FY 2021 Sustainability Report

INCREDIBLE HOLDINGS LTD.

Contents

Feedback

We would like to provide a channel for our stakeholders to give us comments on sustainability issues 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

Board Statement

The Board is pleased to present the annual Sustainability Report for Incredible Holdings Ltd (the “Company”) and its associate and subsidiaries (collectively, the “Group”), for the financial year ended 31 December 2021 (“FY2021”). As the Group continues to develop its new business of trading and retailing of luxury timepieces and aims to become a leader of the new culture in retail enterprise for timepieces, which involves integrating digital technology in the retail timepieces business, such as implementing an ecommerce platform for selling the timepieces, the Board acknowledged that managing the socio-environmental impact of our business operations is essential for assuring the long-term sustainability of our new business.

As the Company is listed on SGX-Catalist, it is required to present the sustainability reporting annually to disclose the Company’s sustainable business practices in relation to the economic, environmental, social, and governance ("EESG") topics. The Board is responsible for driving the Group's policies and performance in key environmental, social, and governance ("ESG") matters. The Board also provides oversight of and monitors the management of these material ESG matters. The Group has conducted an annual review of the material ESG matters in FY2021 and given that the new luxury timepieces business activities have accelerated, the Group has made some amendments to its material EESG topics of Product Information and Labeling (GRI 417-1), which replaces Dry Film product information to timepieces product information, which is elaborated in the rest of the report.

As Singapore gradually revises its Covid-19 strategy to living with the disease as an endemic like influenza, the Group expects more people will contract the coronavirus with no symptoms. As such, the Group has placed stringent and additional measures that require staff to show negative Antigen Rapid Test (ART) test results before entering the office each Monday to prevent the spread of COVID-19 in the office.

The Group continues to actively engage our stakeholders to formulate strategies to build a sustainable business model and we welcome feedback from the stakeholders about our sustainability efforts as this enables us to consistently improve our policies, systems, and results.

Please send your comments and suggestions to investors@incredible.sg.

Thank you.

Leung Kwok Kuen, Jacob
Independent Non-Executive Chairman,
Independent Director
Incredible Holdings Ltd

About This Report

This report sets out our management approach to sustainable topics of environmental, social, and governance ("ESG") topics that are considered important and material to the Group. We hope various stakeholders such as shareholders, suppliers, customers, and employees amongst others, would better appreciate our strategies and commitment towards the area of sustainability. The Board has re-evaluated the ESG topics and made necessary changes as the timepieces business activities have increased in the recent period.

This report provides an update on the performance and targets of sustainability as set out in the previous FY2020 report and the relevant changes of the ESG topics. Concerning the Group's economic performance, please refer to the Company's annual report for FY2021.

Reporting Period

This sustainability report presents the annual sustainability performance of the Group for the period 1 Jan 2021 to 31 Dec 2021. This report presents our approaches and performance in respect of our key ESG topics for FY2021 and has been prepared in accordance with the Global Reporting Initiatives ("GRI") 2016 Standards – "Core" option.

The last report was published on 25 May 2021.

Reporting Framework

This report is also prepared in accordance with SGX-ST Listing Rules 711A and 711B and the relevant SGX Practice Notes on Sustainability Reporting Guide. The data displayed in this report covers the period from 1 Jan 2021 to 31 Dec 2021 ("FY2021"), while comparative data from 1 Jan 2020 to 31 Dec 2020 ("FY2020") have been incorporated where relevant.

Also, this Report has been prepared in accordance with the GRI Standards 2016: Core option. The Group has adopted the application of the GRI Standards for sustainability reporting due to its internationally recognized guidelines and it is also deemed to be the most widely-adopted standard by organisations around the world.

Report Accessibility

In order to reduce our environmental footprint and the impact on the environment, the hard copy version of this Report will not be made available.

The Report is only available in PDF format which can be downloaded from the SGX website.

Feedback

We welcome views on this Report from stakeholders. Please send feedback and enquiries to investors@incredible.sg

Independent Assurance

The Group has engaged an external sustainability consultant to guide us on the sustainability reporting requirements. All the information and data disclosed in this report has been internally verified and no external assurance on the sustainability report was performed.

Our Company

Incredible Holdings Ltd is a public-listed company headquartered in Singapore and together with its subsidiaries, operates businesses in Singapore, Hong Kong, Korea and Denmark. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Group has developed its core business of trading and retailing luxury timepieces in FY2021. The distribution of equipment and consumable materials such as Dry Film Photoresist ("Dry Film") and spare parts for the electronics industry is no longer the core business of the Group.

The Group has set up a retail outlet at 11 Beach Road, #01-02, Singapore 189675 for retailing luxury timepieces and its head office is located at 280 Woodlands Industrial Park E5, #10-50 Harvest @ Woodlands, Singapore 757322.

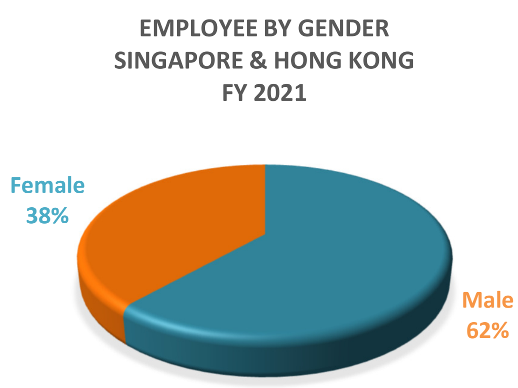
The Group has expanded its timepieces business overseas and incorporated a subsidiary in Korea, named Korea Watch Co. Ltd., and acquired a private company incorporated in Denmark, namely Central Capital ApS – please see announcements dated 19 April 2021 and 27 May 2021 respectively. The Group has also acquired another company incorporated in Denmark, namely HB 2021 ApS via Central Capital Aps – please see announcements dated 9 June 2021. The companies incorporated or acquired in Korea and Denmark are in the trading and retailing of luxury timepieces business. The Group may continue to expand its timepieces business to other geographical areas as it deemed fit and the customers are mainly walk-in customers, independent dealers, and traders of luxury timepieces.

During the financial year 2021, aligned with the Group's plan to enter into the financing business for the provision of personal business loans in Hong Kong, expand its trading of luxury goods business into the retail sector and to more geographical areas to enhance the financial performance of the Group , the Group has acquired the entire equities interest of Billion Credit Company Limited and 42% equities interest of Golden Ultra Limited respectively – please see announcements dated 27 September 2021 and 18 October 2021 and the acquisitions were completed on 4 March 2022 and 22 March 2022 respectively. As announced on 27 October 2021, the Company entered into a share purchase agreement to acquire 15% equity interest of Gadmobe Group. The acquisition is part of the Group's corporate strategy with a view to have diversified returns and the potential for long-term growth.

Our People

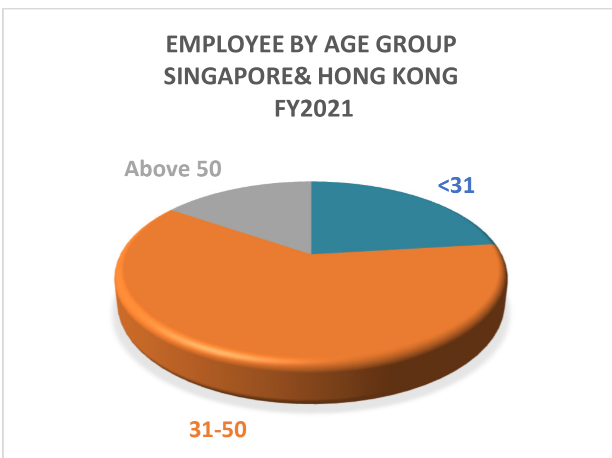
The Group has 13 employees under its employment in the Singapore and Hong Kong offices who fall under the following categories:

Employee by Gender



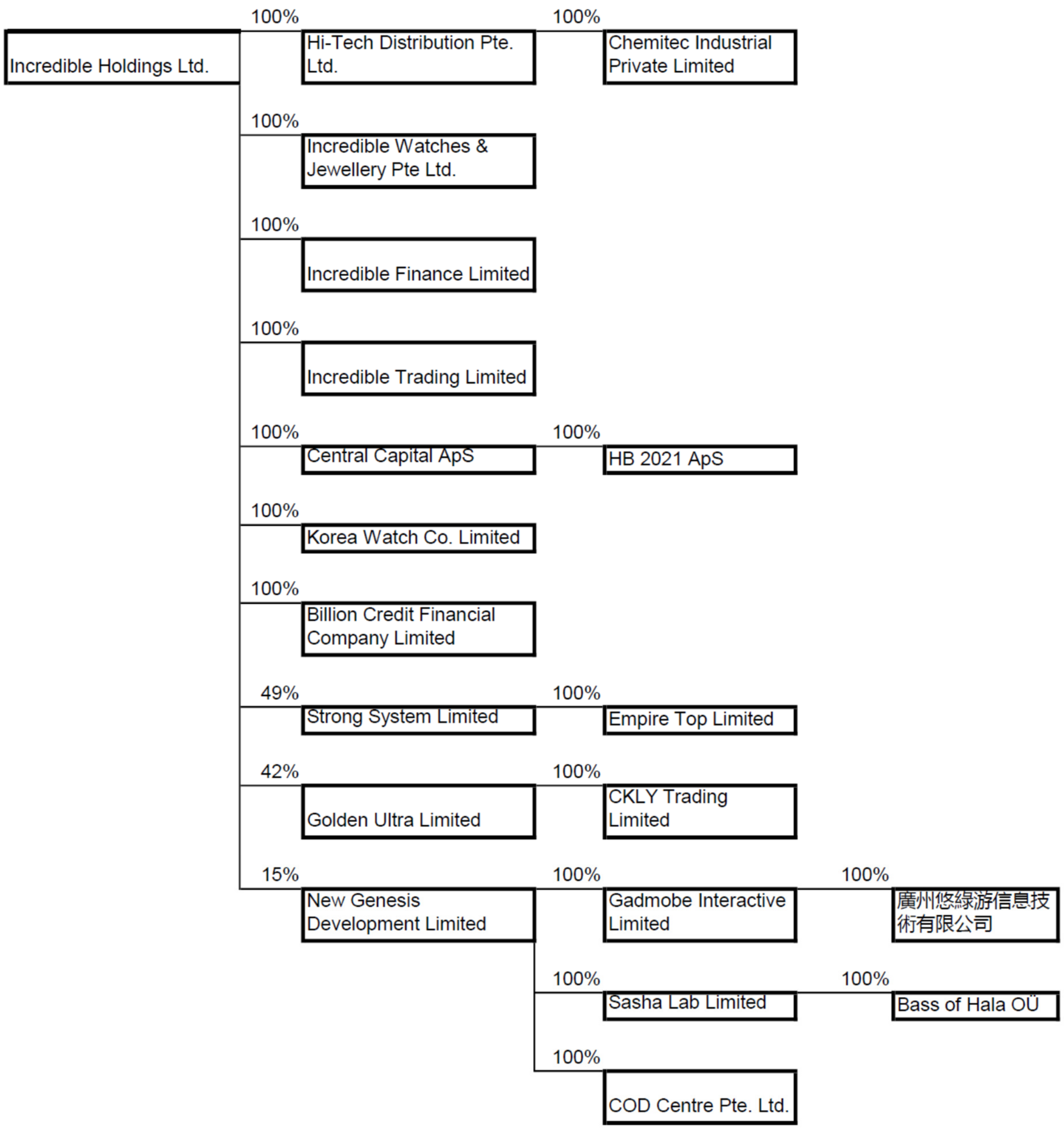
Gender	No. of Employee
Male	8
Female	5

Employee by Age Group



Age Group	No. of People
<31	3
31-50	8
Above 50	2

Our Group Structure as at 6 April 2022



Note: Sansim Cosmetics (H.K.) Limited was dissolved on 7 January 2022.

HQ Address

Incredible Holdings Ltd

Harvest @ Woodlands,

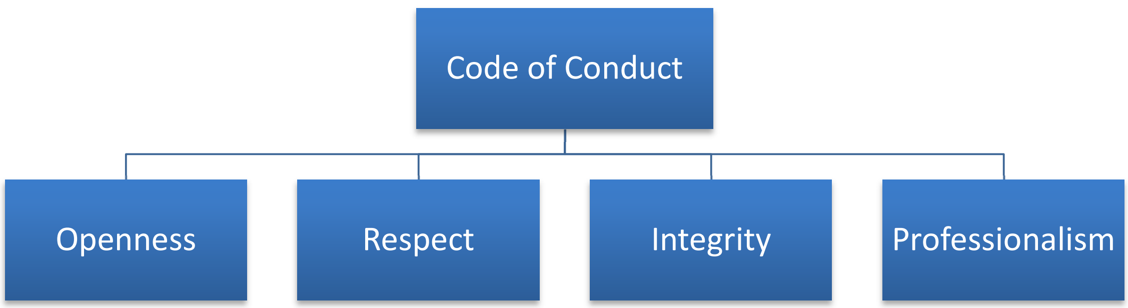
280 Woodlands Industrial Park E5,

#10-50, Singapore 757322

Our Values & Code of Conduct

We abide and operate by an internal Code of Conduct stipulating our business principles and practices for our day-to-day operations. This Code of Conduct provides a framework for employees to understand, observe and to operate based on the principles of accountability, honesty and integrity in all aspects of the Group's business and its dealings with all stakeholders.

Our Code of Conduct is as follows:



Our Code of Conduct provides guidance and emphasizes 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
- 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 & Safety	Environment	Fire Safety
Communications	Risk Management	Whistleblowing

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, accountability to our stakeholders, respecting the law, being people-driven and striving for excellence.

Response to COVID-19

The Group has various COVID-19 preventive measures in place to ensure the safety and well-being of employees, customers, and other stakeholders. The measures include various assistance measures to control and prevent the spread of COVID-19 in cooperation with customers and stakeholders.

Protective Measures and Care for Employees

During the COVID-19 outbreak, our appointed Safe Management Officer (SMO) has taken cues directly from the Ministry of Health (MOH) and Ministry of Manpower's (MOM) advisories and implemented various strict precautionary measures to reduce the spread of the virus at the workplace as well as address the safety of our staff in Singapore and Hong Kong.

The Group has taken the necessary procedures in line with the MOM policies and procedures to enable employees to work from home. By default, all office-based staff is required to work from home unless they needed access to specialized computer systems or equipment at company premises which could not be accessed from home.

As the Group is part of the essential global supply chains and has applied for essential service permits, our office and warehouse remained open throughout the entire epidemic. To prevent the spread of COVID-19, we complied with the measures introduced by the Singapore Government.

In our effort to battle the COVID-19 pandemic, we have established Safe Management Measures (SMMs) recommended by MOM, which were communicated and strictly enforced among all employees to ensure that operations resume in a safe manner. The SMO has been appointed to conduct SMM inspections and checks to ensure compliance at all times.

The safety protocols include the followings:

- All staff to wear a face mask at all times.
- Temperature-taking twice a day.
- A distance of at least one meter between tables and between seats.
- Division of working groups,
- Enhanced cleaning measures, such as sanitizing high touch surfaces frequently, etc.
- Staff to show negative Antigen Rapid Test (ART) test results before entering the office each Monday

The aforesaid safety measures are also applied to our Hong Kong office located at Room 2403 Jubilee Centre, 18 Fenwick Street, Wan Chai, Hong Kong.

With the Singapore Government's implementation of SafeEntry in April 2020, the Group has put in place a SafeEntry QR code at the entry of our office and warehouse.

Collaboration with Customers and Suppliers

During the FY2021 COVID-19 outbreak, the Group has conducted intense communication with customers and suppliers via teleconferencing to ensure that there is no disruption in our service delivery. A major customer has communicated to us the safety procedures for delivery of adhesive rolls and spare parts to their premises. This included specifying the timing for the delivery and showing of negative ART test at the guardhouse and also to keep a safe distance with their staff.

Corporate Governance

The Board is committed to the best practices of corporate governance to ensure the sustainability of the Group's operations. Throughout FY2021, the Board and management continue to adhere to the principles and guidelines set out in the Code of Corporate Governance 2018 and will continue to do so in the coming years. Please refer to the Annual Report for the details of the Group's Corporate Governance Report.

Impact of COVID-19 on the Group's Operations

The Group's distribution of consumables to the electronics manufacturer's sector has been adversely affected in FY2021. In comparison, the Group's new initiative in the trading of branded watches have recovered from the initial adverse impact of the COVID-19 pandemic. This business segment is expected to improve in the coming year.

Impact of COVID-19 on the Group's Financial Position

The Group is aware that the prolonged COVID-19 pandemic will adversely affect the operation and financial position of the Group. Hence, management has decided to continue with the fundraising exercise which was initiated in FY2021 via issuance of Perpetual Bonds, Perpetual Convertible Bonds and Warrants and private placement – please see announcements dated 5 January 2022 and 6 May 2022 respectively, to strengthen the financial position and liquidity of the Group and to prepare to capitalize on new business opportunities emerging from the crisis.

Corporate Governance

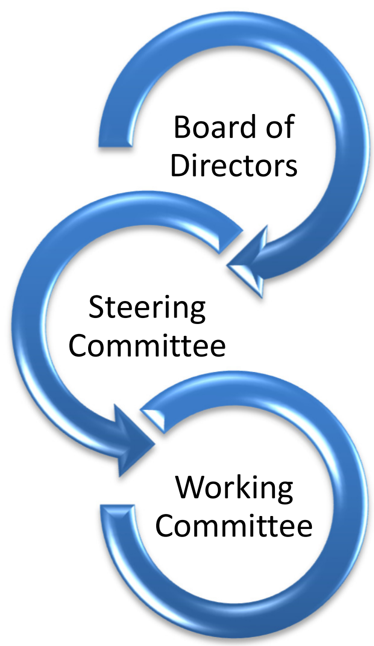
The Board of Directors ("the Board") is committed to upholding high standards of corporate governance practices throughout the Group that is in line with the Code of Corporate Governance 2018. The Board will ensure that there is compliance with the other relevant regulations, notices, circulars, and 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, policies and procedures are in place to meet its objectives. The Board has an established framework of prudent and effective controls, which enable risks to be assessed and managed, including the safeguarding of shareholders' interests and the Group's assets, supervises Management, reviews management performance, and monitors the 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, the listing manual, corporate governance, and other regulations or statutory requirements.

Sustainability Governance Structure

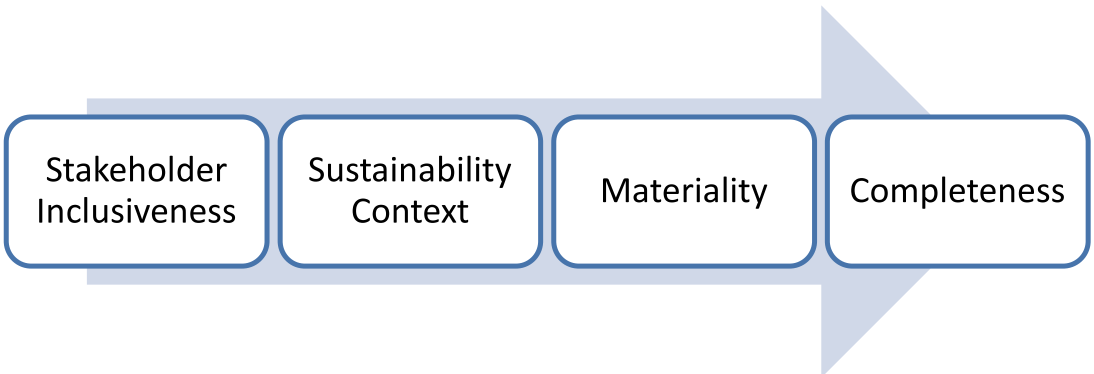
The Sustainability Governance Structure of the Group is as follows:



The Working Committee assists the Steering Committee in providing relevant information or data and implements the action plans of the sustainability strategy. The Steering Committee develops and oversees the sustainability strategy, framework and policy. In addition, the Steering Committee reviews and reports the progress of our sustainability plans, efforts and performance to the Board. The sustainability strategy, framework and policies are approved by the Board before their implementation.

Reporting Approach

Our report is defined by the 4 Content Reporting Principles established by GRI as follows:



Principles	Objectives
Stakeholder Inclusiveness	Defining stakeholders and explain how the Group has responded to their expectations and interests.
Sustainability Context	Presenting the Group's performance in the wider context of sustainability.
Materiality	Identifying the Group's significant ESG factors.
Completeness	Disclosing significant ESG factors and boundaries to assess the Group's performance in the reporting period.

Stakeholder Engagement & Material Topics

Stakeholder Identification

According to our business activities, supply chain and operation scope, we have identified our stakeholders into the following group:

- Employees and Management;
- Customers and Suppliers;
- Investors and Shareholders;

Stakeholder Engagement

We engage our stakeholders regularly, and even on a day-to-day basis for certain stakeholders. The inputs and feedback from stakeholders, including in areas of our sustainability approach, have enabled us to identify, validate and continuously calibrate our approach towards our sustainability topics and practices. Our engagement approach with the various key stakeholders is listed below:

Stakeholders	Engagement Approach	Key Interests
Employees and Management	• Regular dialogue • Training programs • Work-related meetings and discussions • Surveys	• Working environment • Staff benefit • Development of technical skills
Customers and Suppliers	• Phone calls • Email contacts • Formal and informal meetings • Surveys	• Ensure the quality of products and services • Goods and services delivered on time • Ensure customers' satisfaction
Investors and Shareholders	• Half-yearly and full-year results announcements • SGX Announcements • Annual General Meetings	• Corporate governance • Risk management • Group operations • Compliance

The Group has engaged an external sustainability consultant to guide us on the sustainability reporting requirements. All the information and data disclosed in this report has been internally verified and no external assurance on the sustainability report was performed. In cooperation with the consultant, the Group adopts a four-step process to define the material topics:

Identification	• Identify a non-exhausive list of material topics which are significant to our business.
Prioritisation	• Steering and Working Committee rated the topics based on the impact on business operations and inputs received from various key stakeholders, whom they interact with from the day-to-day operations.
Validation	• Validation of the material topics is conducted by the Board to finalise the report content.
Review	• Re-examine the material topics taking into consideration the changing business landscape and emerging trends.

Feedback from key stakeholders forms a crucial part of our strategic and business planning and is viewed as valuable insights for the Group to continuously improve its sustainability performance. The material topics were evaluated in FY2021 for its potential impact on the environment and society, its influence on the stakeholders, and their impact on the Group's operations, and all topics were deemed to be valid and material to the Group in FY2021. As such, the Steering Committee recommended to the Board the same topics to be the material topics to be reported in FY2021.

The Sustainability Committee conducts an annual review of the Group's material topics as well as monitors the performance of the topics as part of the Group's sustainability strategy.

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

Business Conduct

MATERIAL TOPIC:
GRI 205-3 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. Therefore, the topic of Anti-Corruption 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.

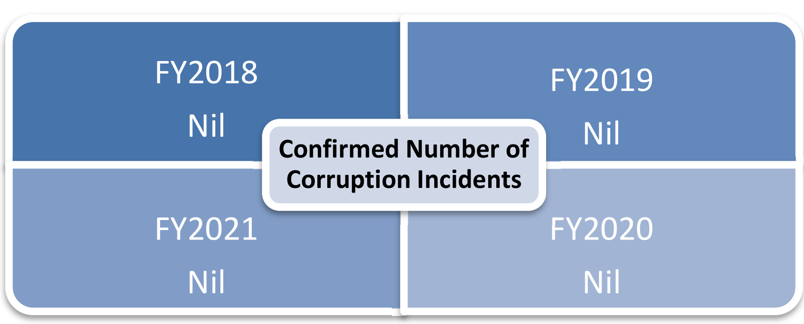
The Group has set up its whistle-blowing policy and disseminated it to all employees through email and verbal communication. By adopting the whistle-blowing policy and for purpose of good governance, it is the policy of the Group that employees may, in confidence, raise concerns about possible corporate 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. 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 for investigation. The Board will evaluate the effectiveness of the policy annually, based on management feedback amongst other avenues.

For FY2021, the Group has met the target set in FY2020 and there were no incidents of corruption and the Group has a target of zero incidents perpetually.



Environment

MATERIAL TOPIC:
GRI 306-2 Waste Management

Waste Management

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 subject to compliance with the environmental protection regulation for the disposal of such materials. In order to protect the environment, we are committed to dispose damaged Dry Film properly. Therefore, we have selected this topic to be material for 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 of as it contains environmentally hazardous substances such as photopolymers resins.

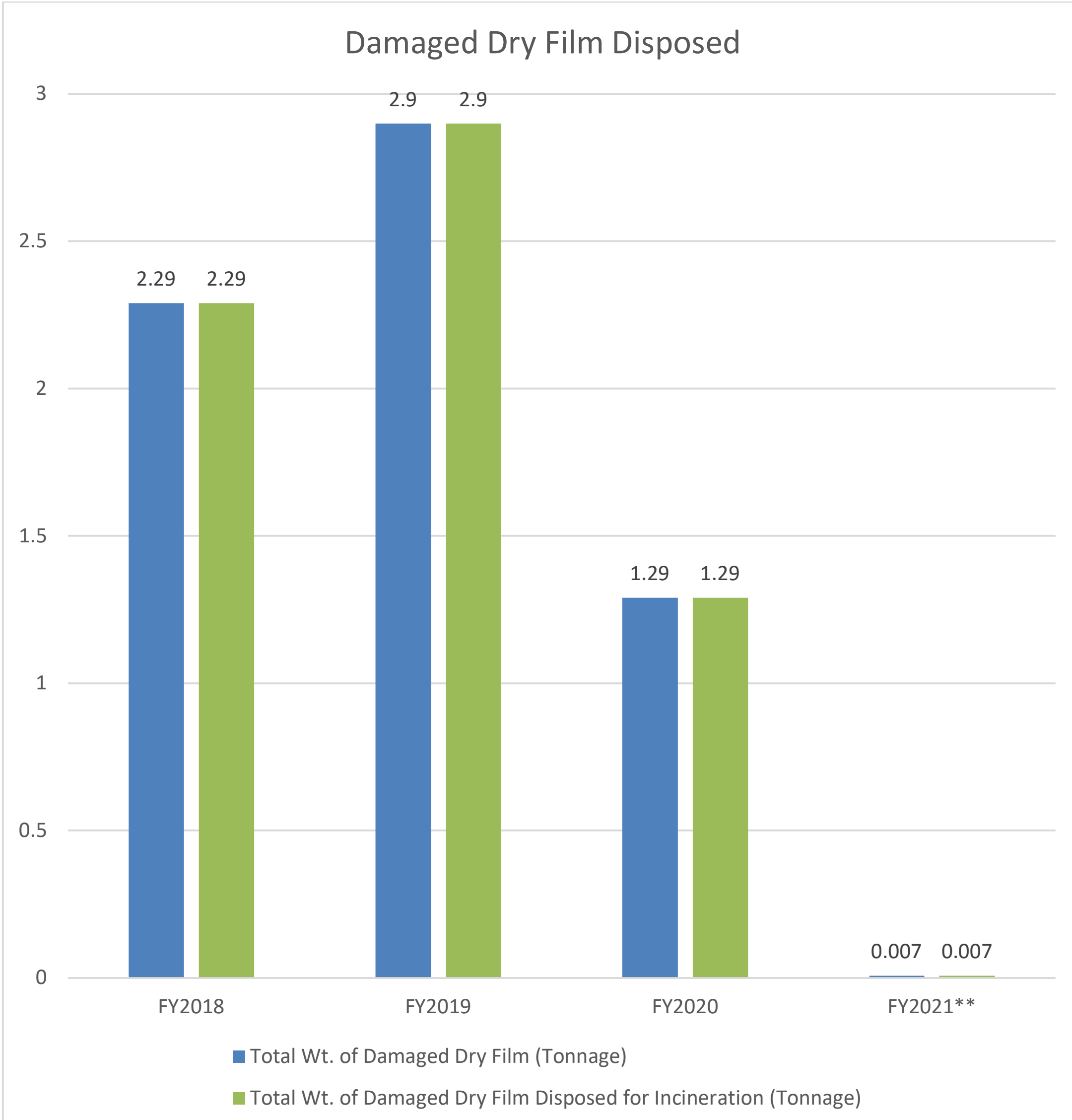
We are committed to comply with the Environmental Protection and Management Act, under Part VII: Hazardous Substances Control. All damaged or rejected Dry Film are properly kept in the original boxes, sealed with scotch tape, and disposed of according to the guidelines. Before disposal, the damaged Dry Films are kept securely and separately in the Group's premises 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 of 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 FY2018 to FY2021. For FY2021 while there was no purchase of Dry Film, there were deliveries of approximately 3.5 tons of Dry Film which were ordered in FY2020 and approximately 7 kilograms had been rejected and all these had been disposed in the incineration plants.

Total Weight of Dry Film Purchased / Delivered (Tonnage)

FY2018	FY2019	FY2020	FY2021*
81	58	46	3.5

**FY2021 there was no purchase of Dry Film, however approximately 3.5 tons of Dry Film were delivered from purchases made in FY2020.*



***Company stopped trading and selling Dry Film business since July 2021.*

We have continuously disposed 100% of the damaged Dry Film in the past 3 years to protect the environment. For FY2021, the Group has met the target set in FY2020 to dispose 100% of damaged Dry Film through the local licensed waste management agency by sending them to the incineration plants.

As part of organization sustainable business strategy, the Company ceased its Dry Film trading business since July 2021.

Product Information

MATERIAL TOPIC:
GRI 417-1 Product Information and Labeling

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. Therefore, we deem this topic to be material for the Group.

All the luxury timepieces sold to customers have detailed labeling and instruction booklets. The 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 luxury timepieces boxes and the instruction booklet.

For FY2021, the Group has ensured that 100% of the luxury timepieces are tagged with labeling and instruction booklets are sent to customers at all times and will continue to strive to achieve this target for FY2022. The instruction booklets contain detailed information on the product, operational instruction, care and maintenance.

The Group understands that the watches are sold running on batteries made of Lithium Metal, which poses potential hazards to environment. For those watches, the instruction booklet states that "this product should not be discarded with household waste".

GRI Content Index

Disclosure Reference	Disclosure Title	Header	Page Reference
Organizational Profile			
102-1	Name of the organization	About the Company	Page 4
102-2	Primary brands, product and services	About the Company	Page 4&6
102-3	Location of Headquarters	About the Company	Page 4
102-4	Location of operations	About the Company	Page 4&6
102-5	Ownership and legal form	About the Company	Page 6
102-6	Market served	About the Company	Page 4
102-7	Scale of the organization	About the Company	Page 4
102-8	Workforce figures	Our People	Page 5
102-9	Organisation's supply chain	About the Company	Page 6
102-10	Significant changes during the reporting period	About the Company	Page 4
102-11	Precautionary Principle or approach	Corporate Governance	Page 11
102-12	External Initiatives	None	-
102-13	Memberships of associations	None	-
Strategy			
102-14	Statement from senior decision- maker	Board Statement	Page 2
Ethics and Integrity			
102-16	Values, principles, standards, and norms of behaviour	Organization's Value & Code of Conduct	Page 7&8
Governance			
102-18	Governance structure	Sustainability Governance Structure	Page 11&12
Stakeholders Engagement			
102-40	List of stakeholder groups	Stakeholder Engagement & Material Topics	Page 14
102-41	Collective bargaining agreements	Not Applicable	-
102-42	Identifying and selecting stakeholders	Stakeholder Engagement & Material Topics	Page 14
102-43	Approach to stakeholder engagement	Stakeholder Engagement & Material Topics	Page 14
102-44	Key topics and concerns raised through stakeholder engagement	Stakeholder Engagement & Material Topics	Page 14&15
Reporting Practice			
102-45	Entities included in the organisation's consolidated financial statements	Group Structure	Page 6
102-46	Defining report content and topic boundaries	Reporting Scope and Boundaries	Page 3

		Stakeholder Engagement & Material Topics	Page 14
102-47	List of material topics	Stakeholder Engagement & Material Topics	Page 15
102-48	Effect of any restatements of information provided in previous reports	None	-
102-49	Significant changes from previous reports in the material topics and boundaries	Stakeholder Engagement & Material Topics	Page 14
102-50	Reporting Period	About the Sustainability Report	Page 3
102-51	Date of previous report	About the Sustainability Report	Page 3
102-52	Reporting cycle	About the Sustainability Report	Page 3
102-53	Contact point	Feedback	Page 3
102-54	Claims of reporting in accordance with GRI Standards	About the Sustainability Report	Page 3
102-55	GRI Content Index	GRI Content Index	Page 20-21
102-56	External Assurance & External Review	None	
Management Approach			
103-1	Explanation of the material topic and its Boundary	Stakeholder Engagement & Material Topics	Page 14-15
103-2	The management approach and its components		
103-3	Evaluation of the management approach		
Specific GRI Standards Disclosures			
GRI 205 Anti-corruption			
205-3	Confirmed incidents of corruption and actions taken	Whistle Blowing and Anti-Corruption	Page 16
GRI 306 Effluents and Waste			
306-2	Waste by type and disposal method	Waste Management	Page 17-18
GRI 417 Marketing and Labeling			
417-1	Requirements for product and service information and labeling	Product Information and Labeling	Page 19