

INCREDIBLE HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
(Company Registration Number 199906220H)

**The Proposed Acquisition of Golden Ultra Limited
Entry into Sale and Purchase Agreement**

1. Introduction

The board of directors (the “**Board**”) of Incredible Holdings Ltd. (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that the Company had, on 18 October 2021, entered into a share purchase agreement (the “**SPA**”) with Christian Kwok-Leun Yau Heilesen (“**Mr Heilesen**”) or the “**Vendor**”) to acquire 420 ordinary shares (the “**Sale Shares**”) in Golden Ultra Limited (the “**Target**”), representing 42.0% of the issued share capital of the Target, for a consideration of HK\$84 million (equivalent to approximately S\$14.6 million) (the “**Proposed Acquisition**”). Upon completion of the Proposed Acquisition, the Company will hold 420 ordinary shares representing 42.0% of the issued share capital of the Target.

The Proposed Acquisition is an “interested person transaction” under Chapter 9 of the Catalist Rules which value is more than 5% of the Group’s latest audited net tangible assets (“**NTA**”). Accordingly, the Proposed Acquisition is conditional upon approval by shareholders of the Company (“**Shareholders**”) in a general meeting. Mr Heilesen will abstain from voting on the ordinary resolution in relation to the Proposed Acquisition and has undertaken to ensure that its associates will abstain from voting on the ordinary resolution in relation to the Proposed Acquisition.

As one of the relative figures computed on the bases set out in Catalist Rule 1006 exceeds 75% but is less than 100%, the Proposed Acquisition is classified as a “major transaction” under Chapter 10 of the Catalist Rules.

2. Information on the Seller, Mr Heilesen

Mr Heilesen is a director and a controlling shareholder of the Company. As at the date of this announcement, the Target is wholly-owned by Mr Heilesen. Accordingly, Mr Heilesen is an “interested person” under Chapter 9 of the Catalist Rules and the Proposed Acquisition is an “interested person transaction” under Chapter 9 of the Catalist Rules.

Mr Heilesen holds, directly and indirectly, 1,770,461,781 shares in the Company, representing approximately 59.1% of the issued share capital of the Company as at the date of this announcement.

3. Information on the Target Group

3.1 Corporate Information

The Target, Golden Ultra Limited, is a private company limited by shares in British Virgin Islands on 2 July 2021 and has an issued share capital of US\$1,000 comprising 1,000 ordinary shares as at the date of this announcement. The Target is an investment holding company.

As at the date of this announcement, the Target has a wholly-owned subsidiary, namely, CKLY Trading Limited.

CKLY Trading Limited is a private company limited by shares incorporated in Hong Kong on 14 May 2015 and has an issued share capital of HK\$10,000 comprising 10,000 ordinary shares as at the date of this announcement. CKLY Trading Limited is principally in the business of trading of watches through

the online platform known as www.bestwatch.com.hk, which provides various luxury watch brands for customers in Hong Kong and other countries.

The Target and CKLY Trading Limited will become associated companies of the Group upon completion of the Proposed Acquisition.

The Target, together with CKLY Trading Limited, is hereinafter collectively referred to as the “**Target Group**”.

3.2 Financial Information on the Target Group

Based on the pro forma combined financial statements of the Target Group for the six months ended 30 June 2021:

- (a) the aggregate book value and NTA attributable to the Sale Shares, representing 42% of the issued share capital of the Target, was approximately HK\$4.7 million (equivalent to approximately S\$0.8 million) as at 30 June 2021. The Target Group has no intangible assets;
- (b) the net profits attributable to the Sale Shares, representing 42% of the issued share capital of the Target, was approximately HK\$1.2 million (equivalent to approximately S\$0.2 million) for the financial year ended 30 June 2021.

3.3 Valuation on CKLY Trading Limited

The Company commissioned FT Consulting Limited (“**Independent Valuer**”) to conduct a valuation on 100% equity interest of CKLY Trading Limited. According to the valuation report issued by the Independent Valuer on 11 October 2021 (the “**Valuation Report**”):

- (a) The Independent Valuer confirmed that it has made relevant enquiries and obtained such further information as it considers necessary for the purpose of providing its opinion of the market value of the 100% equity interest of CKLY Trading Limited.
- (b) The valuation has complied with RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors and International Valuation Standards published by the International Valuation Standards Council.
- (c) The valuation is based on market value and market value is defined as *“the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”*.
- (d) There are three generally accepted valuation approaches sourced from the International Valuation Standard 105 – Valuation Approaches and Methods, namely, the cost approach, the market approach and the income approach. In the valuation, the market approach was not considered applicable as the Target Group is engaged in online watch trading, which is a special niche market and there are no sufficient comparable companies observed in the market. The cost approach was not considered an appropriate approach as this approach does not take into account the economic profits contributed by the intangible asset, such as online platform and customer relationship, of the Target Group. The Independent Valuer determined that the income approach was the most appropriate valuation approach as it takes the future revenue that can be obtained by taking the intangible asset of the Target Group into consideration. In particular, the discounted cash-flow method was used in the valuation.
- (e) Based on the valuation methodology adopted, the Independent Valuer is of the opinion that the market value of the 100% equity interest of CKLY Trading Limited, as at 30 June 2021, was HK\$138,290,000 (equivalent to approximately S\$24.1 million).

4. Principal terms of the Proposed Acquisition

According to the SPA:

- (a) the obligations of the Company and the Vendor are conditional upon, and completion of the Proposed Acquisition shall not take place until, all of the following conditions have been fulfilled or waived (as the case may be) on or prior to the completion date:
 - (i) the Vendor obtaining such approvals from the board of directors and/or shareholders of the Target in connection with the SPA and the transactions contemplated therein as may be necessary;
 - (ii) the Company obtaining such approvals from its board of directors and/or shareholders in connection with the SPA and the transactions contemplated therein as may be necessary;
 - (iii) the Company being reasonably satisfied with the results of the legal, financial and tax due diligence to be carried out by the Company and/or its professional advisers on each of the Target Group Companies (the “**Due Diligence Investigations**”);
 - (iv) the rectification, or the procurement of such rectification, as reasonably determined by and to the reasonable satisfaction of the Company by the Vendor of all issues and/or irregularities uncovered by the Company and/or its professional advisers during the Due Diligence Investigations on each of the Target Group Companies which are capable of rectification, unless waived by the Company in its absolute discretion;
 - (v) all necessary consents, approvals and waivers (and in particular, with respect to change in control clauses) which are required for the transactions contemplated herein by any agreement, arrangement, understanding, contract or commitment to which each of the Target Group Companies is a party having been obtained by each of the Target Group Companies, and such consents, approvals and waivers not having been amended or revoked before the completion date, and if any such consents, approvals or waivers are subject to conditions, such conditions being acceptable to the Company in its absolute discretion and being fulfilled on or before the completion date;
 - (vi) the Company being satisfied in its absolute discretion that there has been no material adverse change, or events, acts or omissions likely to lead to a material adverse change, in the business, condition (financial or otherwise), assets, prospects, performance, financial position, results or operations of each of the Target Group Companies between the date of this Agreement and the completion date;
 - (vii) there is no breach by the Vendor of the Vendor’s representations, warranties, covenants and indemnities contained in this Agreement;
 - (viii) each of the representations, warranties and undertakings remaining true, not misleading, correct and accurate in any respects at completion, as if repeated on the completion date, and at all times between the date of the SPA and completion; and
 - (ix) all necessary third party, governmental and regulatory consents, approvals and waivers where required for the transactions contemplated in the SPA (including the waiver of any right of pre-emption or other restriction on the transfer of the Sale Shares conferred on any person under the constitution of the Target or otherwise, if necessary) having been obtained by the Vendor and/or each of the Target Group Companies (as the case may be), and such consents, approvals and waivers not having been amended or revoked before completion date, and if any such consents, approvals or waivers are subject to

conditions, such conditions being acceptable to the Company and being fulfilled on or before the completion date.

- (b) if any of the conditions precedent are not fulfilled by any party on or before the long stop date, being 31 March 2022, and such non-fulfilment is not waived by the other party, the SPA shall *ipso facto* cease and determine. In that event, the parties shall be released and discharged from their respective obligations under the SPA, other than the provisions of the SPA which survive the termination of the SPA and no party shall have any claim against the other party for costs, damages, compensation or otherwise under the SPA, save for any claim by any party against the other party in respect of any antecedent breach of the SPA; and
- (c) the SPA shall be governed and construed in accordance with the laws of Singapore.

5. Principal terms of the Promissory Note

According to the SPA, the salient terms of the Promissory Note are as follows:

- (a) the Company promises and undertakes unconditionally to pay the principal amount of HK\$84 million (equivalent to approximately S\$14.6 million) (the “**Principal Amount**”) to the Vendor by the maturity date which falls on 30 September 2022.
- (b) The Company may at any time give the Vendor 14 business days’ notice in writing to redeem the Promissory Note at the Principal Amount (or any part thereof), and the date falling on the 14th business day after the date of receipt of the redemption notice shall be the “Elected Redemption Date”. All accrued interest up to the Elected Redemption Date shall be paid on the Elected Redemption Date. The Promisor shall deliver the payment of the Principal Amount (or any part thereof) to the Vendor by a cashier’s order or banker’s draft drawn on a bank licensed in Singapore or Hong Kong and made out in favour of the Vendor, or in such other manner as may be agreed in writing between the Company and the Vendor.
- (c) This Promissory Note shall be governed by, and construed in accordance with, the laws of Singapore. In relation to any legal action or proceeding arising out of or in connection with this Promissory Note, the parties irrevocably submit to the exclusive jurisdiction of the courts of Singapore.
- (d) The Promissory Notes will not be secured by any assets of the Company or guarantee provided by the Company.

6. Rationale for the Proposed Acquisition

The Proposed Acquisition is aligned with the Group’s plan to expand its trading of luxury goods business into the retail sector and to more geographical areas to enhance the financial performance of the Group. According to the audited financial statements of CKLY Trading Limited, CKLY Trading Limited recorded a net profit after tax of approximately HK\$3.4 million (equivalent to approximately S\$0.6 million) for the financial year ended 31 December 2020 and a net profit after tax of approximately HK\$2.1 million (equivalent to approximately S\$0.35 million) for the financial year ended 31 December 2019. Accordingly, the Board believes that the Proposed Acquisition would strengthen the profitability of the Group and bring value to the Shareholders.

7. Consideration for the Proposed Acquisition

The consideration for Sale Shares shall be HK\$84 million (equivalent to approximately S\$14.6 million) (the “**Consideration**”) which shall be paid by the Company to Mr Heilesen:

- (a) by way of a promissory note (the “**Promissory Note**”) in which the Company promises to pay HK\$84 million (equivalent to approximately S\$14.6 million) in cash to Mr Heilesen in accordance with the terms of the Promissory Note; or

(b) such other payment method as the Company and Mr Heilesen may agree in writing.

The Consideration of HK\$84 million (equivalent to approximately S\$14.6 million) represents a premium of 44.62% or about HK\$25.9 million (equivalent to approximately S\$4.5 million) to the market value stated in the Valuation Report.

The Consideration was arrived at arm's length and on a willing-buyer-willing-seller basis, after taking into account, *inter alia*, the following:

- (a) market value of CKLY Trading Limited in the Valuation Report;
- (b) net profits after tax recorded in the audited financial statements of CKLY Trading Limited; and
- (c) prevailing economic conditions.

The Valuation Report formed a basis for the Consideration for the Target.

The Board is of the view that the Target has been operating in the watch retailing business since 2016. The Target has been profitable for 5 years in a row, and with a positive and growing EBITDA. As a result of its omni-channel approach to watch retailing, they are able to sell to and attract customers through online means as well as for clients that walk-in at the shop/office level.

The Target is capable of demonstrating that it has the following other benefits to the Company:

- (1) better knowledge and experience than many of the similar competitors;
- (2) competent know-how and personnel (15 employees) to support the operation and expansion of the business;
- (3) extensive network of existing suppliers, customers, dealers and connections from the dealing of watches for the last 5 to 6 years;
- (4) value of its own website on www.bestwatch.com.hk, and the search engine optimisation ("SEO") that is included in the website;
- (5) the Proposed Acquisition makes sense economically in terms of time and cost savings for the Company to acquire the Target with a profitable track record as new projects and businesses developed by the Company will take time, management resources and significant costs to setup. Furthermore, it may not achieve a good outcome or profitable outcome for the Company. The Proposed Acquisition will shortcut the Company's road to profitability while enabling the Company to execute in a quick and fast manner;
- (6) The consideration shall be paid by way of Promissory Notes that are not satisfied out of Company's existing capital and cash resources, and hence enables the Company to enter into a sale and purchase contract ("S&P") without straining the cashflow of the Company immediately;
- (7) The Target's existing office and setup that will speed up the expansion of the Company's expansion efforts into Hong Kong; and
- (8) The Board is also of the view that the Proposed Acquisition provides another avenue for the Company to grow its businesses.

Taking into account the above factors, the Directors are of the view that the Consideration is fair and represents a good structure to ensure all parties are aligned for the successful execution of the Share

Purchase Agreement, and the future goal to ensure the Group can grow and expand profitably using the extensive supplier and distribution network that the Target has accumulated over the years.

8. The Proposed Acquisition as an Interested Person Transaction

Based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020, the Group's latest audited NTA is approximately S\$0.84 million.

The current total of all transactions (excluding transactions less than S\$100,000) with Mr Heilesen and his associates (as defined under the Catalist Rules) for the period from 1 January 2021 to the date of this announcement is set out in the table below.

Description	Before Completion of the Proposed Acquisition		After Completion of the Proposed Acquisition	
	Amount	As a percentage of the Group's latest audited NTA	Amount	As a percentage of the Group's latest audited NTA
Proposed Acquisition of Billion Credit Financial Company Limited ⁽¹⁾	S\$1.08 million	129%	S\$1.08 million	129%
Proposed Acquisition	-	-	S\$14.6 million	1,738%
Total	S\$1.08 million	129%	S\$15.68 million	1,867%

Note:

- (1) the Company had, on 27 September 2021, entered into a sale and purchase agreement with Great Winner Holdings Limited, to acquire 10,000 ordinary shares in Billion Credit Financial Company Limited, representing 100% of the issued share capital of Great Winner Holdings Limited, for an aggregate consideration of HK\$5.8 million (equivalent to approximately S\$1 million). Upon completion, Great Winner Holdings Limited will become a wholly-owned subsidiary of the Company. Please refer to the Company's announcement dated 27 September 2021 for further details in relation to the proposed acquisition of Billion Credit Financial Company Limited.

As the value of the Proposed Acquisition as an "interested person transaction" under Chapter 9 of the Catalist Rules is more than 5% of the Group's latest audited NTA, the Proposed Acquisition is conditional upon approval by Shareholders in a general meeting pursuant to Rule 906 1(b) of the Catalist Rules.

9. Relative Figures under Rule 1006 of the Catalist Rules

The relative figures computed on the bases set out in Catalist Rule 1006 for the Proposed Acquisition are as follows:

Catalist Rule 1006(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets. ⁽¹⁾	Not Applicable ⁽²⁾
Catalist Rule 1006(b)	The net profits attributable to the assets acquired or disposed of, compared with the Group's net profits. ⁽³⁾	(17.20)% ⁽⁴⁾

Catalist Rule 1006(c)	The aggregate value of the consideration given or received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares.	98.96% ⁽⁵⁾
Catalist Rule 1006(d)	The number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue.	Not Applicable
Catalist Rule 1006(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. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets. If the reserves are not directly comparable, the SGX-ST may permit valuations to be used instead of volume or amount.	Not Applicable ⁽⁶⁾

Notes:

- (1) "Net assets" means total assets less total liabilities.
- (2) The Proposed Acquisition is an acquisition of assets not a disposal of assets.
- (3) "Net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.
- (4) Based on the pro forma combined financial statements of the Target Group for the financial period ended 30 June 2021, the net profits attributable to the Sale Shares, representing 42% of the issued share capital of the Target Group, was approximately S\$0.2 million as at 30 June 2021 which represents approximately 17.20% of the Group's net loss of approximately S\$1.2 million as at 30 June 2021 on an absolute basis.
- (5) The consideration to be received is HK\$84 million (equivalent to approximately S\$14.6 million) which represents approximately 98.96% of the Company's market capitalisation of approximately S\$15 million on 15 October 2021, being the last full market day on which trades were done preceding the date of the SPA. The Company's market capitalisation was determined by multiplying the number of shares in issue (2,993,532,545 shares) by the weighted average price of such shares of S\$0.00494 transacted on 15 October 2021.
- (6) The Company is not a mineral, oil and gas company.

As one of the relative figures computed on the bases set out in Catalist Rule 1006 exceeds 75% but is less than 100%, the Proposed Acquisition is classified as a "major transaction" under Chapter 10 of the Catalist Rules.

Catalist Rule 1014 shall apply to the Proposed Acquisition.

Catalist Rule 1014 requires, *inter alia*, that (a) the Company immediately announce the information required in Catalist Rules 1010, 1011, 1012 and 1013, where applicable; and (b) the Proposed Acquisition must be made conditional upon approval by shareholders in a general meeting. The required information has been disclosed accordingly and a circular containing the information required in Catalist Rules 1010, 1011, 1012 and 1013 will be sent to all shareholders of the Company in due course.

10. Financial Effects of the Proposed Acquisition

The financial effects of the Proposed Acquisition on the NTA per share and the earnings per share ("EPS") of the Group have been prepared based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2020.

For the purpose of illustrating the financial effects of the Proposed Acquisition, the financial effects have been prepared based on, *inter alia*, the following assumptions:

- (a) the financial effects on the NTA per share of the Group are computed assuming that the Proposed Acquisition was completed on 31 December 2020;
- (b) the financial effects on the EPS of the Group are computed assuming that the Proposed Acquisition was completed on 1 January 2020; and
- (c) the costs and expenses incurred or to be incurred in connection with the Proposed Acquisition shall be disregarded.

Financial Effects on the NTA per Share of the Group

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
NTA as at 31 December 2020 (S\$'000)	836	836
Number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings	299,843,943	299,843,943
NTA per Share (Singapore cents)	0.28	0.28

Financial Effects on the EPS of the Group

	Before Completion of the Proposed Acquisition	After Completion of the Proposed Acquisition
Net (Loss) / Profit for the financial year ended 31 December 2020 (S\$'000)	(4,124)	(3,877)
Weighted average number of Shares in the issued and paid-up share capital of the Company, excluding treasury shares and subsidiary holdings	299,843,943	299,843,943
EPS (Loss Per Share) (Singapore cents)	(1.38)	(1.29)

The financial effects presented above are for illustrative purposes only and are not intended to reflect the actual future results and/or financial position of the Company and/or the Group. No representation is made as to the actual future results and/or financial position of the Company and/or the Group.

11. Independent Financial Adviser

The members of the Audit Committee are considered independent for the purposes of the Proposed Acquisition. The Company has appointed W Capital Markets Pte. Ltd. ("IFA"), as the independent financial adviser to advise the Audit Committee in connection with the Proposed Acquisition and to opine on whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority shareholders

12. Audit Committee Statement

The members of the Audit Committee comprise Ms Eunice Veon Koh Pei Lee (who is considered independent for the purposes of the Proposed Acquisition) and Mr Leung Kwok Kuen Jacob, Mr Leung Yu Tung Stanley and Ms Zhou Jia Lin (who are considered not independent for the purposes of the Proposed Acquisition).

Accordingly, the Company will be constituting a special committee (the “**Special Committee**”) comprising Ms Eunice Veon Koh Pei Lee to form a view on the Proposed Acquisition. The Special Committee will obtain an opinion from the IFA before forming its view on the Proposed Acquisition.

A circular containing the opinion of the IFA and the opinion of the Special Committee on whether the Proposed Acquisition is on normal commercial terms and whether the Proposed Acquisition is prejudicial to the interests of the Company and its minority shareholders will be sent to Shareholders in due course.

13. Source of Funds for the Proposed Acquisition

The Proposed Acquisition shall be funded through fund-raising in the capital markets. The Company will update Shareholders as and when the terms of the fund-raising activities materialise.

14. Interests of Directors and Substantial Shareholders

On 12 October 2021, Ntegrator International Ltd. (Company Registration Number 199904281D) (“**Ntegrator**”), a public company incorporated in Singapore on 24 July 1999 listed on the Catalist Board of the SGX-ST announced a proposed acquisition of 55% of the issued share capital of the Target.

Mr Heilesen, who is a director and substantial shareholder of the Company, is a director and a substantial shareholder of Ntegrator. Mr Leung Kwok Kuen Jacob, Mr Leung Yu Tung Stanley and Ms Zhou Jia Lin, who are directors of the Company, are directors of Ntegrator.

Ms Zhou Qilin, who is a substantial shareholder of the Company, is a substantial shareholder of Ntegrator.

Save as disclosed in this announcement, none of the directors and substantial shareholders of the Company has any interest, direct or indirect, in the Proposed Acquisition, other than through their shareholdings in the Company, if any.

15. Directors’ Service Contracts

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition and no service contracts in relation thereto is proposed to be entered into by the Company.

16. 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 Acquisition, 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.

17. Documents Available for Inspection

A copy of the SPA and the Valuation Report may be inspected at the registered office of the Company located at 280 Woodlands Industrial Park E5, #10-50 Harvest @ Woodlands Singapore 757322 during normal business hours for three months from the date of this announcement and once it is available (as the case may be).

18. Cautionary Statement

Shareholders and potential investors of the Company should note that there is no certainty or assurance as at the date of this announcement that the Proposed Acquisition will be completed.

Shareholders and potential investors of the Company are advised to read this announcement and any further announcements made by the Company carefully. Shareholders and potential investors of the Company are advised to refrain from taking any action with respect to their securities in the Company which may be prejudicial to their interests, and to exercise caution when dealing in the securities of the Company. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisers if they have any doubt about the actions they should take.

**By Order of the Board
Incredible Holdings Ltd.**

Christian Kwok-Leun Yau Heilesen
Executive Director

18 October 2021

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.

The contact person for the Sponsor is Ms Vera Leong, Vice President, Hong Leong Finance Limited, at 16 Raffles Quay, #01-05 Hong Leong Building, Singapore 048581, telephone (+65) 6415 9881.