



FY2019 Sustainability Report

Incredible Holdings Ltd.

Board Statement

The Board of Directors (the “Board”) of Incredible Holdings Ltd. (the “Company”) and its subsidiaries (the “Group”) is pleased to present our annual sustainability report for the year ended 31 December 2019 (“FY2019”).

Sustainability reporting has become a key component for listed companies to promote transparency on their sustainable business practices in relation to the economic, environmental, social and governance (“EESG”) topics. The Board will continue to monitor and review the EESG topics taking into consideration of any changes in the business environment and stakeholders’ feedback.

The Board believes that building a sustainable business is vital to our continued development as a successful business and that we must be fully accountable for our impact on the environment, our customers, our people, and our community as well as our financial performance. The Board is committed to practice principles laid out on the Corporate Sustainability Policy and ensure that sustainable business practices are incorporated into every link of our value chain to satisfy our responsibility to society.

For FY2019, the new business of trading and retailing of luxury watches has started gaining ground and became one of the main sources of revenue for the Group. The Group continued to divest its investment in Indonesia by disposing the remaining 49% equities interest in PT Louis Gianni and disposing 100% equities interest of a Singapore wholly-owned subsidiary to exit the switchgear design and assembly business. The disposal of equities interest in both companies are still in progress and have not been completed as at the date of this report. Please refer to the respective announcements on the SGX website dated 23 December 2019 and 9 January 2020 for more information. The Company had embarked on fundraising exercises to raise the necessary fund for the new business of providing for personal and business loans in Hong Kong and potential acquisition of a new business.

In pursuing business diversification and growth, we remain committed to the conservation of the environment and the development of our people. We remain vigilant in the conduct of our businesses and continue to actively engage our stakeholders to address their concerns and needs. The success of our sustainability journey requires continuous efforts and support from our stakeholders. We are confident that together, we can formulate strategies to build a sustainable business model.

Leung Kwok Kuen, Jacob

Independent Non-Executive Chairman,
Independent Director
Incredible Holdings Ltd.

About the Sustainability Report

This sustainability report presents the annual sustainability performance of the Group for the period 1 January 2019 to 31 December 2019. The information in this report is organised and presented in accordance with the GRI Standards: Core option published in 2016, established by the Global Reporting Initiative (“GRI”).

We would like to present our management approach to manage the economic, environmental, social and governance (“EESG”) related issues that are considered important and material to the Group. Through this sustainability report, we hope that various stakeholders such as shareholders, suppliers, customers and employees would be able to understand our sustainability strategies and commitment.

The EESG topics selected in the FY2018 report have been re-evaluated for its materiality to the Group in FY2019. The Board is of the view that for FY2019, the material topics continued to be the same as those in FY2018.

This report provides an update of the performance and targets on sustainability as set out in the previous report in FY2018 dated 28 May 2019. This report is also prepared in accordance with Singapore Exchange Securities Trading Limited (“SGX-ST”) Listing Rules 711A and 711B and the relevant SGX Practice Notes on Sustainability Reporting Guide. Our data is reported in good faith and to the best of our knowledge. Currently, there is no external assurance for this report.

About the Company

The Company is a public listed company headquartered in Singapore and together with its subsidiaries operates businesses in Singapore and Hong Kong. The Company is listed on the Catalist Board of the SGX-ST. The Group achieved S\$8.8 million revenue for FY2019 and is in a net equity position of S\$3.9 million as at 31 December 2019.

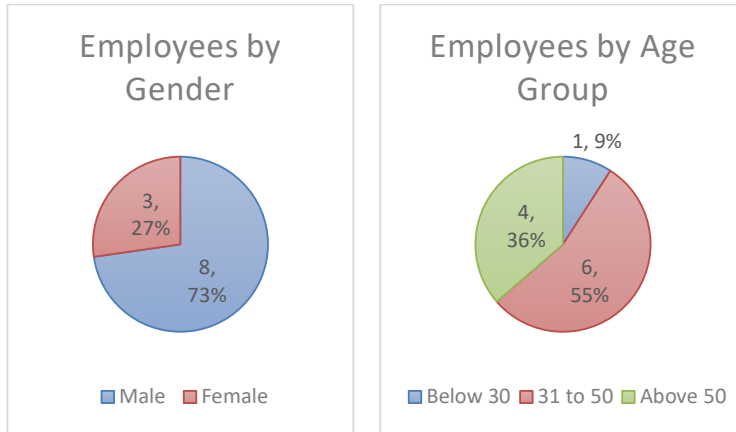
The Group’s core business is the distribution of equipment and consumable materials, such as Dry Film Photoresist (“Dry Film”) for the electronics industry. The Group also distributes consumable materials and spare parts to the manufacturer of etched lead frames, die attach, wire bonding machinery and automated encapsulation system for the semiconductor assembly industry. Our customers are mainly multinational companies.

Some of the equipment and consumable materials are purchased and imported from overseas. For example, Dry Film is imported from South Korea for distribution. All our products are stored in a warehouse before being delivered to customers.

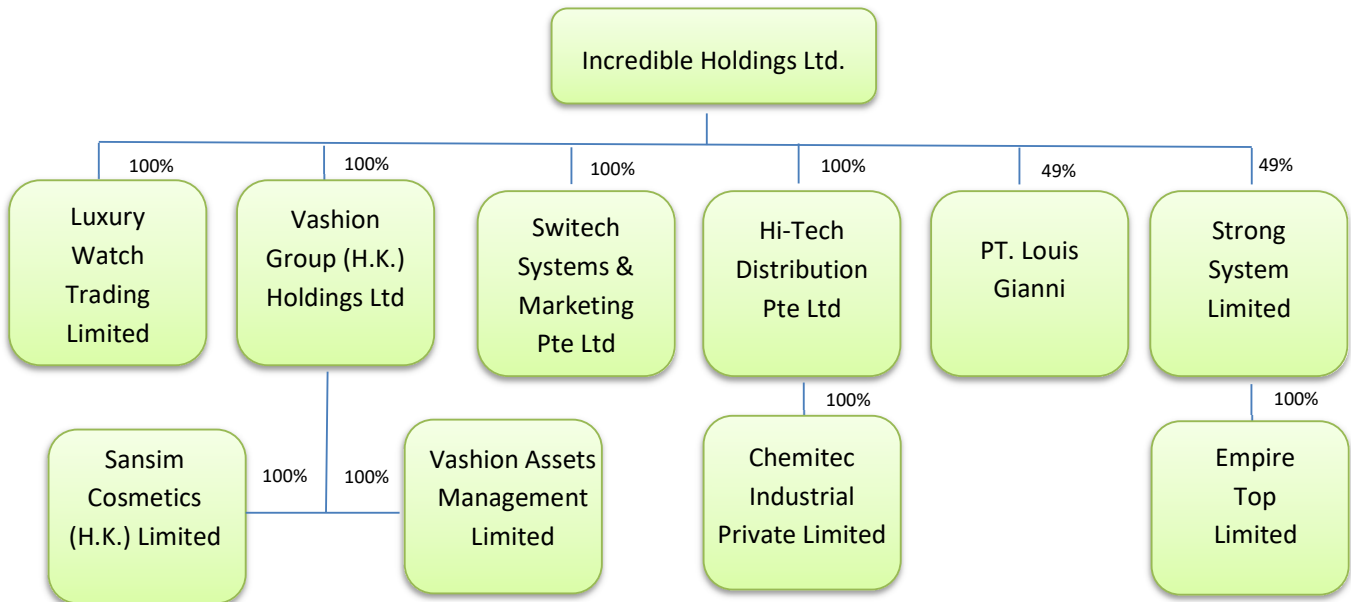
The Group has embarked on a new business, which is the trading and retailing of luxury watches in Hong Kong from March 2018. Whilst Hong Kong would be the main market for the trading of luxury watches, the Group does not rule out the possibility of operating the new business in other geographical areas as it deems fit. Our customers are mainly walk-in customers, independent dealers and traders of luxury watches.

Our People

The Group has 11 employees (full-time) under its employment in the Singapore and Hong Kong offices who fall under the following categories:



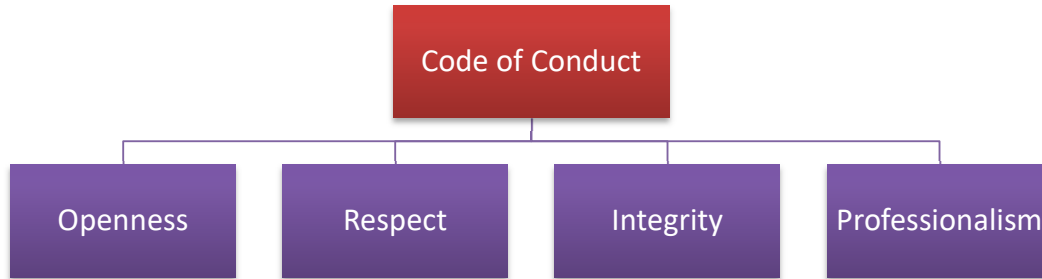
Group Structure



Organization's Value & Code of Conduct

The Group has an internal Code of Conduct stipulating the Group's business principles and practices in our day-to-day operations. The Code of Conduct provides a communicable and understandable framework for employees to observe the principles of accountability, honesty and integrity in all aspects of the Group's business and in our dealings with customers, suppliers and other stakeholders.

The Group's Code of Conduct is as follows:



The Group's Code of Conduct provides guidance and emphasises our commitment to:

- Diversity and equality for all employees and stakeholders;
- Fair and transparent employment practices;
- Environmental goals;
- High standards in workplace health and safety standards and procedures; and
- Whistle blowing avenues in the event of any breach.

In line with the Group's stance to pursue our business objectives with integrity and in compliance with applicable laws and regulations in all countries in which we operate, we also have in place the following policies and guidelines:

- Health and Safety Policy;
- Environmental Policy;
- Fire Safety Policy;
- Communications Policy;
- Risk Management Policy; and
- Whistle Blowing Policy

Throughout our day-to-day operations, we continue to remain aware of the needs of our employees, stakeholders, communities and the environment.

Our day-to-day business practice is also based on key principles such as professionalism, high ethical standards, and accountability to our stakeholders, respecting the law, being people-driven and striving for excellence.

Corporate Governance

The Board of Directors (“the Board”) is committed to uphold high standards of corporate governance practices throughout the Group that are in line with the Code of Corporate Governance 2018. The Board will ensure that there is compliance with the other relevant regulations, notices, circulars, and guidelines that may be issued by the Monetary Authority of Singapore and the SGX-ST. Explanations will be provided should there be any deviations.

The primary role of the Board is to protect and enhance long-term shareholders’ value. It provides entrepreneurial leadership, sets the overall strategy for the Group and ensures that the necessary governance approach, policy and procedures are in place to meet its objectives. The Board has an established framework of prudent and effective controls, which enables risks to be assessed and managed, including safeguarding of shareholders’ interests and the Group’s assets, supervises the Management, reviews management performance and monitors performance of business goals to enhance shareholders’ value.

The Board is also responsible for the overall corporate governance of the Group, acting in its fiduciary capacity. Where appropriate, the Directors receive relevant briefings from time to time on new updates in relation to regulatory changes to accounting standards, Listing Manual, corporate governance and other regulations or statutory requirements.

Sustainability Governance Structure

The Sustainability Governance Structure of the Group is as follows:



The Working Committee is to assist the Steering Committee in providing relevant information or data and conduct the action plans of the sustainability strategy.

The Steering Committee is tasked to develop and oversee the sustainability strategy, framework and policy. The Steering Committee also reviews and reports progress for delivering targets and plans to the Board on the sustainability management performance of the Group and key material issues identified by stakeholders. The sustainability strategy, framework and policy are approved by the Board prior to their implementation.

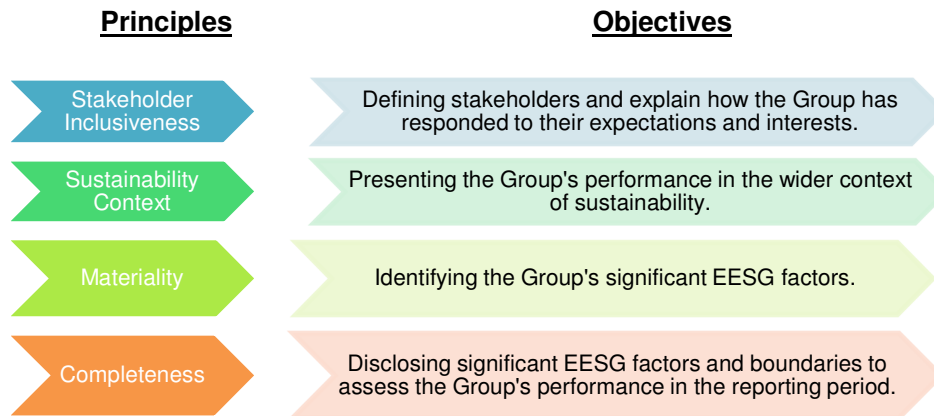
Feedback

We would like to provide a channel for our stakeholders to give us some comments on the sustainability issues in order to enable continual improvements. Please send your feedback and suggestions to investors@incredible.sg or the address below:

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

Reporting Scope and Boundaries

The content of this report is defined by the 4 Content Reporting Principles established by GRI as follows:

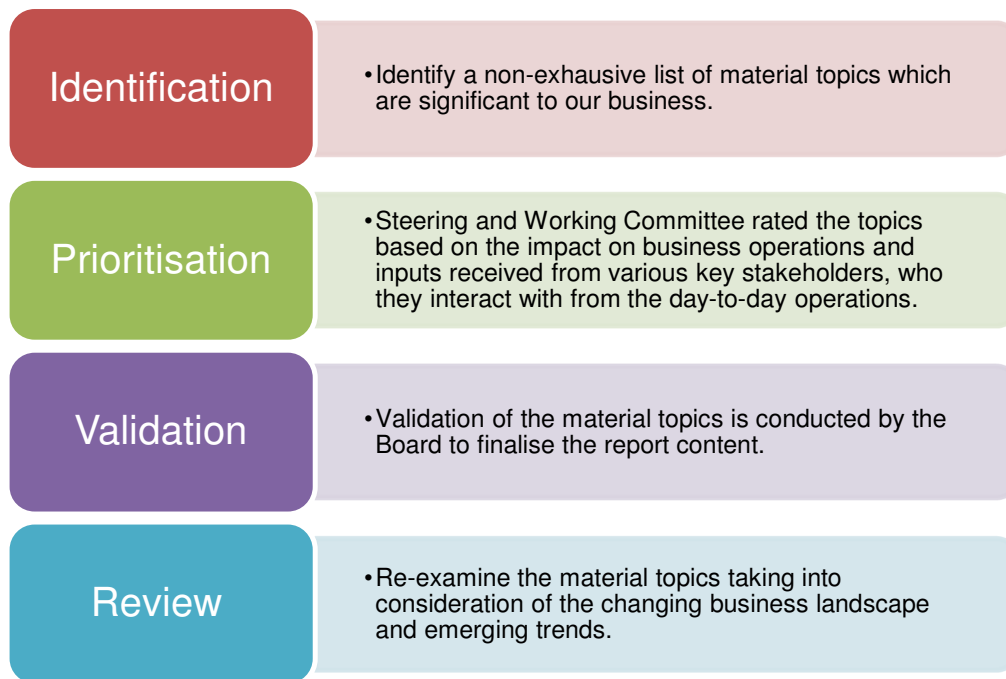


Stakeholder Engagement & Material Topics

Stakeholders play important roles in maintaining and developing the Group's long-term growth. Most of them are involved in our day-to-day activities. Therefore, they are in the best position to understand the overall situation of the Group. We work closely with the stakeholders in order to identify and improve the sustainability practices of the Group. Our engagement approach with the various key stakeholders is listed below:

Stakeholders	Engagement Approach	Key Interests
Employees and Managers	<ul style="list-style-type: none"> • Regular dialogue • Training programmes • Work related meetings and discussions • Surveys 	<ul style="list-style-type: none"> • Working environment • Staff benefit • Development of technical skills
Customers and Suppliers	<ul style="list-style-type: none"> • Phone calls • Email contacts • Formal and informal meetings • Surveys 	<ul style="list-style-type: none"> • Ensure the quality of products and services • Goods and services delivered on time
Shareholders	<ul style="list-style-type: none"> • Half-yearly and full year results announcements • SGX Announcements • Annual General Meetings 	<ul style="list-style-type: none"> • Corporate governance • Risk management • Group operations

The Group has engaged an external sustainability consultant to guide us on the sustainability reporting requirements. In cooperation with the consultant, the Group adopts a four-step process to define the material topics:

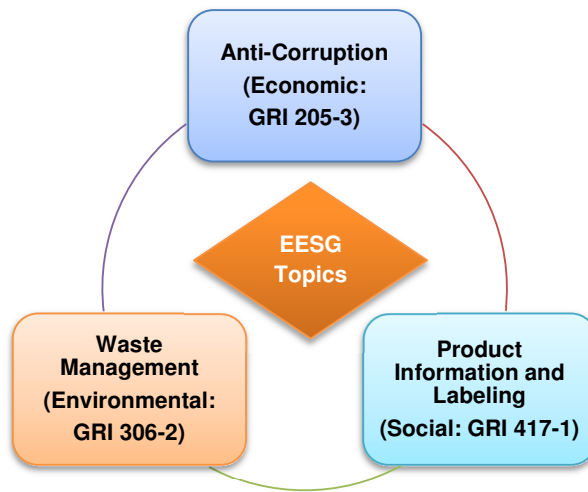


Based on the Group's internal assessment where there were no significant changes in the business and the operating environment, the Board is of the opinion that the materiality assessment from FY2018 continues to be valid and relevant for the Group in FY2019.

Feedback from key stakeholders form a crucial part of our strategic and business planning and are viewed as valuable insights for the Group to continuously improve its sustainability performance. The material topics were evaluated in FY2019 for its potential impact on the environment and society, its influence on the stakeholders and impact on the Group’s operations and all topics were deemed to be material to the Group. As such, the Steering Committee recommended to the Board the same topics to be the material topics to be reported in FY2019

The Sustainability Committee aims to conduct an annual review of the Group’s material topics as well as monitor the performance of the topics as part of the Group’s sustainability strategy.

The following EESG topics have been identified and the approaches of managing these topics are stated in this report:



Whistle Blowing and Anti-Corruption (GRI 205-3)

The Group strives to conduct business with the highest standards of integrity, transparency and accountability and does not tolerate bribery or corruption, and acts with fairness and integrity in its businesses. As such, this topic is deemed to be material to the Group. The Group is of the view that its whistle blowing policy is an important tool for the Group to achieve this objective.

The Group has set up its whistle blowing policy and disseminated it to all employees through email and verbal communication. By adopting the whistle blowing policy and for purpose of good governance, it is the policy of the Group that employees may, in confidence, raise concerns about possible corporate improprieties in matters of financial reporting or other matters without fear of retaliation.

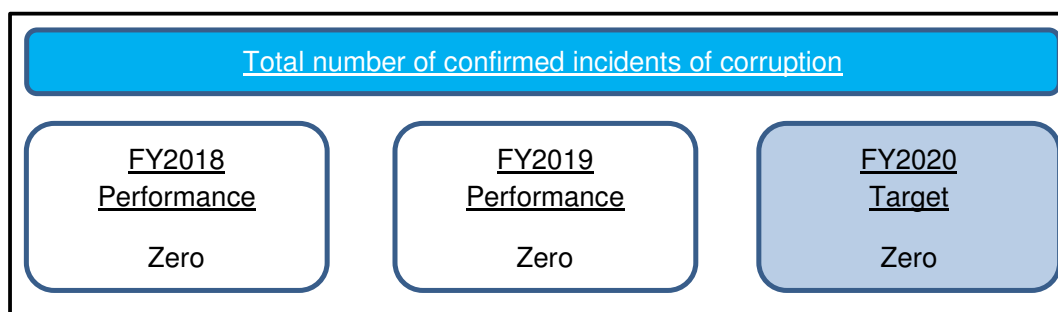
The main scope of the Group’s whistle blowing policy covers the following:

1. Fraudulent financial reporting;
2. Misstatements arising from misappropriation of assets;
3. Improper or unauthorized expenditures (including bribery and other improper payment schemes);

4. Violations of laws and regulations (including those that expose the Group or its agents to regulatory or criminal actions, such as securities fraud); and
5. Substantial and specific danger to public health or safety.

The contact person of the whistle blowing policy is Mr. Stanley Leung Yu Tung, the Audit Committee Chairman of the Group who can be reached at stanleyleung.cpa@gmail.com. He will protect the identity of the complainant and investigate the matters with the Audit Committee. A record of the complaint will be kept confidentially to investigate. The Board will evaluate the effectiveness and management feedback of the policy annually.

For FY2019, the Group has met the target set in FY2018 and there were no incidents of corruption and the Group has a target of zero incidents perpetually.



Waste Management (GRI 306-2)

The Group is operating the business of trading and selling Dry Film Photoresist (“Dry Film”). Dry Film is considered a mild environmentally hazardous material and is subjected to compliance of the environmental protection regulation for disposal of such materials. In order to protect the environment, we are committed to dispose damaged Dry Film properly. As such, this topic is deemed to be material to the Group.

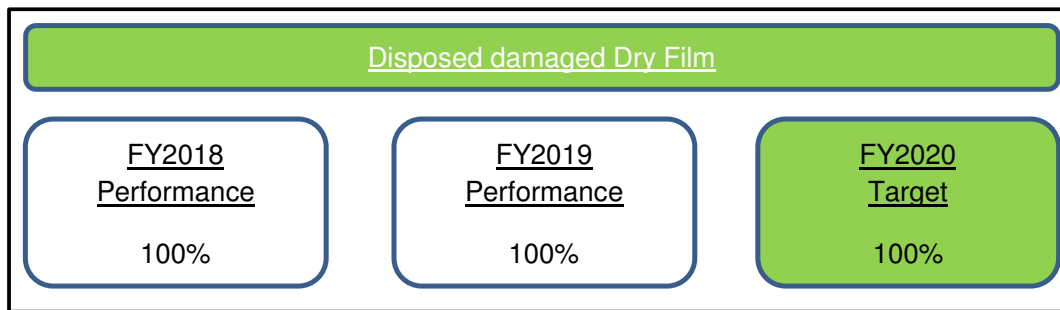
The Group has established a policy of handling damaged Dry Film. Dry Film is imported from an overseas supplier and resold to local etched lead frame manufacturers. Dry Film could be damaged during transportation from overseas to our cool room or due to defects in the manufacturing process. The damaged Dry Film needs to be properly disposed as it contains environmentally hazardous substances such as photopolymers resins.

We are committed to comply with the Environmental Protection and Management Act, under Part VII: Hazardous Substances Control. All damaged or rejected Dry Film are properly kept in the original boxes, sealed with scotch tape and disposed according to the guidelines. Before disposal, the damaged Dry Films are kept securely and separately in the Group’s premise to prevent theft.

A list of rejected Dry Film is sent to the supplier for advice and approval for disposal. We have engaged a local licensed waste management agency to dispose the damaged Dry Film at incineration plants. The following table shows the total weight of the Dry Film bought by the Company, damaged Dry Film and the damaged Dry Film disposed for incineration from FY2017 to FY2019:

	FY2017	FY2018	FY2019
Total Weight of Dry Film Bought (Tonnage)	81	81	58
Total Weight of Damaged Dry Film (Tonnage)	2.29	2.29	2.90
Total Weight of Damaged Dry Film Disposed for Incineration (Tonnage)	2.29	2.29	2.90

We have continuously disposed 100% of the damaged Dry Film in the past 3 years in order to protect our environment. For FY2019, the Group has met the target set in FY2018 to dispose 100% of damaged Dry Film through the local licensed waste management agency by sending them to the incineration plants and will strive to achieve this target for FY2020.



Product Information and Labeling (GRI 417-1)

Transparency is the key factor to build trust and credibility along with our customers. It is our role and responsibility to share with our customers’ adequate information about the positive and negative environmental and social impacts of our products. As such, this topic is deemed to be material to the Group.

All the Dry Film sold to customers have detailed labeling and information tag. Our Store Executive places all the Dry Film in boxes and seals them with scotch tape. Product label is tagged on every box that is going to be delivered to our customers.

We share the detailed information with our customers through the product label tagged on the Dry Film boxes and issuing the Material Safety Data Sheet (“MSDS”) which states the information above, such as the potential health effect of using such product, the safe use and proper approach in disposing the Dry Film. The MSDS is prepared by our supplier and we will ensure that the MSDS is made available for every purchase made by our customers.

The following key information described in the product label are as follows:



For FY2019, the Group has met the target set in FY2018 to ensure that 100% of the Dry Film are tagged with labelling and MSDS are sent to customers at all times and will strive to achieve this target for FY2020.

<u>Labelled Dry Film with MSDS</u>		
<u>FY2018 Performance</u> 100%	<u>FY2019 Performance</u> 100%	<u>FY2020 Target</u> 100%

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