FY2020
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 2020 ("FY2020").

This report is prepared in compliance with the requirements of Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Rules 711A and 711B, and references to the Global Reporting Initiative ("GRI") Standards, Core option. The GRI Standards is chosen because it is an internationally recognized reporting framework that covers a comprehensive range of sustainability disclosures, also help the Company to increase the accountability and enhance transparency on the contribution to sustainable development. Sustainability is a part of the Group's strategy to create long-term value for all its stakeholders and the Board is committed to practicing 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. The Board will review and update on their sustainable business practices concerning the economic, environmental, social, and governance ("EESG") topics by taking into consideration any changes in the business environment, stakeholders' feedback and oversee the management and monitoring of the material ESG factors.

For the financial year 2020, the Group continues with its business diversification and group restructuring exercise. The Group has dissolved dormant subsidiaries in Hong Kong and incorporated a new subsidiary, Incredible Finance Limited for its business of providing personal and business loans in Hong Kong — please see announcements dated 8 May 2020 and 3 Jun 2020. The Group finalized to dispose of its associated company, PT Louis Gianni, and its wholly-owned subsidiaries in Singapore, Switech System & Marketing Pte. Ltd., and in Hong Kong, Luxury Watches Trading Limited. Please see the announcements dated 29 May 2020, 14 Sep 2020, and 30 Oct 2020.

As the global COVID-19 pandemic situation prolongs, the operating environment remains challenging and the Group expects continued disruption in the Group's business operations. The Group has placed stringent measures to prevent COVID-19 from affecting the business operations of the Group, such as implementing the operating procedures to prevent staff from being infected by the COVID-19 virus and completed the funds raising exercise initiated in the year 2019 by adding liquidity to the Group — please refer to the announcement dated 15 April 2019. The funds-raising exercise was completed on 5 Feb 2021 — please refer to the announcement dated 3 Feb 2021.

The Group is cautious in the conduct of our businesses and 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

This Sustainability Report

This sustainability report presents the annual sustainability performance of the Group for the period 1 January 2020 to 31 December 2020. The information in this report is organized and presented in accordance with the GRI Standards: Core option, established by the Global Reporting Initiative ("GRI") and published in 2016.

This report sets out our management approach to sustainable topics of economic, environmental, social and governance ("EESG") areas that are considered important and material to the Group. With this sustainability report, we hope various stakeholders such as shareholders, suppliers, customers and employees amongst others, would better appreciate our philosophy, strategies and commitment towards the area of sustainability.

The EESG topics selected in the FY2019 report have been re-evaluated for its materiality to the Group in FY2020. The Board is of the view that these topics continue to be valid and present a material impact to and for the Group in FY2020.

This report provides an update of the performance and targets on sustainability as set out in the previous FY2019 report dated 26 May 2020. 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. Our data is reported in good faith and to the best of our knowledge.

There is no external assurance for this report.

Our Company

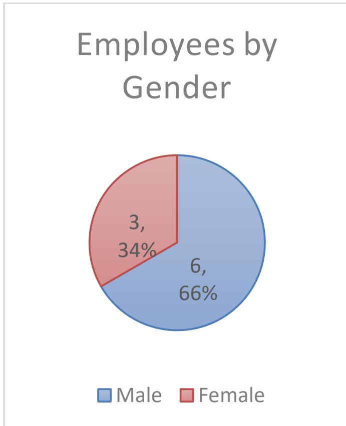
Incredible Holdings Ltd is a public-listed company headquartered in Singapore and together with its subsidiaries, operates businesses in Singapore and Hong Kong. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Group achieved S$3.3 million revenue for FY2020 and is in a net equity position of S$0.8 million as at 31 December 2020.

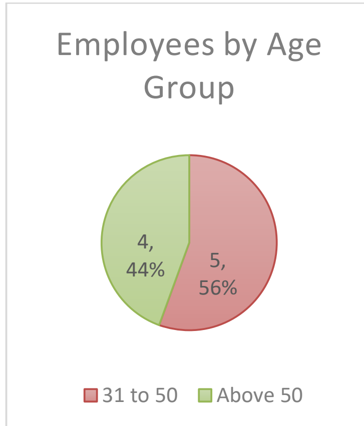
The Group's core business is the distribution of equipment and consumable materials, such as Dry Film Photoresist ("Dry Film") for the electronics industry. The Group also distributes consumable materials and spare parts to the manufacturer of etched lead frames, die attach, wire bonding machinery, and automated encapsulation system for the semiconductor assembly industry. Almost all of our products are purchased and imported from overseas for distribution in the Singapore and Hong Kong market. Our customers are mainly multinational companies.

The Group embarked on the business of trading and retailing 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.

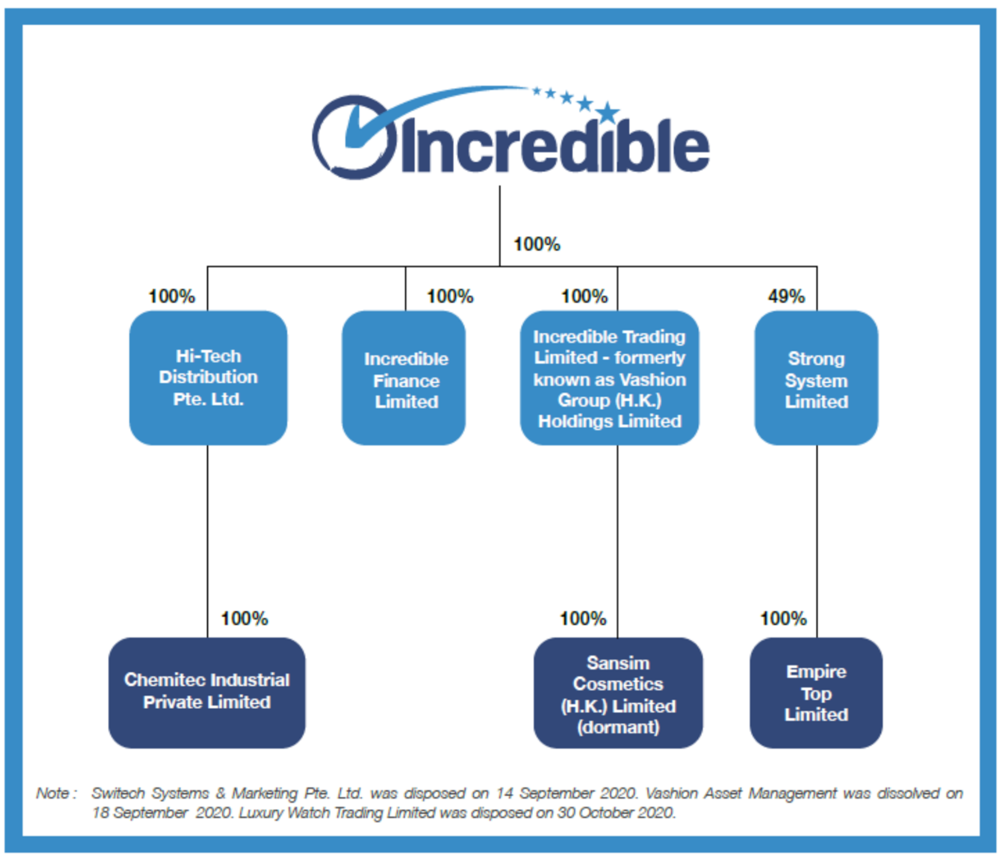
Our People

The Group has 9 employees (full-time) under its employment in the Singapore and Hong Kong offices who fall under the following categories:





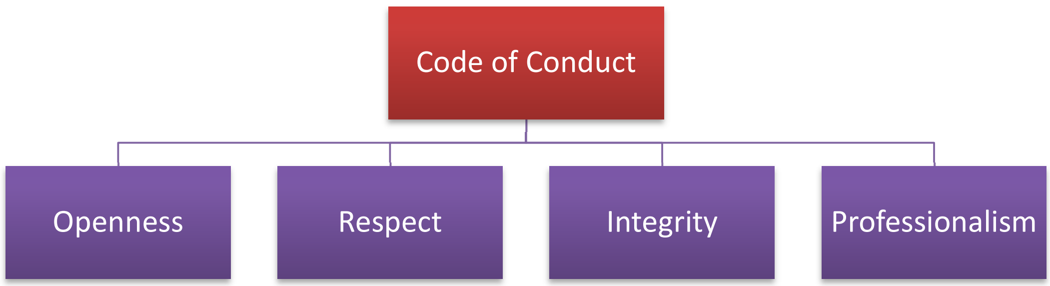
Our Group Structure



<u>Our Value & Code of Conduct</u>

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:

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:

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.

COVID-19 Preventive Measures

The Group has various COVID-19 preventive measures in place to ensure the safety and wellbeing 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.

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, which include having a maximum of 2 employees working in the warehouse as well as 2 front-line office staff working in the office.

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 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.

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 Customer and Supplier

During the FY2020 COVID-19 outbreak, the Group has conducted intense communication with the customer and supplier via teleconferencing to ensure there is no disruption in the supply chain. The major supplier in Korea has established alternative sources of supplying Dry Film to the Group in the event that their production is being shut down due to COVID-19 lockdown. The major customer has communicated to us of safety procedures for delivery of Dry Film to their premises. This included specifying the timing for the delivery and temperature-taking at the guardhouse and also to keep a safe distance with their staff.

Corporate Governance

The Board has committed to the best practices of the corporate governance to ensure the sustainability of the Group's operations. Throughout the COVID-19 outbreak period for FY2020, the Board and management continued 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 new initiative in providing personal and business loans in Hong Kong and trading of branded watches have been adversely affected by the COVID-19 pandemic. In comparison, the Group’s distribution of the consumables to the electronics manufacturer's business has been less adversely affected in FY2020. However, this business segment will be challenging in the coming year if the pandemic continues to be prolonged.

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

The Group was aware that the prolonged COVID-19 pandemic will adversely affect the operation and financial position of the Group, hence the management decided to continue with the fundraising exercise which was initiated in the year 2019 to strengthen the financial position and liquidity of the Group and was prepared to undertake any new business opportunity emerging from the crisis. The fundraising exercise has been completed on 5 Feb 2021 with the issuance of 2,693,670,727 new ordinary shares and 2,693,670,727 warrants at an issue price of S$0.0056 per share cum a free detachable warrant raising about S$5.7 million which for the avoidance of doubt, excluded the undertaken Rights Shares subscription amount of approximately S$9.4 million that was set off against an equivalent amount of the principal amount outstanding and due and owing by the Company to Mission Well under the Mission Well Loan Agreement and Go Best under the Go Best Loan Agreement.

Corporate Governance

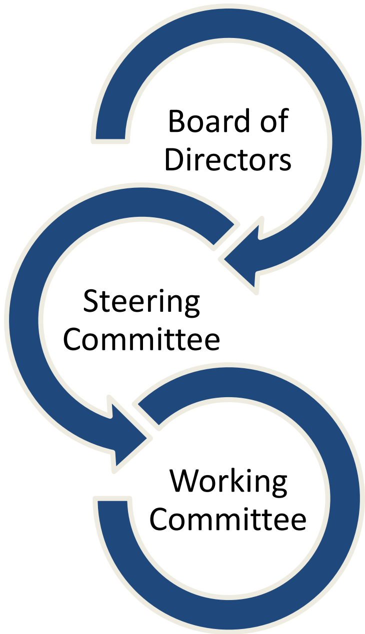
The Board of Directors ("the Board") is committed to uphold high standards of corporate governance practices throughout the Group that is in line with the Code of Corporate Governance 2018. The Board will ensure that there is compliance with the other relevant regulations, notices, circulars, and guidelines 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, policy 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 the 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 for our sustainability plans, efforts and performance to the Board. The sustainability strategy, framework and policy are approved by the Board before their implementation.

Feedback

We would like to provide a channel for our stakeholders to give us some comments on the 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

Reporting Scope and Boundaries

Our report is defined by the four 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 EESG factors.
Completeness	Disclosing significant EESG factors and boundaries to assess the Group's performance in the reporting period.

Stakeholder Engagement & Material Topics

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 Managers	• 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
Shareholders	• Half-yearly and full-year results announcements • SGX Announcements • Annual General Meetings	• 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:

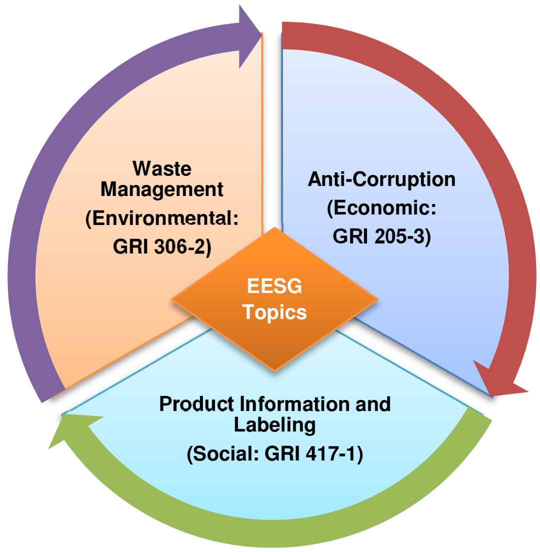
Identification	• Identify a non-exhausive list of material topics which are significant to our business.
Prioritisation	• Steering and Working Committee rated the topics based on the impact on business operations and inputs received from various key stakeholders, who they interact with from the day-to-day 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 of the changing business landscape and emerging trends.

Based on the Group's internal assessment where there were no significant changes to the operating business and model of the Group in FY2020, the Board is of the opinion that the materiality assessment from FY2019continues to be valid and relevant for the Group in FY2020.

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 FY2020 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 FY2020. As such, the Steering Committee recommended to the Board the same topics to be the material topics to be reported in FY2020.

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 EESG topics have been identified and the approaches to 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. 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.

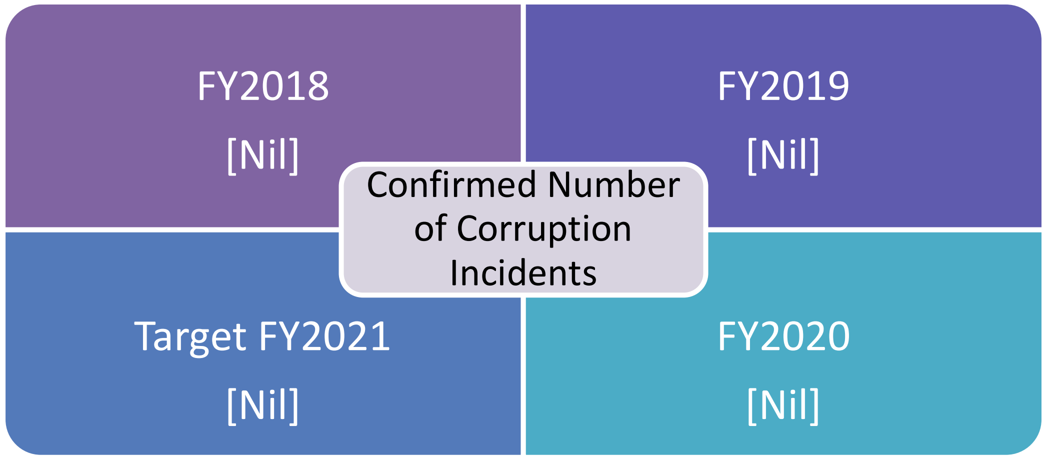
The Group has set up its whistle-blowing policy and disseminated it to all employees through email and verbal communication. By adopting the whistle-blowing policy and for purpose of good governance, it is the policy of the Group that employees may, in confidence, raise concerns about possible corporate 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 FY2020, the Group has met the target set in FY2019 and there were no incidents of corruption and the Group has a target of zero incidents perpetually.



<u>Waste Management (GRI 306-2)</u>

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 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.

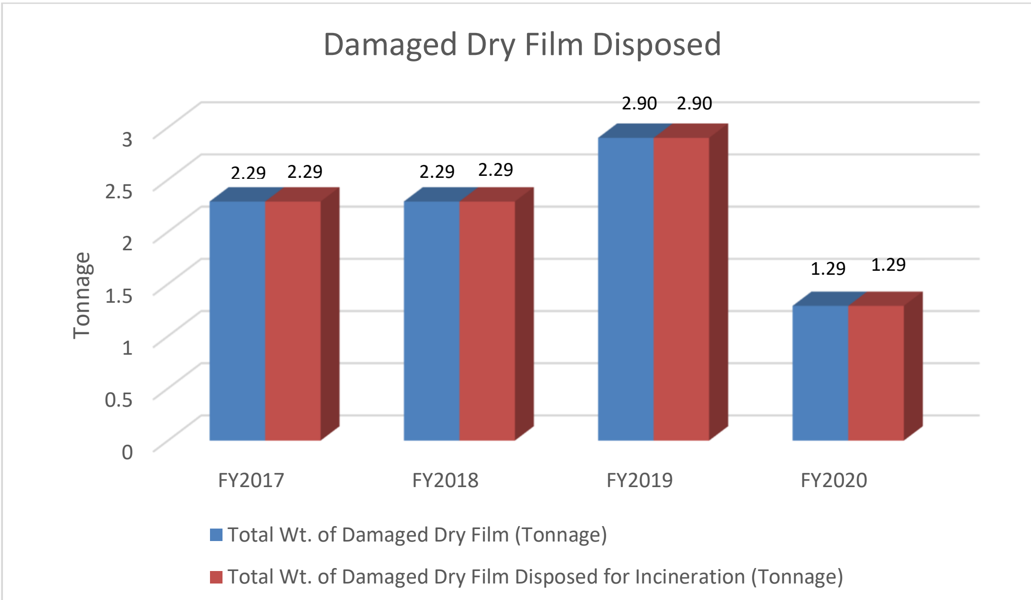
The Group has established a policy of handling damaged Dry Film. Dry Film is imported from an overseas supplier and resold to local etched lead frame manufacturers. Dry Film could be damaged during transportation from overseas to our cool room or due to defects in the manufacturing process. The damaged 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.

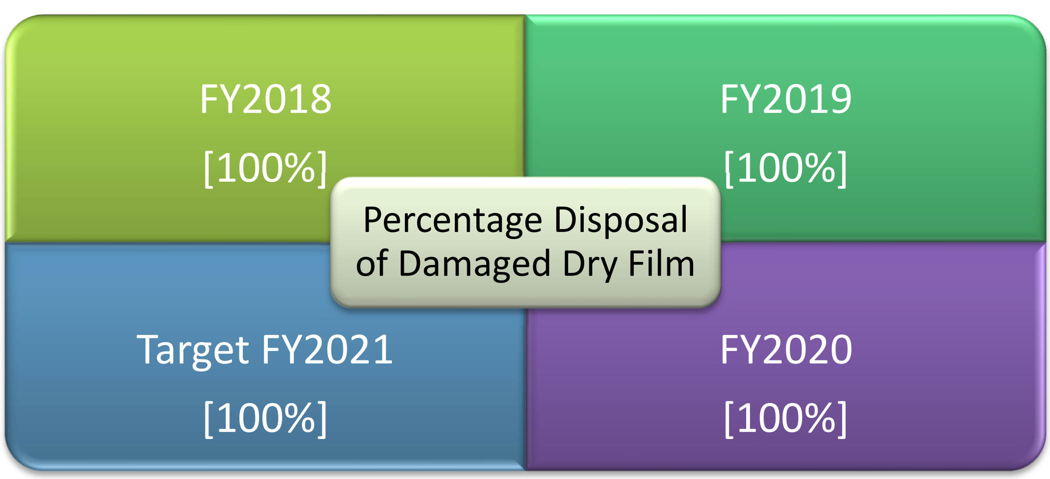
A list of rejected Dry Film is sent to the supplier for advice and approval for disposal. We have engaged a local licensed waste management agency to dispose of the damaged Dry Film at incineration plants. The following table shows the total weight of the Dry Film bought by the Company, damaged Dry Film, and the damaged Dry Film disposed for incineration from FY2017 to FY2020:

Total Weight of Dry Film Purchased (Tonnage)

FY2017	FY2018	FY2019	FY2020
81	81	58	46



We have continuously disposed 100% of the damaged Dry Film in the past 3 years in order to protect our environment. For FY2020, the Group has met the target set in FY2019 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 FY2021.



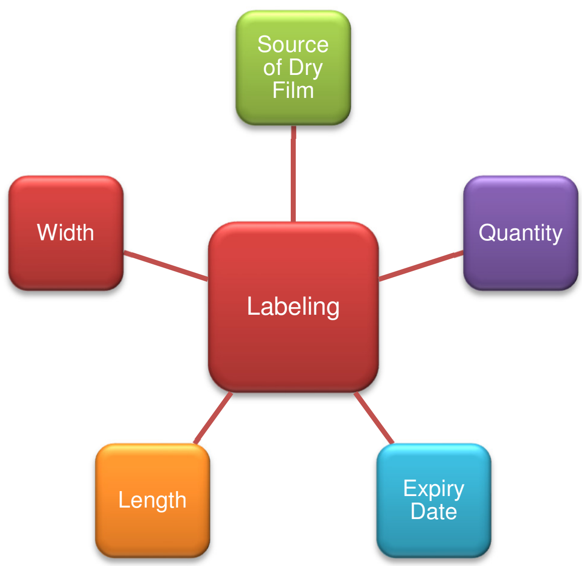
Product Information and Labeling (GRI 417-1)

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.

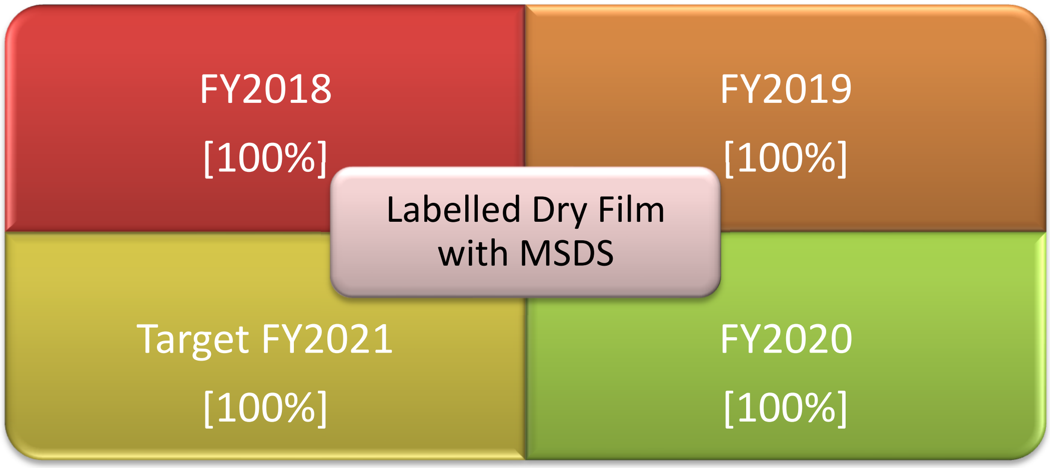
All the Dry Film sold to customers have detailed labeling and information tag. Our Store Executive places all the Dry Film inboxes and seals them with scotch tape. The product label is tagged on every box that is going to be delivered to our customers.

We share the detailed information with our customers through the product label tagged on the 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 of 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 is as follows:



For FY2020, the Group has met the target set in FY2019 to ensure that 100% of the Dry Film are tagged with labeling and MSDS are sent to customers at all times and will continue to strive to achieve this target for FY2021.


FY2018
[100%]
FY2019
[100%]
Labelled Dry Film with MSDS
Target FY2021
[100%]
FY2020
[100%]

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