

**ENTRY INTO OF SHARE SALE AND PURCHASE AGREEMENT IN RELATION TO THE PROPOSED DISPOSAL BY INCREDIBLE HOLDINGS LTD., OF THE ENTIRE SHARE CAPITAL IN SWITECH SYSTEMS & MARKETING PTE LTD**

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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 Yap Soo Kiat (the “**Purchaser**”) who is the director of the Switech Systems & Marketing Pte Ltd., wholly-owned subsidiary of the Company on 23 December 2019 (the “**Share Sale and Purchase Agreement**”) for the sale of the entire share capital in Switech Systems & Marketing Pte Ltd. (“**SW**”) to the Purchaser (the “**Proposed Disposal**”).

SW is a company with limited liability, incorporated in the Republic of Singapore on 26 August 1984. SW has an existing registered capital of SGD650,000, 100% of which is held by the Company. SW is engaged in the switchgear design and assembly services in Singapore.

For the financial year ended 31 December 2018 (“**FY2018**”), SW recorded revenue of S\$65 thousand and loss before tax of approximately S\$5 thousand. As at 31 December 2018, SW was in net tangible liabilities position of approximately S\$47 thousand. For the six months period ended 30 June 2019 (“**HY2019**”), SW recorded revenue of S\$5 thousand and incurred profit before tax of approximately S\$2 thousand. As at 30 June 2019, SW was in net tangible liabilities position of approximately S\$46 thousand.

Information on the Purchaser

The Purchaser is an individual residing in 338 Ubi Avenue 1, #04-857, Singapore 400338 who is the director of SW.

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

Consideration of the Proposed Disposal

The consideration of the Proposed Disposal (“**Consideration**”) will be S\$1, payable by the Purchaser to the Company by cash upon completion. The Consideration was arrived after arms’ length negotiations between the Company and the Purchaser on a willing seller and willing buyer basis and taking into consideration the negative net tangible liabilities position of SW. No valuation was conducted in relation to the Proposed Disposal. The Proposed Disposal is expected to result in a net gain of approximately S\$55 thousand.

Conditions precedent attached to the Proposed Disposal

- (a) The audited accounts of SW for the financial year ended 31 December 2018 and the management accounts of SW made up to 31 October 2019 to be delivered to the Purchaser within 7 working days of the request by the Purchaser.
- (b) The Purchaser conducting and completing its due diligence on SW within 7 days from the date of the Share Sale and Purchase Agreement, and satisfying itself (such satisfaction not to be unreasonably denied or withheld) that there will be no material adverse changes from what was represented by the Company in the Share Sale and Purchase Agreement;
- (c) The Company delivering to the Purchaser the management accounts of SW updated up to seven (7) days before the Completion Date, not less than 48 hours before the time of Completion; and
- (d) The Purchaser paying the Shares Consideration to the Company in the manner and at the time agreed upon in the Share Sale and Purchase Agreement.

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

Completion

Completion of the Proposed Disposal shall take place on the later of 10 January 2020 or upon the completion of the consultation with SGX-ST pursuant to Catalist Rules 1007 (“**Completion Date**”) after the Conditions Precedent shall have been fulfilled.

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The 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 the 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) the concerns about the competitive environment in switchgear design and assembly business and significant decrease in demand; (b) SW's net tangible liabilities position of approximately S\$0.7 million as at 30 June 2019, 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).

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
<b>FY2018</b>		
Net profit/(loss) after tax (S\$'000)	(1,934)	(1,212)
EPS/(LPS) (cents) <sup>(1)</sup>	(0.20)	(0.12)
<b>HY2019</b>		
Net profit/(loss) after tax (S\$'000)	(1,000)	(283)
EPS/(LPS) (cents) <sup>(2)</sup>	(0.08)	(0.02)

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.

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(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>
<b><u>FY2018</u></b>		
NTA (S\$'000)	6,200	6,918
NTA per share (cents) <sup>(1)</sup>	0.52	0.58
<b><u>HY2019</u></b>		
NTA (S\$'000)	5,189	5,907
NTA per share (cents) <sup>(1)</sup>	0.43	0.49

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.*

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

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

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

<b>Rule 1006</b>	<b>Proposed Disposal of SW</b>	<b>%</b>
(a)	The net asset value of the assets to be disposed of compared with the group's net asset value.	-13.83% <sup>(1)</sup>
(b)	The net profits attributable to the assets acquired or disposed compared with the Group's consolidated net profits.	-0.17% <sup>(2)</sup>
(c)	The aggregate value of the consideration given, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.	0.0% <sup>(3)</sup>
(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) SW is at net liabilities position of approximately S\$0.7 million as at 30 June 2019, while the Group is in net asset position of approximately S\$5.2 million as at 30 June 2019.

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- (2) The net profits used for the computation is taken from the loss before income tax, minority interests, and extraordinary items. The Group recorded a pre-tax loss of approximately S\$1 million and SW recorded pre-tax profit of S\$1.7 thousand 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 20 December 2019, being the last trading day preceding the date of the Share Sale and Purchase Agreement, of S\$0.008 per Share.

As the relative figures for Rule 1006(a) and Rule 1006(b) are negative, the Company will, pursuant to Rule 1007(1) of the Catalist Rules, consult the SGX-ST, through its Sponsor, on the applicability of Chapter 10 of the Catalist Rules on the Proposed Disposal. The Company will update shareholders of the Company in due course.

The 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.

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, 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.

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 Company's registered office at 280 Woodlands Industrial Park, E5 #10-50, Harvest @ Woodlands, Singapore 757322 for three (3) months from the date of this announcement.

By Order of the Board

Christian Kwok-Leun Yau Heilesen  
Executive Director  
23 December 2019

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*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.*