. The sole director of the Purchaser is Suh Dong Seok and the shareholders are Suh Dong Seok and Jung Doo Hwan.

The Purchaser has acquired 51% of PTLG from the Company on 12 December 2018 and would like to acquire the remaining 49% equity interest in PTLG from the Company.

The Purchaser and its director and shareholders are not in any way related to the Group, the Directors or any of the substantial shareholders of the Company. There are no introducers or arrangers in connection with the Proposed Disposal and no commission is paid or payable to any parties in connection with the Proposed Disposal.

CONSIDERATION OF THE PROPOSED DISPOSAL

The consideration of the Proposed Disposal (“**Consideration**”) is IDR11,336,699,000 or equivalent to approximately S\$1.1 million (based on the exchange rate of S\$1: IDR10,298.75 as at 7 January 2020), payable by the Purchaser in two equal instalments. The first instalment will be paid to the Company within 30 days after signing of the Share Sale and Purchase Agreement. The second instalment will be paid to the Company any time before the completion of the transfer of shares of PTLG. The Consideration was arrived after arms’ length negotiations between the Company and the Purchaser on a willing seller and willing buyer basis. No valuation was conducted in relation with the Proposed Disposal as PTLG is dormant and its main asset is cash and bank balances. The Proposed Disposal is expected to result in a net loss of approximately S\$60 thousand based on the PTLG’s net tangible assets as at 31 December 2019. The Consideration represents a discount of approximately 5.09% to the Company equity interest in PTLG’s net tangible assets as at 31 December 2019.

PRINCIPAL TERMS OF THE SHARE SALE AND PURCHASE AGREEMENT

- (a) The Company no longer have any right to give as collateral, sell or in any way transfer any right on the shares to another party after the receipt of first instalment; and
- (b) Mr Tansri, director of PTLG, shall remain appointed as director and authorised signatory of PTLG. The Purchaser agrees to furnish PTLG management account to the Company.

Save as disclosed above, there are no other material terms and conditions attaching to the Proposed Disposal.

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COMPLETION

Completion of the Proposed Disposal shall take place on or before 30 June 2020 ("**Completion Date**") after the principal terms shall have been fulfilled.

USE OF PROCEEDS

The proceeds from the Proposed Disposal will be used as the Company's working capital to fund the operation of the Group's businesses.

RATIONALE OF THE PROPOSED DISPOSAL

The Proposed Disposal is carried out so as to focus the Group's resources on its scalable core business, being the distribution of consumable material for electronics industry and trading of luxury goods and part of its efforts to rationalize and streamline the Group's corporate structure. Taking into consideration (a) no revenue generated by PTLG in FY2018 and for the financial year ended 31 December 2019. The Company wishes to realize the investment in PTLG through selling of PTLG shares. The Board has taken the advice of the Management and agreed that the Proposed Disposal would be in the best interest of the Group.

FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

The pro forma financial effects of the Proposed Disposal on the Group set out below are for illustrative purposes only and are therefore, not indicative of the actual financial performance or position of the Group. The financial effects set out below have been prepared based on the audited consolidated financial statements of the Group for FY2018 and unaudited consolidated financial statements of the Group for HY2019 and on the following basis:

- (i) the effect of the Proposed Disposal on the earnings per share ("**EPS**") or losses per share ("**LPS**") of the Group is based on the assumption that the Proposed Disposal had been effected at the beginning of FY2018 (being 1 January 2018) and HY2019 (being 1 January 2019); and
- (ii) the effect of the Proposed Disposal on the consolidated net tangible assets ("**NTA**") per share of the Group shown below is based on the assumption that the Proposed Disposal had been effected at the end of FY2018 (being 31 December 2018) and HY2019 (being 30 June 2019).

(a) EPS/(LPS)

The effects of the Proposed Disposal on the EPS/(LPS) of the Group for FY2018 and HY2019 are as follows:-

	Before the Proposed Disposal	After the Proposed Disposal
FY2018		
Net profit/(loss) after tax (S\$'000)	(1,934)	(1,936)

INCREDIBLE HOLDINGS LTD.
(Incorporated in the Republic of Singapore)
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EPS/(LPS) (cents) ⁽¹⁾	(0.20)	(0.20)
HY2019		
Net profit/(loss) after tax (S\$'000)	(1,000)	(1,188)
EPS/(LPS) (cents) (2)	(0.08)	(0.10)

Notes:-

- (1) The EPS or LPS is calculated by dividing the net loss after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue of 991,035,662.
- (2) The EPS or LPS is calculated by dividing the net loss after tax attributable to owners of the Company by the weighted average number of ordinary shares in issue of 1,199,375,920.

(b) NTA

The effects of the Proposed Disposal on the NTA per share of the Group as at 31 December 2018 and 30 June 2019 are as follows:-

	<u>Before the Proposed Disposal</u>	<u>After the Proposed Disposal</u>
<u>FY2018</u>		
NTA (S\$'000)	6,200	6,019
NTA per share (cents) ⁽¹⁾	0.52	0.50
<u>HY2019</u>		
NTA (S\$'000)	5,189	5,009
NTA per share (cents) ⁽¹⁾	0.43	0.42

Notes:-

- (1) NTA per share is calculated based on 1,199,375,920 ordinary shares outstanding as at 31 December 2018 and 30 June 2019.

Relative Figures under Rule 1006 of the Listing Manual of the SGX-ST Section B: Rules of Catalyst ("Catalist Rules")

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For the purposes of Chapter 10 of the Catalist Rules, the relative figures for the Proposed Disposal computed on the bases set out in Rule 1006 of the Catalist Rules based on the latest announced consolidated financial statements of the Group for HY2019 are as follows:

Rule 1006	Proposed Disposal of PTLG	%
(a)	The net asset value of the assets to be disposed of compared with the Group's net asset value.	24.83% ⁽¹⁾
(b)	The net profits attributable to the assets acquired or disposed compared with the Group's consolidated net profits.	1.22% ⁽²⁾
(c)	The aggregate value of the Consideration given, compared with the issuer's market capitalization based on the total number of issued shares excluding treasury shares.	26.22% ⁽³⁾⁽⁴⁾
(d)	The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
(e)	The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the Group's proved and probable reserves.	Not Applicable

Notes:

- (1) PTLG is at net assets position of approximately S\$2.6 million as at 30 June 2019 and the Company has 49% equity interest in PTLG, while the Group is in net asset position of approximately S\$5.2 million as at 30 June 2019.
- (2) The net profits used for the computation is taken from the loss before income tax, minority interests and extraordinary items. The Group and PTLG recorded pre-tax loss of approximately S\$1 million and S\$25 thousand respectively in HY2019.
- (3) The market capitalization has been computed based on the Company's issued Share capital comprising 299,843,943 Shares and the weighted average price for the Company's shares on 31 December 2019, being the last trading day preceding the date of the Share Sale and Purchase Agreement, of S\$0.014 per Share. There were no trades done between 1 January 2020 and 7 January 2020.
- (4) Based on the exchange rate of S\$1: IDR10,298.75 as at 7 January 2020.

As the relative figures computed under Rule 1006 are less than 50%, the Proposed Disposal constitutes a discloseable transaction under Chapter 10 of the Catalist Rules.

SERVICE CONTRACTS

No person is proposed to be appointed as a director of the Company or any of its subsidiaries in connection with the Proposed Disposal.

INTEREST OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or Substantial Shareholders of the Company has any interest, direct or indirect, in the Proposed Disposal.

DOCUMENTS FOR INSPECTION

Shareholders should note that a copy of the Share Sale and Purchase Agreement will be available for inspection during normal business hours at the registered office of the Company for a period of three (3) months from the date of this announcement.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this announcement and confirm after making all reasonable enquiries, that to the best of their knowledge and belief, this announcement constitutes full and true disclosure of all material facts about the Proposed Disposal,

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the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this announcement misleading. Where information in this announcement has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in this announcement in its proper form and context.

By Order of the Board

Christian Kwok-Leun Yau Heilesen
Executive Director
9 January 2020

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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Mr Tang Yeng Yuen, Vice President, Head of Corporate Finance, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9886.