

CIRCULAR DATED 23 OCTOBER 2020

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PLEASE READ IT CAREFULLY.

This Circular is issued by Incredible Holdings Ltd. (the "Company"). If you are in any doubt as to the contents of this Circular or the action you should take, you should consult your stockbroker, bank manager, solicitor, accountant, financial adviser, tax adviser or other professional adviser immediately.

The Company intends to list the securities which are the subject of the Proposed Rights cum Warrants Issue in this Circular and that acceptance of applications will be conditional upon issue of securities and Singapore Exchange Securities Trading Limited's (the "SGX-ST") listing and quotation notice.

A listing and quotation notice has been obtained from SGX-ST on 8 November 2019 for the listing of new securities arising from the Proposed Rights cum Warrants Issue which will commence after all securities certificates have been issued and the allotment letter from the CDP has been dispatched. The Company will be seeking a confirmation from the SGX-ST on whether the Company may rely on the LQN received from the SGX-ST on 8 November 2019.

Companies listed on Catalist (as defined herein) may carry higher investment risk when compared with larger or more established companies listed on the Mainboard of the SGX-ST. In particular, companies may list on Catalist without a track record of profitability and there is no assurance that there will be a liquid market in the securities traded on Catalist. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.

If you have sold or transferred all your shares in the capital of the Company, you should immediately forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

This Circular has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor") for compliance with the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this Circular.

This Circular has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this Circular, including the accuracy, completeness or correctness of any of the information, statements made or opinions expressed or reports contained in this Circular. Neither the Sponsor nor the SGX-ST has in any way considered the merits of the securities being offered for investment.

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.



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

CIRCULAR TO SHAREHOLDERS

IN RELATION TO

THE PROPOSED RENOUNCEABLE NON-UNDERWRITTEN RIGHTS CUM WARRANTS ISSUE OF UP TO 3,473,905,180 NEW ORDINARY SHARES IN THE CAPITAL OF THE COMPANY AT AN ISSUE PRICE OF S\$0.0056 FOR EACH RIGHTS SHARE (AS DEFINED HEREIN) AND UP TO 3,473,905,180 FREE DETACHABLE 2021 WARRANTS (AS DEFINED HEREIN), EACH 2021 WARRANT CARRYING THE RIGHT TO SUBSCRIBE FOR ONE (1) NEW SHARE (AS DEFINED HEREIN) AT AN EXERCISE PRICE OF S\$0.012 ON THE BASIS OF TEN (10) RIGHTS SHARES FOR EVERY ONE (1) EXISTING ORDINARY SHARE IN THE CAPITAL OF THE COMPANY HELD BY THE SHAREHOLDERS AS AT THE RECORD DATE (AS DEFINED HEREIN), AND ONE (1) 2021 WARRANT FOR EVERY ONE (1) RIGHTS SHARE SUBSCRIBED, FRACTIONAL ENTITLEMENTS TO BE DISREGARDED (THE "RIGHTS CUM WARRANTS ISSUE"); AND

THE PROPOSED NEW WHITWASH RESOLUTION FOR THE WAIVER OF THE RIGHTS OF THE INDEPENDENT SHAREHOLDERS (AS DEFINED HEREIN) OF THE COMPANY TO RECEIVE A MANDATORY GENERAL OFFER FROM THE CONCERT GROUP (AS DEFINED HEREIN) FOR ALL THE ISSUED SHARES IN THE CAPITAL OF THE COMPANY NOT ALREADY OWNED OR CONTROLLED BY THE CONCERT GROUP, AS A RESULT OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

Independent Financial Adviser in relation to the Proposed New Whitewash Resolution (as defined herein)



W CAPITAL MARKETS PTE. LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 201813207E)

IMPORTANT DATES AND TIMES:

Last date and time for lodgement of Proxy Form	: 6 November 2020 at 12 p.m.
Date and time of Extraordinary General Meeting	: 9 November 2020 at 12 p.m.

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CORPORATE INFORMATION

Board of Directors	:	Leung Kwok Kuen, Jacob (Independent Non-Executive Chairman, Independent Director) Christian Kwok-Leun Yau Heilesen (Executive Director) Zhou Jia Lin (Non-Executive Non-Independent Director) Eunice Veon Koh Pei Lee (Independent Director) Leung Yu Tung Stanley (Independent Director)
Company Secretary	:	Foo Soon Soo
Registered Office	:	280 Woodlands Industrial Park E5 #10-50 Harvest @ Woodlands Singapore 757322
Share Registrar and Share Transfer Office	:	KCK Corpserve Pte Ltd 333 North Bridge Road #08-00 KH KEA Building Singapore 188721
Sponsor	:	Hong Leong Finance Limited 16 Raffles Quay #01-05 Hong Leong Building Singapore 048581
Auditors	:	Baker Tilly TFW LLP 600 North Bridge Road, #05-01 Parkview Square, Singapore 188778 Partner-in-charge: Mr. Chan Sek Wai (Appointed on 6 March 2020 and effective from financial year ended 31 December 2019)
Legal Adviser to the Company on Singapore Law for	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
(a) The Proposed Rights cum Warrants Issue	:	Date of Appointment for the Proposed Rights cum Warrants Issue: 25 August 2020
(b) The Proposed New Whitewash Resolution	:	Date of Appointment for the Proposed New Whitewash Resolution: 25 August 2020

DEFINITIONS

In this Circular, unless the context otherwise requires, the following words and expressions shall have the following meanings:

Companies within the Group

“Company”	:	Incredible Holdings Ltd.
“Group”	:	The Company and its subsidiaries collectively
“Subsidiary”	:	Has the meaning as defined in Section 5 of the Companies Act

Other Corporations and Agencies

“Approved Bank”	:	Any bank or merchant bank in Singapore of international repute and selected by the Directors in the event of adjustments made to the 2021 Warrants under the Deed Poll
“ACRA”	:	The Accounting and Corporate Regulatory Authority
“Auditors”	:	The auditors for the time being of the Company or, if there shall be joint auditors, any one or more of such auditors or, in the event of them being unable or unwilling to carry out any action requested of them pursuant to the provisions of the Deed Poll or the Conditions, such other auditors as may be nominated by the Company
“CDP”	:	The Central Depository (Pte) Limited
“CPF”	:	The Central Provident Fund
“CPF Board”	:	The board of the Central Provident Fund established under the Central Provident Fund Act (Cap. 36) as amended or modified from time
“IFA” or “Independent Financial Adviser”	:	W Capital Markets Pte. Ltd., the independent financial adviser to the Recommending Directors in relation to the Proposed New Whitewash Resolution
“MAS”	:	Monetary Authority of Singapore
“SGX-ST”	:	Singapore Exchange Securities Trading Limited
“SGXNET”	:	Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST
“Share Registrar”	:	KCK Corpserve Pte. Ltd.
“SIC”	:	Securities Industry Council
“Sponsor”	:	Hong Leong Finance Limited
“Warrant Agent”	:	KCK Corpserve Pte. Ltd.

General

“2018 Rights cum Warrants Issue”	:	The renounceable non-underwritten rights issue of up to 1,130,302,870 rights Shares at an issue price of S\$0.005 for each rights Share, with up to 565,151,435 2018 Warrants, with
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DEFINITIONS

each 2018 Warrant carrying the right to subscribe for one (1) new Share at an exercise price of S\$0.005, on the basis of ten (10) rights Shares for every one (1) existing Share held by Entitled Shareholders as at 13 February 2018 (being the books closure date in respect of the 2018 Rights cum Warrants Issue), and one (1) 2018 Warrant for every two (2) rights Shares subscribed, fractional entitlements to be disregarded, which was announced on 25 May 2017, approved by the Shareholders at the extraordinary general meeting of the Company held on 6 September 2017 and completed on 12 March 2018

“2018 Warrants” : The 543,172,816 free detachable warrants issued by the Company on 12 March 2018 pursuant to the 2018 Rights cum Warrants Issue, each 2018 Warrant carrying the right to subscribe for one (1) new Share at an exercise price of S\$0.005

“2021 Warrantholders” : Registered holders of the 2021 Warrants, except where the registered holder is CDP, the term **“2021 Warrantholders”** shall, in relation to such 2021 Warrants and where the context admits, mean the Entitled Depositors whose Securities Accounts are credited with such 2021 Warrants

“2021 Warrants” : Up to 3,473,905,180 free detachable warrants in registered form, to be allotted and issued by the Company together with the Rights Shares with 2021 Warrants pursuant to the Proposed Rights cum Warrants Issue, and where the context so admits, such additional warrants as may be required or permitted to be allotted and issued by the Company pursuant to the terms and conditions of the warrants to be set out in the Deed Poll (any such additional warrants to rank *pari passu* with the warrants to be issued together with the Rights Shares with 2021 Warrants and for all purposes to form part of the same series of warrants constituted by the Deed Poll), each 2021 Warrant entitling the holder thereof to subscribe for one (1) New Share at the Exercise Price

Shareholders should note that all references to 2019 Warrants have been renamed to “2021 Warrants” as the Company is expecting the Proposed Rights cum Warrants Issue to be completed in 2021

3,473,905,180 free detachable 2021 Warrants instead of 3,473,905,650 free detachable 2021 Warrants will be issued as a result of rounding in the calculation of the number of Shares consequent to the Share Consolidation completed on 2 December 2019

“Adjusted 2018 Warrants Post-Rights cum Warrants Issue” : The 186,715,640 free detachable 2018 Warrants adjusted pursuant to the Proposed Rights cum Warrants Issue in accordance with the terms and conditions set out in the 2018 Warrants Deed Poll, each Adjusted 2018 Warrants Post-Rights cum Warrants Issue carrying the right to subscribe for one (1) new Share at an exercise price of S\$0.0145

DEFINITIONS

“Adjusted 2018 Warrants Post-Rights cum Warrants Issue New Shares”	:	Up to 186,715,640 new ordinary Shares of the Company to be issued by the Company, credited as fully paid, upon the exercise of the Adjusted 2018 Warrants Post-Rights cum Warrants Issue, subject to and in accordance with the terms and conditions of the 2018 Warrants as set out in the 2018 Warrants Deed Poll
“ARE”	:	The application and acceptance form for Rights Shares with 2021 Warrants and Excess Rights Shares with 2021 Warrants to be issued to Entitled Depositors in respect of their provisional allotments of Rights Shares with 2021 Warrants under the Proposed Rights cum Warrants Issue
“ARS”	:	The application and acceptance form for Rights Shares with 2021 Warrants to be issued to Purchasers of the provisional allotments of Rights Shares with 2021 Warrants under the Proposed Rights cum Warrants Issue traded on the Catalist of SGX-ST through the book-entry (scripless) settlement system
“Associate”	:	(a) In relation to any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means: (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of 30% or more; and (b) In relation to a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one in the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of 30% or more
“ATM”	:	Automated teller machine of a Participating Bank
“Board”	:	The board of Directors of the Company as at the date of this Circular or for the time being, unless otherwise stated
“Business Day”	:	A day on which commercial banks in Singapore are open for business (excluding Saturdays, Sundays and gazetted public holidays)
“Catalist”	:	The sponsor-supervised listing platform of the SGX-ST
“Catalist Rules”	:	The SGX-ST Listing Manual Section B: Rules of Catalist, as amended or modified from time to time
“Circular”	:	This circular to Shareholders dated 23 October 2020

DEFINITIONS

“Closing Date”	:	The time and date to be determined by the Directors and announced by the Company in due course, being the last time and date for acceptance and/or Excess Application and payment, and renunciation and payment of the Rights Shares with 2021 Warrants under the Proposed Rights cum Warrants Issue through CDP or the Share Registrar; or the last time and date for acceptance and/or Excess Application and payment of the Rights Shares with 2021 Warrants under the Proposed Rights cum Warrants Issue through an Electronic Application
“Code”	:	The Singapore Code on Take-overs and Mergers, as amended or modified from time to time
“Companies Act”	:	The Companies Act, Chapter 50 of Singapore, as may be amended or modified from time to time
“Concert Group”	:	Means collectively: (a) Mission Well Limited; (b) Go Best Holdings Limited; and (c) Christian Kwok-Leun Yau Heilesen
“Constitution”	:	The constitution of the Company, as may be amended or modified from time to time
“Controlling Shareholder”	:	A Shareholder who: (a) holds directly or indirectly 15% or more of the nominal amount of the Shares in the Company; or (b) in fact exercises control over the Company
“Deed Poll”	:	The deed poll to be executed by the Company constituting the 2021 Warrants and containing, <i>inter alia</i> , provisions for the protection of the rights and interests of the 2021 Warrant holders
“Directors”	:	The directors of the Company for the time being
“EGM”	:	The extraordinary general meeting of the Company, to be held on 9 November 2020 for the purposes of considering and, if thought fit, passing with or without modifications, the Proposed Resolutions set out in the Notice of EGM
“Electronic Application”	:	Acceptance of the Rights Shares with 2021 Warrants and (if applicable) application for Excess Rights Shares with 2021 Warrants made through an ATM of a Participating Bank in accordance with the terms and conditions of the Offer Information Statement and the relevant procedures for electronic application at ATMs as set out in the Offer Information Statement or on the ATM screens
“Entitled Depositors”	:	Shareholders with Shares standing to the credit of their Securities Accounts and whose registered addresses with CDP are in Singapore as at the Record Date or who had, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Record Date, provided CDP with addresses in Singapore for the service of notices and documents

DEFINITIONS

“Entitled Scripholders”	:	Shareholders whose (i) share certificates are not deposited with CDP, (ii) Shares are registered in their own names and (iii) registered addresses are in Singapore as at the Record Date or who have, no later than 5.00 p.m. on the date being three (3) Market Days prior to the Record Date, provided the Company with addresses in Singapore for the service of notices and documents
“Entitled Shareholders”	:	Entitled Depositors and Entitled Scripholders, excluding Foreign Shareholders
“EPS”	:	Earnings per Share
“Excess Application”	:	Applications by Entitled Shareholders for Excess Rights Shares with 2021 Warrants
“Excess Rights Shares with 2021 Warrants”	:	The additional Rights Shares with 2021 Warrants that Entitled Shareholders will be eligible to apply for in excess of their provisional allotments under the Proposed Rights cum Warrants Issue. Please refer to Section 2.2 of this Circular for more information
“Exercise Period”	:	The period during which the 2021 Warrants may be exercised, commencing on and including the date of issue of the 2021 Warrants and expiring at 5.00 p.m. on the Market Day immediately preceding the third (3 rd) anniversary of the date of issue of the 2021 Warrants, unless such date is a date on which the Register of Members and/or the Register of 2021 Warrantholders of the Company is closed or is not a Market Day, in which event the exercise period shall end on the date prior to closure of the Register of Members and/or the Register of 2021 Warrantholders of the Company or on the immediately preceding Market Day, as the case may be, but excluding such period(s) during which the Register of 2021 Warrantholders may be closed pursuant to the terms and conditions of the 2021 Warrants as set out in the Deed Poll
“Exercise Price”	:	The price payable in respect of each New Share upon the exercise of a 2021 Warrant shall be S\$0.012, subject to certain adjustments in accordance with the terms and conditions of the 2021 Warrants set out in the Deed Poll
“Existing Share Capital”	:	The existing issued and paid-up share capital of the Company comprising 299,843,943 Shares (excluding nil treasury shares and nil subsidiary holdings) as at the Latest Practicable Date
“Financing Business”	:	The Company’s financing business for the provision of personal and business loans in Hong Kong which was approved by the Shareholders at the extraordinary general meeting of the Company held on 6 September 2017
“Foreign Purchasers”	:	Persons purchasing the provisional allotment of Rights Shares with 2021 Warrants through the book-entry (scripless) settlement system whose registered addresses with CDP are outside Singapore and who have not at least three (3) days prior to the Record Date provided to CDP or the Share Registrar, as the case may be, addresses in Singapore for the service of notice and documents

DEFINITIONS

“Foreign Shareholders”	:	Shareholders whose registered addresses with the Company or CDP are outside Singapore as at the Record Date and who have not, by 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Record Date, provided CDP or the Share Registrar, as the case may be, with addresses in Singapore for the service of notices and documents
“FY”	:	Financial year ended or ending 31 December, as the case may be, unless otherwise stated
“Go Best”	:	Go Best Holdings Limited
“Go Best Loan”	:	The loans amounting to S\$309,540 which will be drawn down by the Company on or before the day immediately preceding the 7 th day failing before the closing date for receipts and acceptances of the application forms of Right Shares pursuant to the Go Best Loan Agreement
“Go Best Loan Agreement”	:	The loan agreement dated 22 September 2020 entered into between the Company and Go Best, pursuant to which Go Best agreed to extend an unsecured, interest free loan facility of up to an aggregate principal amount of S\$309,540 to the Company.
“Go Best Offsetting Arrangement”	:	The mutual agreement between the Company and Go Best that the subscription monies due from Go Best to the Company for the subscription by Go Best of 55,275,000 Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertaking provided by Go Best on 16 April 2020 will be offset entirely against the aggregate outstanding principal amount of the Go Best Loan
“HY”	:	Financial period ended 30 June, as the case may be, unless otherwise stated
“IFA Letter”	:	Letter dated 23 October 2020 from the IFA to the Recommending Directors in respect of the Proposed New Whitewash Resolution
“Independent Shareholders”	:	Shareholders who are deemed to be independent for the purposes of the Proposed New Whitewash Resolution
“Irrevocable Undertakings”	:	The letter of undertakings of the Undertaking Shareholders executed in favour of the Company dated 12 April 2019
“Issue Price”	:	The issue price of the Rights Shares with 2021 Warrants, being S\$0.0056 for each Rights Share with 2021 Warrant
“Latest Practicable Date”	:	The latest practicable date prior to the printing of this Circular, being 19 October 2020
“LPS”	:	Loss per Share
“LQN”	:	The listing and quotation noticed received from the SGX-ST on 8 November 2019 as disclosed in Section 2.6.2 of this Circular
“Market Day”	:	A day on which the SGX-ST is open for trading in securities

DEFINITIONS

“Maximum Issue Size”	:	The maximum issue size of the Proposed Rights cum Warrants Issue assumes that: (a) each of (i) the Undertaking Shareholders; and (ii) ZQL, who are interested in an aggregate of 88,246,618 2018 Warrants, do not exercise any 2018 Warrants into new Shares on or prior to the Record Date; (b) all of the remaining 2018 Warrants are exercised into Shares on or prior to the Record Date; (c) ZQL, a Controlling Shareholder who holds 89,923,456 Shares, representing approximately 29.99% of the total issued and paid-up share capital of the Company as at the Latest Practicable Date will renounce 781,303,765 Rights Shares with 2021 Warrants in favour of Mission Well pursuant to the New ZQL Undertaking; (d) Mission Well will subscribe for the 781,303,765 Rights Shares with 2021 Warrants which will be renounced by ZQL to Mission Well pursuant to the New ZQL Undertaking; and (e) the Undertaking Shareholders will subscribe for their <i>pro rata</i> entitlements of an aggregate of 899,234,560 Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings
“Maximum Subscription Scenario”	:	The scenario for the subscription of the Proposed Rights cum Warrants Issue assuming there is a full subscription by Shareholders under the Maximum Issue Size, the Company will issue up to 3,473,905,180 Rights Shares and up to 3,473,905,180 2021 Warrants
“Minimum Subscription Scenario”	:	The scenario for the subscription of the Proposed Rights cum Warrants Issue assuming (a) none of the 2018 Warrants are exercised into Shares on or prior to the Record Date; (b) Mission Well subscribes for 781,303,765 Rights Shares with 2021 Warrants which will be renounced by ZQL to Mission Well pursuant to the New ZQL Undertaking; and (c) the Undertaking Shareholders subscribe for their <i>pro rata</i> entitlements of an aggregate of approximately 899,234,560 Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings, the Company will issue up to 1,680,538,325 Rights Shares and up to 1,680,538,325 2021 Warrants
“Mission Well”	:	Mission Well Limited
“Mission Well Loan”	:	The loans amounting to S\$9,101,474.62 which will be drawn down by the Company on or before the day immediately preceding the 7th day failing before the closing date for receipts and acceptances of the application forms of Right Shares pursuant to the Mission Well Loan Agreement
“Mission Well Loan Agreement”	:	The loan agreement dated 22 September 2020 entered into between the Company and Mission Well, pursuant to which Mission Well agreed to extend an unsecured, interest free loan facility of up to an aggregate principal amount of S\$9,101,474.62 to the Company

DEFINITIONS

“Mission Well Offsetting Arrangement”	:	The mutual agreement between the Company and Mission Well that the subscription monies due from Mission Well to the Company for the subscription by Mission Well of (a) 843,959,560 Rights Shares with 2021 Warrants and (b) 781,303,765 Rights Shares with 2021 Warrants which are to be renounced by ZQL pursuant to the New Irrevocable Undertaking provided by Mission Well on 16 April 2020 will be offset entirely against the aggregate outstanding principal amount of the Mission Well Loan
“Mr Heilesen”	:	Christian Kwok-Leun Yau Heilesen
“NAV”	:	Net asset value
“Net Proceeds”	:	Net proceeds from the Proposed Rights cum Warrants Issue
“New Irrevocable Undertakings”	:	The new irrevocable undertakings of the Undertaking Shareholders to the Company in relation to the New Whitewash Waiver as disclosed in Section 2.9 of this Circular
“New Share(s)”	:	Up to 3,473,905,180 new ordinary Shares of the Company to be issued by the Company, credited as fully paid, upon the exercise of the 2021 Warrants, subject to and in accordance with the terms and conditions of the 2021 Warrants as set out in the Deed Poll
“New Whitewash Waiver”	:	The new waiver granted by the SIC on 11 August 2020 in respect of the obligation of the Concert Group to make a mandatory general offer under Rule 14 of the Code for the Shares in the Company not held by the Concert Group and/or parties acting in concert with the Concert Group, arising out of or in connection with the Concert Group’s acquisition of Rights Shares pursuant to the New Irrevocable Undertakings and acquisition of New Shares pursuant to the exercise by the Concert Group of the 2021 Warrants. The New Whitewash Waiver is subject to the satisfaction of the SIC Conditions, further details of which are set out in Section 3.5 of this Circular.
“New ZQL Undertaking”	:	The letter of undertaking executed by ZQL in favour of the Company dated 16 April 2020 and 26 May 2020
“Notice of EGM”	:	The notice of EGM accompanying this Circular
“NTA”	:	Net tangible assets
“NTL”	:	Net tangible liabilities
“Offer Information Statement”	:	The offer information statement referred to in Section 277 of the SFA, together with the PAL, the ARE, the ARS and all other accompanying documents (where applicable, including any supplementary or replacement document thereof) to be issued by the Company and to be lodged with the SGX-ST acting as agent on behalf of MAS in connection with the Proposed Rights cum Warrants Issue

DEFINITIONS

“PAL”	:	The provisional allotment letter to be issued to Entitled Scripholders, setting out their provisional allotments of Rights Shares with 2021 Warrants under the Proposed Rights cum Warrants Issue
“Participating Banks”	:	The banks that will be participating in the Proposed Rights cum Warrants Issue by making available their ATMs to Entitled Depositors and persons purchasing “nil-paid” rights through the book-entry (scripless) settlement system whose addresses are in Singapore, for acceptances of the Rights Shares with 2021 Warrants and/or applications for excess Rights Shares with 2021 Warrants, and each of them a “Participating Bank”
“Proposed Resolutions”	:	The ordinary resolutions as set out in the Notice of EGM
“Proposed New Whitewash Resolution”	:	The proposed resolution which requires approval by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer for all the issued Shares in the capital of the Company from the Undertaking Shareholders pursuant to Rule 14 of the Code and the New Whitewash Waiver relating to the Proposed Rights cum Warrants Issue, further details of which are found in Section 3.6 of this Circular
“Proposed Rights cum Warrants Issue”	:	The proposed renounceable non-underwritten rights issue by the Company of up to 3,473,905,180 Rights Shares with 2021 Warrants at an issue price of S\$0.0056, on the basis of ten (10) Rights Shares for every one (1) existing Share held by the Shareholders as at the Record Date, fractional entitlements to be disregarded, and the issue of up to 3,473,905,180 free detachable 2021 Warrants each carrying the right to subscribe for one (1) New Share at the Exercise Price on the basis of one (1) 2021 Warrant for every one (1) Rights Share subscribed by the Shareholder, fractional entitlements to be disregarded 3,473,905,180 Rights Shares instead of 3,473,905,650 Rights Shares will be issued as a result of rounding in the calculation of the number of Shares consequent to the Share Consolidation completed on 2 December 2019
“Proxy Form”	:	The proxy form in respect of the EGM accompanying this Circular
“Purchaser”	:	A purchaser of the provisional allotments of Rights Shares with 2021 Warrants
“Recommending Directors”	:	Directors who are regarded as independent in respect of the Proposed New Whitewash Resolution, namely, Leung Kwok Kuen Jacob, Zhou Jia Lin, Eunice Veon Koh Pei Lee and Leung Yu Tung Stanley
“Record Date”	:	Subject to Shareholders’ approval for the Proposed Rights cum Warrants Issue being obtained, the time and date to be determined by the Directors and to be announced by the Company in due course, at and on which the Register of Members and Share Transfer Books of the Company will be closed to determine the provisional allotments of Rights Shares of the Entitled Shareholders under the Proposed Rights cum Warrants Issue

DEFINITIONS

		The Record Date shall not be determined until a confirmation has been sought from the SGX-ST that the Company may rely on the LQN received on 8 November 2019
“Register of Members”	:	Register of members of the Company
“Register of 2021 Warrantholders”	:	The Register containing particulars of each 2021 Warrantholder and such information relating to the 2021 Warrants as the Company may require, maintained by the Warrant Agent
“Rights”	:	The “nil-paid” rights (evidenced by the provisional allotments of Rights Shares with 2021 Warrants)
“Rights Announcement”	:	The announcements made by the Company on 15 April 2019 and updated on 23 September 2020 relating to, <i>inter alia</i> , the Proposed Rights cum Warrants Issue
“Rights Shares”	:	Up to 3,473,905,180 new Shares to be allotted and issued by the Company pursuant to the Proposed Rights cum Warrants Issue, each a “Rights Share”
“Rights Trading Period”	:	The trading period of the provisional allotment of Rights Shares with 2021 Warrants on a “nil-paid” basis
“Scripholders”	:	Shareholders whose Shares are registered in their own names and whose share certificates are not deposited with CDP but whose names appear in the Register of Members with registered addresses in Singapore as at the Record Date
“Securities Account”	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account maintained with a Depository Agent
“SFA”	:	The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
“Share Transfer Books”	:	The share transfer books of the Company
“Shareholders”	:	Registered holders of Shares in the Register of Members, where CDP is the registered holder, the term “Shareholders” shall, in relation to such Shares and where the context admits, mean the Depositors whose Securities Accounts are credited with those Shares. Any reference to Shares held by or shareholdings of shareholders shall include Shares standing to the credit of their respective Securities Account
“Shares”	:	Ordinary shares in the capital of the Company, and each a “Share”
“Share Consolidation”	:	The proposed consolidation of every four (4) existing ordinary Shares in the capital of the Company held by Shareholders as at the books closure date to be determined, into one (1) Share, fractional entitlements to be disregarded which was completed on 2 December 2019
“SIC Conditions”	:	Conditions imposed by the SIC to which the New Whitewash Waiver granted to the Undertaking Shareholders is subject, details of which are set out in Section 3.5 of this Circular

DEFINITIONS

“Special Account”	:	An account maintained by the Company with a bank in Singapore for the purpose of crediting monies paid by the exercising 2021 Warrantholders in satisfaction of the Exercise Price in relation to the 2021 Warrants exercised by such 2021 Warrantholders
“Substantial Shareholder”	:	A person who has an interest or interests in one or more voting Shares (excluding treasury shares and nil subsidiary holdings) in the Company and the total votes attached to that Share, or those Shares, is not less than 5% of the total votes attached to all the voting Shares (excluding treasury shares and nil subsidiary holdings) in the Company
“Undertaking Shareholders”	:	(a) Mission Well Limited; (b) Go Best Holdings Limited; and (c) Christian Kwok-Leun Yau Heilesen
“VWAP”	:	Volume weighted average price
“Whitewash Resolution”	:	The proposed resolution which was approved on 21 November 2019 by way of a poll by a majority of the Independent Shareholders present and voting at the EGM to waive their rights to receive a mandatory general offer for all the issued Shares in the capital of the Company from the Undertaking Shareholders pursuant to Rule 14 of the Code and the Whitewash Waiver relating to the Proposed Rights cum Warrants Issue
“Whitewash Waiver”	:	The waiver granted by the SIC on 23 August 2019 in respect of the obligation of the Concert Group to make a mandatory general offer under Rule 14 of the Code for the Shares in the Company not held by the Concert Group and/or parties acting in concert with the Concert Group, arising out of or in connection with the Concert Group’s acquisition of Rights Shares pursuant to the Irrevocable Undertakings and acquisition of New Shares pursuant to the exercise by the Concert Group of the 2021 Warrants. The Whitewash Waiver has expired. Further details in relation to the expiration of the Whitewash Waiver are set out in Section 3.1 of this Circular
“ZQL ”	:	Zhou QiLin, a Controlling Shareholder as at the Latest Practicable Date
“ZQL Undertaking”	:	The letter of undertaking executed by ZQL in favour of the Company dated 12 April 2019
<u>Currencies, Units and Others</u>		
“HK\$”	:	Hong Kong dollar, being the lawful currency of Hong Kong
“S\$” and “cents”	:	Singapore dollars and cents, respectively, being the lawful currency of Singapore
“%” or “per cent.”	:	Per centum or percentage

DEFINITIONS

The terms “**Depositor**”, “**Depository Agent**” and “**Depository Register**” shall have the same meanings ascribed to them respectively in Section 81SF of the SFA.

Words importing the singular shall, where applicable, include the plural and vice versa and words importing the masculine gender shall, where applicable, include the feminine and neuter genders. A “**person**” shall, where applicable, include corporations.

The headings in this Circular are inserted for convenience only and shall be ignored in construing this Circular.

Any reference to the time of day or date in this Circular shall be a reference to Singapore time and dates unless otherwise stated.

Any reference in this Circular to any enactment is a reference to that enactment for the time being amended or re-enacted. Any term defined under the Companies Act, the SFA or the Catalist Rules or such statutory modification thereof and used in this Circular shall, where applicable, have the meaning ascribed to it under the Companies Act, SFA, or the Catalist Rules or such statutory modification thereof, as the case may be, unless otherwise provided.

Any discrepancies in figures included in this Circular between the amounts listed and the totals thereof are due to rounding. Accordingly, figures shown as totals in this Circular may not be an arithmetic aggregation of the figures that precede them.

Cautionary Note on Forward-Looking Statements

All statements other than statements of historical facts included in this Circular are or may be forward-looking statements. Forward-looking statements include but are not limited to those using words such as “expect”, “anticipate”, “believe”, “estimate”, “intend”, “project”, “plan”, “strategy”, “forecast” and similar expressions or future or conditional verbs such as “if”, “will”, “would”, “should”, “could”, “may” and “might”. These statements reflect the Company’s current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in light of currently available information. Such forward-looking statements are not guarantees of future performance or events and involve known and unknown risks and uncertainties. Accordingly, actual results may differ materially from those described in such forward-looking statements. Shareholders should not place undue reliance on such forward-looking statements. Further, the Company and the Sponsor disclaim any responsibility to update or revise any forward-looking statements for any reason, even if new information becomes available or other events occur in the future, subject to compliance with all applicable laws and regulations and/or the rules of the SGX-ST and/or any other regulatory or supervisory body or agency.

LETTER TO SHAREHOLDERS

INCREDIBLE HOLDINGS LTD.

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

Board of Directors:

Leung Kwok Kuen, Jacob (Independent Non-Executive Chairman,
Independent Director)
Christian Kwok-Leun Yau Heilesen (Executive Director)
Zhou Jia Lin (Non-Executive Non-Independent Director)
Eunice Veon Koh Pei Lee (Independent Director)
Leung Yu Tung Stanley (Independent Director)

Registered Office:

280 Woodlands Industrial Park
E5 Harvest @ Woodlands
#10-50
Singapore 757322

23 October 2020

To: The Shareholders of Incredible Holdings Ltd.

Dear Sir / Madam,

1. INTRODUCTION

1.1 EGM

The Directors are convening an EGM to be held on 9 November 2020 to seek Shareholders' approval in relation to:

- (a) the Proposed Rights cum Warrants Issue ("**Ordinary Resolution 1**"); and
 - (b) the Proposed New Whitewash Resolution ("**Ordinary Resolution 2**")
- (collectively, the "**Proposed Resolutions**").

1.2 Inter-conditionality

Shareholders should note that the passing of Ordinary Resolution 2 is conditional upon the passing of Ordinary Resolution 1. If Ordinary Resolution 1 is not passed, Ordinary Resolution 2 will not be tabled.

1.3 Circular to Shareholders

The purpose of this Circular is to provide Shareholders with information relating to, and to seek Shareholders' approval for the Proposed Resolutions to be tabled at the EGM, the notice of which is set out on page N-1 of this Circular. This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than Shareholders) nor for any other purpose.

The SGX-ST and Sponsor takes no responsibility for the accuracy, completeness or correctness of any information, statements or opinions made, or reports contained in this Circular.

2. THE PROPOSED RIGHTS CUM WARRANTS ISSUE

2.1 Introduction

On 15 April 2019, the Company announced that upon the completion of the Share Consolidation, the Company proposed to undertake the Proposed Rights cum Warrants Issue which is subject to, *inter alia*, the approval of the Shareholders, which would be sought at an extraordinary general meeting to be convened.

LETTER TO SHAREHOLDERS

The Proposed Rights cum Warrants Issue will be undertaken by the Company on a non-underwritten basis.

- (a) the Share Consolidation resolution which was carried with 99.6% of votes in favour of the Share Consolidation resolution;
- (b) the Proposed Rights cum Warrants Issue resolution which was carried with 99.6% of votes in favour of the Proposed Rights cum Warrants Issue resolution; and
- (c) the proposed Whitewash Resolution for the waiver of the rights of the independent Shareholders of the Company to receive a mandatory general offer from the Concert Group for all the issued shares in the capital of the Company not already owned or controlled by the Concert Group, as a result of the Proposed Rights cum Warrants Issue. The Whitewash Resolution was carried with 99.38% of votes in favour of the Whitewash Resolution.

The Share Consolidation was completed on 2 December 2019. Following the completion of the Share Consolidation, the Company had an issued share capital of S\$38,852,217 divided into 299,843,943 Consolidated Shares and 135,793,193 2018 Warrants on 2 December 2019.

The Company could not complete the Proposed Rights cum Warrants Issue immediately after the extraordinary general meeting on 21 November 2019 for the following reasons:

- (a) The Group's principal place of business is in Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). In December 2019, there was a sudden downturn in the economy in Hong Kong as a result of the prolonged political unrest and demonstrations since June 2019.
- (b) During the fourth quarter of the financial year ended 31 December 2019, the Group's subsidiaries in Hong Kong were making losses as a result of the prolonged political unrest and demonstrations for more than half a year in 2019. As a result, the revenue decreased by 20.94% to HK\$10,203,650 in the 4th quarter of the financial year ended 31 December 2019 compared to HK\$12,905,422 in the 3rd quarter for the financial period ended 30 September 2019.

The Company would like to complete the Proposed Rights cum Warrants Issue which was supported by a majority vote at the extraordinary general meeting on 21 November 2019 for the following reasons:

- (a) the Company managed to obtain sufficient funds for expenses that is required in order to complete the Proposed Rights cum Warrants Issue through advances from Mr Heilesen, only in late March 2020 and would like to complete the Proposed Rights cum Warrants Issue as soon as possible.
- (b) in light of the Covid-19 situation which began in January 2020, it will be progressively difficult to do fundraising this year. As such, the Company would like to complete its Proposed Rights cum Warrants Issue exercise as soon as possible.

The Company would like to re-table the Proposed Rights cum Warrants Issue for shareholders' approval at the EGM. In relation to the Proposed Rights cum Warrants Issue that will be re-tabled at the EGM, Shareholders should note the following:

- (a) Up to 3,473,905,180 Rights Shares instead of 3,473,905,650 Rights Shares will be issued as a result of rounding in the calculation of the number of Shares consequent to the Share Consolidation completed on 2 December 2019;
- (b) all references to 2019 Warrants have been renamed to "2021 Warrants" as the Company is expecting the Proposed Rights cum Warrants Issue to be completed in 2021; and

LETTER TO SHAREHOLDERS

- (c) Up to 3,473,905,180 free detachable 2021 Warrants instead of 3,473,905,650 free detachable 2021 Warrants will be issued as a result of rounding in the calculation of the number of Shares consequent to the Share Consolidation completed on 2 December 2019.

2.2 Overview of the Proposed Rights cum Warrants Issue

The Company is offering to Entitled Shareholders up to 3,473,905,180 Rights Shares and up to 3,473,905,180 free detachable 2021 Warrants, with each 2021 Warrant carrying the right to subscribe for one (1) New Share at the Exercise Price of S\$0.012 for each New Share, on the basis of ten (10) Rights Shares for every one (1) existing ordinary Share in the capital of the Company held by Shareholders as at the Record Date, and one (1) 2021 Warrant for every one (1) Rights Share subscribed, fractional entitlements to be disregarded.

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their provisional allotment of Rights Shares with 2021 Warrants and will be eligible to apply for Excess Rights Shares with 2021 Warrants.

Fractional entitlements to the Rights Shares with 2021 Warrants will be disregarded in arriving at the Entitled Shareholders' provisional allotments of Rights Shares with 2021 Warrants and will, together with the provisional allotments of Rights Shares with 2021 Warrants which are not taken up or allotted for any reason, be aggregated and allotted to satisfy Excess Applications for Rights Shares with 2021 Warrants (if any), or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interest of the Company.

In the allotment of Excess Rights Shares with 2021 Warrants, preference will be given to the rounding of odd lots, and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum 2021 Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with 2021 Warrants. The Company will also not make any allotment and issue of any Excess Rights Shares with 2021 Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

The Rights Shares with 2021 Warrants are payable in full upon acceptance and/or application by Entitled Shareholders. The Rights Shares with 2021 Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then Existing Shares, save for any dividends, rights, allotments or other distributions, the Record Date for which falls before the date of issue of the Rights Shares with 2021 Warrants.

The Proposed Rights cum Warrants Issue is renounceable and Entitled Shareholders who do not wish to subscribe for the Rights Shares with 2021 Warrants may sell their provisional entitlements of Rights Shares with 2021 Warrants during the Rights Trading Period.

After taking into consideration (i) the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees; (ii) there being no minimum amount that must be raised from the Proposed Rights cum Warrants Issue; and (iii) the New Irrevocable Undertakings provided by the Undertaking Shareholders, the Company has decided to proceed with the Proposed Rights cum Warrants Issue on a non-underwritten basis. The Company has received the New Irrevocable Undertakings from the Undertaking Shareholders that they will, among other things, subscribe and/or procure applications and subscriptions for and pay for and/or procure the payment for the whole of its *pro rata* beneficial entitlement of Rights Shares with 2021 Warrants (based on the Maximum Issue Size). The details of the New Irrevocable Undertakings are set out in **Section 2.9** of this Circular.

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Depending on the level of subscription for the Rights Shares with 2021 Warrants, the Company will, if necessary, scale down a Shareholder's application to subscribe for the Rights Shares with 2021 Warrants to:

- (a) ensure that the relevant Shareholder does not acquire a controlling interest in the Company as prohibited under Rule 803 of the Catalist Rules, unless prior approval of Shareholders is obtained in a general meeting; or
- (b) avoid placing the relevant Shareholder and parties acting in concert with it (as defined in the Code) in the position of incurring a mandatory bid obligation under the Code as a result of other Shareholders not taking up their entitlements of Rights Shares with 2021 Warrants fully.

For the avoidance of doubt, in the event that the approval of Independent Shareholders for the Proposed New Whitewash Resolution is obtained at the EGM to be convened the option to scale down referred to in this paragraph shall not apply to the Undertaking Shareholders' applications to subscribe for their *pro rata* entitlements of Rights Shares with 2021 Warrants.

2.3 Size of the Proposed Rights cum Warrants Issue

As at the Latest Practicable Date, the Company has (a) an existing issued and paid-up share capital comprising 299,843,943 Shares (excluding nil treasury shares and nil subsidiary holdings), and (b) 135,793,193 2018 Warrants, each 2018 Warrant carrying the right to subscribe for (1) new Share, pursuant to the Company's renounceable non-underwritten 2018 Rights cum Warrants Issue which was announced on 25 May 2017 and completed on 12 March 2018.

Save for the 135,793,193 outstanding 2018 Warrants, the Company does not have any outstanding convertible securities.

2.3.1 Maximum Subscription Scenario

- (a) Assumes that:
 - (i) Each of (i) the Undertaking Shareholders; and (ii) ZQL, who are interested in an aggregate of 88,246,618 2018 Warrants, do not exercise any 2018 Warrants into new Shares on or prior to the Record Date;
 - (ii) all of the remaining 2018 Warrants are exercised into new Shares on or prior to the Record Date;
 - (iii) ZQL, the Company's controlling shareholder who holds 89,923,456 Shares, representing approximately 29.99% of the total issued and paid up share capital of the Company as at 16 April 2020 will renounce 781,303,765 Rights Shares with 2021 Warrants in favour of Mission Well pursuant to the New ZQL Undertaking;
 - (iv) Mission Well will subscribe for the 781,303,765 Rights Shares with 2021 Warrants which will be renounced by ZQL to Mission Well pursuant to the New ZQL Undertaking; and
 - (v) the Undertaking Shareholders will subscribe for their *pro rata* entitlements of an aggregate of approximately 1,680,538,325 Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings,

(the "**Maximum Issue Size**")

and all the Entitled Shareholders (including the Undertaking Shareholders) subscribe for their *pro rata* entitlements of the Rights Shares with 2021 Warrants, the Company will issue up to 3,473,905,180 Rights Shares and up to 3,473,905,180 2021 Warrants and the

LETTER TO SHAREHOLDERS

resultant enlarged issued and paid-up share capital of the Company in the Maximum Subscription Scenario after the completion of the Proposed Rights cum Warrants Issue will be (i) 3,821,295,698 Shares (excluding nil treasury shares and nil subsidiary holdings) before the exercise of any 2021 Warrants; and (ii) 7,295,200,878 Shares (excluding nil treasury shares and nil subsidiary holdings) after the exercise of all the 2021 Warrants.

2.3.2 Minimum Subscription Scenario

(a) Assumes that:

- (i) none of the 2018 Warrants are exercised on or prior to the Record Date;
- (i) Mission Well will subscribe for the 781,303,765 Rights Shares with 2021 Warrants which will be renounced by ZQL to Mission Well pursuant to the New ZQL Undertaking; and
- (iii) the Undertaking Shareholders will subscribe for their pro rata entitlements of an aggregate of approximately 899,234,560 Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings,

the Company will issue up to 1,680,538,325 Rights Shares and up to 1,680,538,325 2021 Warrants and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Subscription Scenario after the completion of the Proposed Rights cum Warrants Issue will be (i) 1,980,382,268 Shares (excluding nil treasury shares and nil subsidiary holdings) before the exercise of any 2021 Warrants; and (ii) 3,660,920,593 Shares (excluding nil treasury shares and nil subsidiary holdings) after the exercise of all the 2021 Warrants.

2.4 Principal Terms of the Rights Shares with 2021 Warrants

Number of Rights Shares with 2021 Warrants	:	Assuming that the share capital of the Company as at the Record Date is the Existing Share Capital, based on the Maximum Subscription Scenario, up to 3,473,905,180 Rights Shares and up to 3,473,905,180 2021 Warrants will be issued assuming full subscription under the Proposed Rights cum Warrants Issue.
Basis of provisional allotment	:	The Proposed Rights cum Warrants Issue is made on a renounceable basis to Entitled Shareholders on the basis of ten (10) Rights Shares with 2021 Warrants for every one (1) existing ordinary Share in the Capital of the Company held by Entitled Shareholders as at the Record Date, fractional entitlements to be disregarded.
Issue Price	:	S\$0.0056 for each Rights Share with 2021 Warrants, payable in full on acceptance and/or application.
Discount	:	The Issue Price of the Rights Shares represents (a) a discount of approximately 56.92% to the last transacted price of the Shares on the Catalist of the SGX-ST of S\$0.013 on 22 September 2020, being the last trading day on which trades were done on the Shares prior to the Rights Announcement dated 23 September 2020, and (b) a discount of approximately 11.11% to the theoretical ex-rights price of S\$0.063 per Share, based on the closing price of S\$0.013 per Share on 22 September 2020, being the last trading day of the Shares on Catalist immediately prior to the date of the announcement date 23 September 2020.

LETTER TO SHAREHOLDERS

- Eligibility to Participate** : Please refer to **Section 2.7** entitled “Eligibility of Shareholders to Participate in the Proposed Rights cum Warrants Issue” of this Circular.
- Status of Rights Shares with 2021 Warrants** : The Rights Shares with 2021 Warrants are payable in full upon acceptance and/or application and will, upon allotment and issue, rank *pari passu* in all respects with the then existing Shares, save for any dividends, rights, allotments or other distributions that may be declared or paid, the Record Date for which falls before the date of issue of the Rights Shares with 2021 Warrants.
- Listing of Rights Shares** : The Company had, on 8 November 2019, received the listing and quotation notice from the SGX-ST for the listing and quotation of, *inter alia*, the Rights Shares.
- The Company will be seeking a confirmation from the SGX-ST on whether the Company may rely on the LQN received from the SGX-ST on 8 November 2019.
- Trading of the Rights Shares** : Upon the successful listing and quotation of the Rights Shares on the Catalist of the SGX-ST, the Rights Shares will be traded on the Catalist of the SGX-ST under the book-entry (scripless) settlement system. For the purposes of trading on the Catalist of the SGX-ST, each board lot of Shares will comprise 100 Shares.
- Non-underwritten** : In view of (i) the savings in costs enjoyed by the Company as a result of not having to bear any underwriting fees; (ii) there being no minimum amount that must be raised from the Proposed Rights cum Warrants Issue; and (iii) the New Irrevocable Undertakings to be provided by the Undertaking Shareholders of the Company, further details of which are set out in **Section 2.9** of this Circular, the Company has decided to proceed with the Proposed Rights cum Warrants Issue on a non-underwritten basis.
- The Proposed Rights cum Warrants Issue will not be withdrawn after commencement of the ex-rights trading of the Shares pursuant to Rule 820(1) of the Catalist Rules.
- New Irrevocable Undertakings** : The Undertaking Shareholders have given New Irrevocable Undertakings that they will, *inter alia*, irrevocably subscribe and pay in full for, and/or procure the subscription and payment in full for, their aggregate entitlements to 899,234,560 Rights Shares with 899,234,560 2021 Warrants and 781,303,765 Rights Shares with 2021 Warrants renounced by ZQL. The details of the New Irrevocable Undertakings are set out in **Section 2.9** of this Circular.
- Acceptance, Excess Application and payment procedures** : Entitled Shareholders will be entitled to participate in the Proposed Rights cum Warrants Issue and receive the Offer Information Statement together with the appropriate application form and accompanying documents at their respective Singapore addresses as maintained with the records of CDP or the Share Registrar, as the case may be.

LETTER TO SHAREHOLDERS

Entitled Shareholders will be at liberty to accept (in full or in part), decline, or otherwise renounce, or in the case of Entitled Depositors, trade their provisional allotments of Rights Shares with 2021 Warrants on the Catalist of the SGX-ST during the rights trading period prescribed by the Catalist Rules and will be eligible to apply for additional Rights Shares with 2021 Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue.

Provisional allotments which are not taken up for any reason shall be aggregated and used to satisfy Excess Applications (if any) or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit for the benefit of the Company.

In the allotment of Excess Rights Shares with 2021 Warrants, preference will be given to the rounding of odd lots, and that Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with 2021 Warrants. The Company will also not make any allotment and issue of any Excess Rights Shares with 2021 Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting.

Scaling Down

- :
- Depending on the level of subscription for the Rights Shares with 2021 Warrants, the Company will, if necessary, scale down a Shareholder's application to subscribe for the Rights Shares with 2021 Warrants to:
- (a) ensure that the relevant Shareholder does not acquire a controlling interest in the Company as prohibited under Rule 803 of the Catalist Rules, unless prior approval of Shareholders is obtained in a general meeting; or
 - (b) avoid placing the relevant Shareholder and parties acting in concert with it (as defined in the Code) in the position of incurring a mandatory bid obligation under the Code as a result of other Shareholders not taking up with entitlements of Rights Shares with 2021 Warrants fully.

For the avoidance of doubt, in the event that the approval of Independent Shareholders for the Proposed New Whitewash Resolution is obtained at the EGM to be convened, the option to scale down referred to in this paragraph shall not apply to the Undertaking Shareholders' applications to subscribe for their *pro rata* entitlements of Rights Shares with 2021 Warrants.

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Governing law : Laws of the Republic of Singapore.

2.5 Principal Terms of the 2021 Warrants

Basis of allotment and number of 2021 Warrants : One (1) free detachable 2021 Warrant with every one (1) Rights Share subscribed for, fractional entitlements to be disregarded.

Detachability and trading of 2021 Warrants : The 2021 Warrants will be detached from the Rights Shares with 2021 Warrants on issue and will be listed and traded separately on the SGX-ST under the book-entry (scripless) settlement system upon the listing and quotation of the 2021 Warrants on the Catalist of the SGX-ST subject to, *inter alia*, an adequate spread of holdings of the 2021 Warrants to provide for an orderly market trading of the 2021 Warrants. Each board lot of 2021 Warrants will consist of 100 2021 Warrants or such other number as may be notified by the Company.

The Company had, on 8 November 2019, received the listing and quotation notice from the SGX-ST for the listing and quotation of, *inter alia*, the 2021 Warrants.

The Company will be seeking a confirmation from the SGX-ST on whether the Company may rely on the LQN received from the SGX-ST on 8 November 2019.

Listing of the New Shares : The Company had, on 8 November 2019, received the listing and quotation notice from the SGX-ST for the listing and quotation of, *inter alia*, the New Shares.

The Company will be seeking a confirmation from the SGX-ST on whether the Company may rely on the LQN received from the SGX-ST on 8 November 2019.

Form and subscription rights : The 2021 Warrants will be issued in registered form and will be constituted by the Deed Poll. Subject to the terms and conditions of the 2021 Warrants as set out in the Deed Poll, each 2021 Warrant shall entitle the 2021 Warrantholder, at any time during the Exercise Period, to subscribe for one (1) New Share at the Exercise Price in force on the relevant date of exercise of the 2021 Warrants.

Exercise Price : S\$0.012 for each New Share on the exercise of a 2021 Warrant.

Exercise Period : The 2021 Warrants may be exercised at any time from and including the date of the issue of the 2021 Warrants up to 5.00 p.m. on the Business Day immediately preceding the third (3rd) anniversary of the date of issue of the 2021 Warrants. 2021 Warrants remaining unexercised at the expiry of the Exercise Period shall lapse and cease to be valid for any purpose.

The Company shall, not later than one (1) month before the last day of the Exercise Period, give notice of the expiration date to the 2021 Warrantholders in accordance with the terms and conditions of the 2021 Warrants set

LETTER TO SHAREHOLDERS

out in the Deed Poll. In particular, the Company shall take reasonable steps to notify the 2021 Warrantheolders in writing of the expiration date and such notice shall be delivered by post to the addresses of the 2021 Warrantheolders as recorded in Register of 2021 Warrantheolders or in the case of 2021 Warrantheolders whose 2021 Warrants are registered in the name of CDP, their addresses as shown in the records of the same.

Mode of payment for exercise of 2021 Warrants

: 2021 Warrantheolders who exercise their 2021 Warrants must pay the of Exercise Price by way of remittance in Singapore currency by banker's draft or cashier's order drawn on a bank operating in Singapore for the credit of the Special Account for the full amount of the Exercise Price payable in respect of the 2021 Warrants exercised.

Adjustments

: The Exercise Price and the number of 2021 Warrants held by each 2021 Warrantheolder shall from time to time be adjusted by the Directors in consultation with an Approved Bank and/or the Auditors and certified to be in accordance with Condition 5(B) of the Deed Poll by the Auditors.

Such circumstances include, without limitation, consolidation, subdivision or conversion of the Shares, capitalisation issues, rights issues, bonus issues and certain capital distributions.

Any additional 2021 Warrants issued pursuant to such adjustments shall rank *pari passu* with the 2021 Warrants and will for all purposes form part of the same series. Any such adjustments shall (unless otherwise provided under the Catalist Rules from time to time) be announced by the Company on SGXNET.

Status of New Shares

: The New Shares arising from the exercise of the 2021 Warrants will, upon allotment and issue, rank *pari passu* in all respects with the then issued Shares, save that they will not be entitled to participate in any dividends, rights, allotments or other distributions, that may be declared or paid, the Record Date for which falls before the date of exercise of the 2021 Warrants.

Modifications of Rights of 2021 Warrantheolders

: The Company may, without the consent of the 2021 Warrantheolders but in accordance with the terms and conditions of the Deed Poll, effect modifications to the terms and conditions of the Deed Poll including, without limitation, the terms and conditions of the 2021 Warrants, which, in the opinion of the Company, (i) is not materially prejudicial to the interests of the 2021 Warrantheolders or is of a formal, technical or minor nature; (ii) is to correct a manifest error or to comply with mandatory provisions of Singapore law; or (iii) is to vary or replace provisions relating to the transfer or exercise of the 2021 Warrants, including the issue of New Shares arising from the exercise thereof or meetings of 2021 Warrantheolders in order to facilitate the exercise of the 2021 Warrants or in

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connection with the implementation and operation of the book-entry (scripless) settlement system in respect of trades of the Company's securities on the SGX-ST.

Any such modification shall be binding on all 2021 Warrantheolders and all persons having an interest in the Warrants and shall be notified to them in accordance with the terms and conditions of the 2021 Warrants as set out in the Deed Poll, as soon as practicable thereafter.

Without prejudice to any provision of the Deed Poll, any material alteration in the terms and conditions of the 2021 Warrants to the advantage of the 2021 Warrantheolders is subject to the approval of Shareholders except where the alterations are made pursuant to the terms and conditions of the 2021 Warrants as set out in the Deed Poll.

For the avoidance of doubt, the Company shall not change the exercise ratio of the 2021 Warrants, extend the Exercise Period of an existing 2021 Warrant or issue a new warrant to replace an existing 2021 Warrant.

Transfer and transmission

: The 2021 Warrants shall be transferable in lots entitling 2021 Warrantheolders to subscribe for whole numbers of New Shares. A 2021 Warrant may only be transferred in the manner prescribed in the terms and conditions of the 2021 Warrants set out in the Deed Poll including, *inter alia*, the following:

- (a) Lodgement of certificates and transfer forms – a 2021 Warrantheolder whose 2021 Warrants are registered in his own name (the “**Transferor**”) shall lodge, during normal business hours on any Business Day to be received at the specified office of the Warrant Agent, the Transferor's warrant certificate(s) together with an instrument of transfer (the “**Transfer Form**”) duly completed and signed by, or on behalf of, the Transferor and the transferee and duly stamped in accordance with any law for the time being in force relating to stamp duty and accompanied by the fees and expenses set out in the Deed Poll;
- (b) Deceased 2021 Warrantheolder – the executors and administrators of a deceased 2021 Warrantheolder whose 2021 Warrants are registered in his/her name (not being one of several joint holders whose 2021 Warrants are registered in their joint names), and, in the case of one or more of several such joint 2021 Warrantheolders, the survivor or survivors of such joint holder shall be the only persons recognised by the Company and the Warrant Agent as having title to Warrants registered in the name of a deceased 2021 Warrantheolder. Such persons shall, on producing to the Warrant Agent such evidence as may be required by the Warrant Agent to prove their title, and on the completion of a

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Transfer Form and the payment of the fees and expenses set out in the Deed Poll, be entitled to be registered as a holder of the 2021 Warrants or to make such transfer as the deceased holder could have made;

- (c) Effective Date of Transfer – A Transferor shall be deemed to remain a holder of the 2021 Warrant until the name of the transferee is entered in the Register of 2021 Warrantholders by the Warrant Agent.

Winding-up

- : Where there is a members' voluntary winding-up of the Company for the purpose of reconstruction or amalgamation pursuant to a scheme of arrangement to which the 2021 Warrantholders, or some person designated by them, shall have approved by way of a special resolution passed at a meeting of the 2021 Warrantholders duly convened and held in accordance with the provisions contained in the Deed Poll by a majority consisting of not less than three-fourths of the votes cast thereon, the terms of such scheme of arrangement shall be binding on all the 2021 Warrantholders and all persons having an interest in the 2021 Warrants.

If notice is given by the Company to its members to convene a general meeting for the purposes of considering a members' voluntary winding-up of the Company, every 2021 Warrantholder shall be entitled, no later than two (2) Business Days, being days (other than a Saturday, a Sunday or a gazetted public holiday) on which commercial banks in Singapore, the SGX-ST, the CDP and the Warrant Agent are open for business, prior to the proposed general meeting, by irrevocable surrender of his Warrant certificate(s) to the Company with the notice for the exercise of the 2021 Warrants duly completed, together with all relevant payments payable, to elect to be treated as if he had exercised the 2021 Warrants to the extent of the number of 2021 Warrants exercised and had on such date been the holder of the New Shares. The New Shares will be allotted to such 2021 Warrantholder as soon as possible and in any event no later than the day immediately prior to the date of the proposed general meeting.

Subject to the foregoing, if the Company is wound up for any other reason, all 2021 Warrants which are not exercised shall lapse and cease to be valid for any purpose.

Further issues

- : Subject to the terms and conditions of the 2021 Warrants as set out in the Deed Poll, the Company shall be at liberty to issue Shares to Shareholders either for cash or as a bonus distribution and to issue further subscription rights, upon such terms and conditions as the Company sees fit but the 2021 Warrantholders shall not have any participation rights in such further issues of Shares or

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subscription rights unless otherwise resolved by the Company in general meeting or in the event of a takeover offer to acquire Shares.

Meeting of 2021 Warrantholders : The Company or the 2021 Warrantholders of not less than ten per cent. (10.0%) of the 2021 Warrants for the time being remaining unexercised may at any time convene a meeting of the 2021 Warrantholders. Every such meeting shall be held at such place in Singapore as may be specified in the notice of the meeting.

Warrant Agent : KCK Corpserve Pte. Ltd.

Governing Law : Laws of the Republic of Singapore

The above terms and conditions of the Proposed Rights cum Warrants Issue are subject to such changes as the Directors may deem fit. The final terms and conditions of the Proposed Rights cum Warrants Issue will be contained in the Offer Information Statement to be despatched by the Company to Entitled Shareholders in due course, subject to, *inter alia*, the Proposed Rights cum Warrants Issue being approved by Shareholders at the EGM.

2.6 Conditions for the Proposed Rights cum Warrants Issue

2.6.1 Shareholders should note that the Proposed Rights cum Warrants Issue is subject to, *inter alia*, the following conditions:

- (a) the LQN and such approval not having been withdrawn or revoked on or prior to the completion of the Proposed Rights cum Warrants Issue, and if such approval is granted subject to conditions, such conditions being acceptable to and fulfilled by the Company;
- (b) the approval of the Shareholders for the Proposed Rights cum Warrants Issue being obtained at the EGM;
- (c) the grant of the New Whitewash Waiver by the SIC;
- (d) the lodgement of the Offer Information Statement together with all the other accompanying documents (if applicable) in connection with the Proposed Rights cum Warrants Issue with the SGX-ST, acting as agent on behalf of the MAS; and
- (e) all other necessary approvals, consents and/or waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights cum Warrants Issue and to give effect to the Proposed Rights cum Warrants Issue, being obtained and not having been withdrawn or revoked before the completion of the Proposed Rights cum Warrants Issue.

2.6.2 The Company had, on 8 November 2019, received the listing and quotation notice from the SGX-ST for the listing and quotation of, *inter alia*, the following:

Pursuant to the Proposed Rights cum Warrants Issue:

- (a) up to 3,473,905,650 Rights Shares at an issue price of S\$0.0056 for each Rights Share;
- (b) up to 3,473,905,650 2021 Warrants with each 2021 Warrants carrying the right to subscribe for one (1) ordinary share at an exercise price of S\$0.012; and
- (c) up to 3,473,905,650 New Shares.

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Pursuant to an adjustment as set out in the terms and conditions of the 2018 Warrants Deed Poll in relation to the 2018 Rights cum Warrants Issue which was completed on 12 March 2018 with each 2018 Warrant carrying the right to subscribe for one (1) new ordinary share at an exercise price of S\$0.015 for each new ordinary share in the capital of the Company after completion of the Adjusted 2018 Warrants Post-Rights cum Warrants Issue New Share:

- (a) up to 186,715,656 Adjusted 2018 Warrants Post-Rights cum Warrants Issue; and
- (b) up to 186,715,656 Adjusted 2018 Warrants Post-Rights cum Warrants Issue New Shares.

The Company will be seeking a confirmation from the SGX-ST on whether the Company may rely on the LQN received from the SGX-ST on 8 November 2019.

The listing and quotation notice granted by SGX-ST on 8 November 2019 is not an indication of the merits of Proposed Rights cum Warrants Issue, Rights Shares with 2021 Warrants, 2021 Warrants, New Shares, the Company, its subsidiaries and their securities.

In the event that any of the above conditions are not satisfied, the Proposed Rights cum Warrants Issue will not be given effect.

2.7 Eligibility of Shareholders to Participate in the Proposed Rights cum Warrants Issue

The Company proposes to provisionally allot the Rights Share with 2021 Warrants to all Entitled Shareholders.

2.7.1 Entitled Depositors

Shareholders whose Shares are registered in the name of CDP and whose Securities Accounts with CDP are credited with Shares as at the Record Date and whose registered addresses with CDP are in Singapore as at the Record Date (the “**Depositors**”) will be provisionally allotted the Rights Shares with 2021 Warrants on the basis of the number of Shares standing to the credit of their Securities Account as at the Record Date.

To be “Entitled Depositors”, Depositors must have registered addresses in Singapore with CDP as at the Record Date, or if they have registered addresses outside Singapore, they must provide CDP at 9 North Buona Vista Drive #01-19/20 The Metropolis, Singapore 138588 with addresses in Singapore for the service of notices and documents, not later than 5:00 p.m. (Singapore Time) on the date being three (3) Market Days prior to the Record Date, in order to receive their provisional allotments of Rights Shares with 2021 Warrants entitlements.

2.7.2 Entitled Scripholders

Scripholders will be provisionally allotted Rights Shares with 2021 Warrants on the basis of the number of Shares held by them as stated in the Register of Members of the Company as at the Record Date.

To be “Entitled Scripholders”, Scripholders must have registered addresses in Singapore with the Company as at the Record Date, or if they have registered addresses outside Singapore, must provide the Company’s Share Registrar, KCK Corpserve Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building Singapore 188721 with addresses in Singapore for the service of notices and documents, not later than 5.00 p.m. (Singapore time) on the date being three (3) Market Days prior to the Record Date, in order to receive their provisional allotments of Rights Shares with 2021 Warrants entitlements.

Duly completed and stamped transfers (in respect of Shares not registered in the name of CDP) together with all relevant documents of title to be received up to 5.00 p.m. (Singapore time) on the Record Date by the Share Registrar, will be registered to determine the transferee’s provisional allotments of Rights Shares with 2021 Warrants entitlements.

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2.7.3 Entitled Shareholders and Participation in the Proposed Rights cum Warrants Issue

Entitled Shareholders will be entitled to participate in the Proposed Rights cum Warrants Issue and to receive the Offer Information Statement together with the application form for ARE or PAL, as the case may be, and its accompanying documents at their respective registered addresses in Singapore.

Entitled Scripholders who do not receive the Offer Information Statement and the PALs may obtain them from the Share Registrar during the period up to the Closing Date.

Entitled Depositors who do not receive the Offer Information Statement and the AREs may obtain them from CDP during the period up to the Closing Date.

2.7.4 Excess Rights Shares with 2021 Warrants

Provisional allotments of Rights Shares with 2021 Warrants which are not taken up or allotted for any reason, will be aggregated as Excess Rights Shares with 2021 Warrants to satisfy applications for such Excess Rights Shares with 2021 Warrants or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit. In the allotment of Excess Rights Shares with 2021 Warrants, preference will be given to the rounding of odd lots. Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with 2021 Warrants.

The Company will not make any allotment and issue of any Excess Rights Shares with 2021 Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in general meeting.

2.7.5 Provisional Allotments and Excess Applications

Entitled Shareholders will be provisionally allotted the Rights Shares with 2021 Warrants under the Proposed Rights cum Warrants Issue on the basis of their shareholdings as at the Record Date. They are at liberty to accept, decline, renounce or in the case of Entitled Depositors only, trade on the Catalist of the SGX-ST (during the provisional allotment trading period as prescribed by the SGX-ST) their provisional allotments of Rights Shares with 2021 Warrants and are eligible to apply for additional Rights Shares with 2021 Warrants in excess of their provisional allotments under the Proposed Rights cum Warrants Issue. Entitled Depositors who wish to accept their provisional allotments of Rights Shares with 2021 Warrants and (if applicable) apply for Excess Rights Shares with 2021 Warrants may only do so through CDP or by way of an Electronic Application (as may be applicable).

Fractional entitlements to the Rights Shares with 2021 Warrants will be disregarded in arriving at Shareholders' entitlements and will, together with the provisional allotments which are not taken up or allotted for any reason, be aggregated and used to satisfy Excess Applications (if any) or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company.

2.7.6 Dealings/Transactions for Provisional Allotments

All dealings in and transactions of the provisional allotments of the Rights Shares with 2021 Warrants through the SGX-ST will be effected under the book-entry (scripless) settlement system. Accordingly, the PALs (if any) to be issued to Entitled Scripholders will not be valid for delivery pursuant to trades done on the Catalist of the SGX-ST.

Entitled Depositors should note that all correspondences and notices will be sent to their last registered addresses with CDP. Entitled Depositors are reminded that any request to CDP to update its records or to effect any change in address must reach CDP at least three (3) Market Days before the Record Date. Entitled Scripholders should note that all correspondences and notices will be sent to their last registered addresses in the Register of Members.

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Entitled Scripholders (where applicable) are encouraged to open Securities Accounts if they have not already done so and to deposit their share certificates with CDP before the Record Date so that their Securities Accounts may be credited by CDP with their Shares and their provisional allotments of Rights Shares with 2021 Warrants. Entitled Scripholders should note that their Securities Accounts will only be credited with the Rights Shares with 2021 Warrants on the 12th Market Day or such number of Market Days as may be required and determined by CDP, from the date of lodgement of the share certificates with CDP or such later date as CDP may determine.

2.7.7 CPF Investment Scheme

Shareholders who have previously purchased their Shares using their CPF account savings (“**CPF Funds**”) may use the same for the payment of the Issue Price to accept their provisional allotments of Rights Shares with 2021 Warrants and (if applicable) to apply for Excess Rights Shares with 2021 Warrants, subject to the applicability of CPF rules and regulations. Such Shareholders who wish to accept their provisional allotments of Rights Shares with 2021 Warrants will need to instruct their respective approved banks where they hold their CPF investment accounts, to accept their provisional allotment of Rights Shares with 2021 Warrants and (if applicable) apply for the Excess Rights Shares with 2021 Warrants on their behalf in accordance with the terms and conditions in the Offer Information Statement.

CPF Funds may not, however, be used for the purchase of the provisional allotments of the Rights Shares with 2021 Warrants directly from the market.

2.7.8 Foreign Shareholders

The Offer Information Statement and its accompanying documents relating to the Proposed Rights cum Warrants Issue will not be lodged, registered or filed in any jurisdiction other than Singapore. The distribution of the Offer Information Statement and its accompanying documents may be prohibited or restricted (either absolutely or subject to various relevant securities requirements, whether legal or administrative, being complied with) in certain jurisdictions under the relevant securities laws of those jurisdictions.

For practical reasons and in order to avoid any violation of the relevant legislation applicable in countries other than Singapore, the Rights Shares with 2021 Warrants will not be offered to Foreign Shareholders and the Offer Information Statement and its accompanying documents will not be despatched to Foreign Shareholders.

Accordingly, Foreign Shareholders will not be entitled to participate in the Proposed Rights cum Warrants Issue. No provisional allotment of Rights Shares with 2021 Warrants will be made to Foreign Shareholders and no purported acceptance of the provisional allotments of Rights Shares with 2021 Warrants or application for Excess Rights Shares with 2021 Warrants by Foreign Shareholders will be valid.

The Offer Information Statement and its accompanying documents relating to the Proposed Rights cum Warrants Issue will also not be despatched to Foreign Purchasers. Foreign Purchasers who wish to accept the provisional allotments of Rights Shares with 2021 Warrants credited by CDP to their Securities Accounts should make the necessary arrangements with their depository agents or stockbrokers in Singapore.

The Company reserves the right to reject any acceptances of the provisional allotments of the Rights Shares with 2021 Warrants and/or applications for Excess Rights Shares with 2021 Warrants where it believes, or has reason to believe, that such acceptances and/or applications may violate the applicable legislation of any jurisdiction. The Company further reserves the right to treat as invalid any ARE, ARS or PAL where applicable which (a) appears to the Company or its agents to have been executed in any jurisdiction outside Singapore which may violate the applicable legislation of such jurisdiction, (b) provides an address outside Singapore for the receipt of the share certificate(s) for the Rights Shares with 2021 Warrants or which requires the Company to despatch the share certificate(s) to an address in any jurisdiction outside Singapore or (c) purports to exclude any deemed representation or warranty.

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Foreign Shareholders who wish to be eligible to participate in the Proposed Rights cum Warrants Issue may provide a Singapore address by notifying in writing, as the case may be, to (i) CDP at 9 North Buona Vista Drive, #01-19/20 The Metropolis, Singapore 138588, or (ii) the Share Registrar, KCK Corpserve Pte. Ltd. at 333 North Bridge Road, #08-00, KH KEA Building Singapore 188721, not later than three (3) Market Days before the Record Date.

If it is practicable to do so, the Company may, at its absolute discretion, arrange for the provisional allotments of Rights Shares with 2021 Warrants which would otherwise have been provisionally allotted to Foreign Shareholders, to be sold “nil-paid” on the SGX-ST as soon as practicable after dealings in the provisional allotment of Rights Shares with 2021 Warrants commence. Such sales may, however, only be effected if the Company, in its absolute discretion, determines that a premium can be obtained from such sales, after taking into account the relevant expenses to be incurred in relation thereto.

The net proceeds from all such sales, after deduction of all expenses therefrom, will be pooled and thereafter distributed to Foreign Shareholders in proportion to their respective shareholdings or, as the case may be, the number of Shares standing to the credit of their respective Securities Accounts as at the Record Date and sent to them at their own risk by ordinary post. If the amount of net proceeds distributable to any single Foreign Shareholder is less than S\$10.00, such net proceeds will be retained for the sole benefit of the Company or dealt with as the Directors may, in their absolute discretion, deem fit in the interest of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the manager (where applicable), the Share Registrar, the CPF Board or CDP or their respective officers in connection therewith.

Where such provisional allotments of Rights Shares with 2021 Warrants are sold “nil-paid” on the SGX-ST, they will be sold at such price or prices as the Company may, in its absolute discretion, decide and no Foreign Shareholder shall have any claim whatsoever against the Company, the manager (where applicable), the Share Registrar, the CPF Board or the CDP or their respective officers in respect of such sales or proceeds thereof, of such provisional allotments of Rights Shares with 2021 Warrants or the Rights Shares with 2021 Warrants represented by such provisional allotments.

If such provisional allotments of Rights Shares with 2021 Warrants cannot be sold or are not sold on the SGX-ST as aforesaid for any reason by such time as the SGX-ST shall have declared to be the last day for trading in the provisional allotments of Rights Shares with 2021 Warrants, the Rights Shares with 2021 Warrants represented by such provisional allotments will be allotted and issued to satisfy Excess Applications or disposed of or otherwise dealt with in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company and no Foreign Shareholder shall have any claim whatsoever against the Company, the manager (where applicable), the Share Registrar, the CPF Board or CDP or their respective officers in connection therewith.

Shareholders should note that the special arrangements described above will apply only to Foreign Shareholders.

Notwithstanding the above, Shareholders and any other person having possession of the Offer Information Statement and/or its accompanying documents are advised to inform themselves of and to observe any legal requirements applicable thereto. No person in any territory outside Singapore receiving the Offer Information Statement and/or its accompanying documents may treat the same as an offer, invitation or solicitation to subscribe for any Rights Shares with 2021 Warrants unless such offer, invitation or solicitation could lawfully be made without compliance with any registration or other regulatory or legal requirements in those territories.

The procedures for, and the terms and conditions applicable to, the acceptance, renunciation (where applicable) and/or sale of the provisional allotments of Rights Shares with 2021 Warrants and for application of Excess Rights Shares with 2021 Warrants pursuant to the Proposed Rights

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cum Warrants Issue will be set out in the Offer Information Statement and its accompanying documents to be despatched by the Company to Entitled Shareholders in due course.

2.7.9 Trading of Odd Lots

For the purposes of trading on the Catalist of the SGX-ST, each board lot of Shares will comprise 100 Shares. Following the Proposed Rights cum Warrants Issue, Shareholders who hold odd lots of Shares (that is, lots other than board lots of 100 Shares) and who wish to trade in odd lots on the Catalist of the SGX-ST are able to trade odd lots of Shares in board lots of one (1) Share on the SGX-ST's unit share market. The unit share market is a ready market for trading of odd lots with a minimum size of one (1) Share. Shareholders should note that the market for trading of such odd lots of Shares may be illiquid. There is no assurance that Shareholders who hold odd lots of Shares will be able to acquire such number of Shares required to make up a board lot, or to dispose of their odd lots (whether in part or in whole) on the SGX-ST's unit share market.

2.8 Rationale of the Proposed Rights cum Warrants Issue and Use of Proceeds

2.8.1 Rationale of the Proposed Rights cum Warrants Issue

The Company is proposing to undertake the Proposed Rights cum Warrants Issue (i) to provide further funding to commence operations of the Financing Business which had been approved by the Shareholders at the extraordinary general meeting held on 6 September 2017; (ii) for possible new acquisitions; (iii) for expansion of the luxury goods business; (iv) to further strengthen the financial position and cash position of the Group; (v) to provide further working capital of the Group. The Financing Business and luxury goods business are capital intensive in nature and the Group requires a substantial amount of capital for operations and for future expansion of the Group's Financing Business and luxury goods business.

The Proposed Rights cum Warrants Issue will also provide the Shareholders with an opportunity to participate in the equity of the Company, and will allow the Group to be less reliant on external sources of funding for its general corporate activities.

2.8.2 Use of Proceeds from the Proposed Rights cum Warrants Issue

Assuming the Maximum Subscription Scenario, the estimated Net Proceeds from the Proposed Rights cum Warrants Issue is expected to be approximately S\$9.6 million (if none of the 2021 Warrants are exercised) and approximately S\$51.3 million (if all of the 2021 Warrants are exercised), after deducting estimated costs, expenses and commissions of approximately S\$0.4 million incurred in connection with the Proposed Rights cum Warrants Issue. For the avoidance of doubt, the foregoing estimated Net Proceeds is derived after the exclusion of the S\$9.4 million loan in respect of the Mission Well Offsetting Arrangement and Go Best Offsetting Arrangement.

Assuming the Minimum Subscription Scenario, there will be no Net Proceeds from the Proposed Rights cum Warrants Issue (if none of the 2021 Warrants are exercised) and approximately S\$19.8 million (if all of the 2021 Warrants are exercised), after deducting estimated costs, expenses and commissions of approximately S\$0.4 million incurred in connection with the Proposed Rights cum Warrants Issue. For the avoidance of doubt, the foregoing estimated Net Proceeds is derived after the exclusion of the S\$9.4 million loan in respect of the Mission Well Offsetting Arrangement and Go Best Offsetting Arrangement.

On 10 October 2019, the Company announced that there will be a re-allocation of the use of net proceeds from the Proposed Rights cum Warrants Issue which was similarly set out in the Circular dated 11 October 2019 despatched to Shareholders.

On 23 September 2020, the Company announced that there will be a 2nd re-allocation of the use of net proceeds from the Proposed Rights cum Warrants Issue ("**2nd Re-Allocation of the Use of Net Proceeds**").

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The Group has re-allocated (i) 5% of the use of net proceeds from the Proposed Rights cum Warrants Issue initially allocated for the Financing Business and (ii) 30% of the use of net proceeds from the Proposed Rights cum Warrants Issue initially allocated for the new acquisitions to be utilised for the purpose of expansion of the luxury goods business.

The rationale for the 2nd Re-Allocation of the Use of Net Proceeds is to provide additional funding for the Group to expand the luxury goods business in order to achieve the Group's long-term goal to enhance shareholders' value. The Board is of the view that the Re-Allocation of the Use of Net Proceeds would be in the best interests of the Group and its shareholders.

The details of the 2nd Re-Allocation of the Use of Net Proceeds is set out in the table below:

Use of Proceeds	Allocation of Net Proceeds announced in the Announcement dated 15 April 2020 (%)	Re-Allocated Net Proceeds set out in the Proposed Rights cum Warrants Issue Circular (%)	2nd Re-Allocation of the Use of Net Proceeds (%)
Funding for the Financing Business	30	15	10
New acquisitions	20	40	10
Expansion of the luxury goods business	20	15	50
For general corporate and working capital purposes	30	30	30
Total	100	100	100

Upon completion of the Proposed Rights cum Warrants Issue, and pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated in the Offer Information Statement, and provide a status report on the use of the Net Proceeds in the Company's annual reports until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

Based on the reasonable opinion of the Directors as at the Latest Practicable Date, there is no minimum amount which must be raised from the Proposed Rights cum Warrants Issue taking into consideration the intended use of the Net Proceeds.

2.9 New Irrevocable Undertakings for the Proposed Rights cum Warrants Issue

As at the Latest Practicable Date, Mr Heilesen (through Mission Well and Go Best) has an aggregate deemed interest in 89,923,456 Shares, representing an aggregate interest of approximately 29.99% of the Existing Share Capital. Mr Heilesen is (i) the sole shareholder and director of Mission Well; and (ii) a person deemed interested in the Shares that are held by Go Best, of which the ultimate holding company of Go Best is the trustee of Christian Kwok-Leun Yau

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Heilesen Family Trust (which the beneficiaries are family members of Mr Heilesen).

Mr Heilesen (through Mission Well and Go Best) also has an aggregate interest in 43,284,890 2018 Warrants.

As at the Latest Practicable Date, the respective shareholdings of the Undertaking Shareholders are as follows:

	Direct Interest		Deemed Interest		Total % ⁽¹⁾
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	
Mission Well Limited ⁽²⁾	84,395,956	28.15	–	–	28.15
Go Best Holdings Limited ⁽²⁾	5,527,500	1.84	–	–	1.84
Christian Kwok-Leun Yau Heilesen ⁽²⁾	–	–	89,923,456	29.99	29.99

Notes:

- (1) Based on the Existing Share Capital.
- (2) Christian Kwok-Leun Yau Heilesen is deemed interested in the 84,395,956 Shares held by Mission Well Limited as he is the sole shareholder and director of Mission Well Limited. Furthermore, he is also deemed to be interested in 5,527,500 shares held by Go Best Holdings Limited, which ultimate holding company is the trustee of Christian Kwok-Leun Yau Heilesen Family Trust (which the beneficiaries are family members of Christian Kwok-Leun Yau Heilesen).

2.9.1 New Irrevocable Undertakings by the Concert Group

To show support for the Proposed Rights cum Warrants Issue and to demonstrate their commitment to the Company, each of the Undertaking Shareholders, namely Mission Well, Go Best and Mr Heilesen (collectively referred to as the “Concert Group”) has given New Irrevocable Undertakings on 16 April 2020, pursuant to which each of the Undertaking Shareholders has irrevocably undertaken to the Company that, *inter alia*:

- (a) it will and/or will procure that the relevant Shareholder shall not, exercise any of the 2018 Warrants that it holds between the date of the New Irrevocable Undertakings until the Record Date;
- (b) it will not sell, transfer or otherwise deal (as the case may be) with any of the Shares that they own or control as at the date of the New Irrevocable Undertakings, during the period between the date of the New Irrevocable Undertakings and the Record Date;
- (c) it will fully subscribe and/or procure applications and subscriptions for and pay for and/or procure the payment for the whole of its pro rata beneficial entitlement of an aggregate of up to 899,234,560 Rights Shares with 2021 Warrants (based on the Maximum Issue Size);
- (d) it will fully subscribe and/or procure subscription for up to 781,303,765 Rights Shares with 2021 Warrants which are to be renounced by ZQL in favour of Mission Well pursuant to the New ZQL Undertaking;
- (e) it will not subscribe and/or procure that the relevant Shareholder shall not subscribe for any Excess Rights Shares with 2021 Warrants;
- (f) it shall provide evidence in writing from one or more financial institutions in a form which is acceptable to the Company and the Sponsor that it has a sufficient amount standing to its credit with the financial institution, sufficient for the purposes of fulfilling their obligations set out in paragraphs (c) and (d) above;

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- (g) it will vote and/or procure the voting of, all of their shareholding, whether held directly or indirectly, in favour of the resolution relating to the Proposed Rights cum Warrants Issue at the EGM;
- (h) it warrants and represents that (a) it has the full capacity to make the representations, warranties and undertakings contained in the New Irrevocable Undertakings; (b) the representations, warranties and undertakings contained in the New Irrevocable Undertakings constitute valid, binding and enforceable obligations on it in accordance with its terms; (c) the making of the representations, warranties and undertakings contained in the New Irrevocable Undertakings does not contravene any law, regulation or authorisation binding on them; and (d) it shall not circulate the New Irrevocable Undertakings to any third parties without the Company's prior consent;
- (i) it acknowledges that the Company is not obliged to proceed with the Proposed Rights cum Warrants Issue and the Company shall have the right to vary any of the terms of the Proposed Rights cum Warrants Issue and that the New Irrevocable Undertakings will remain in force notwithstanding such variation and that the final terms and conditions of the Proposed Rights cum Warrants Issue will be set out in the Offer Information Statement and the accompanying documents to be issued in connection with the Proposed Rights cum Warrants Issue, and confirm that the New Irrevocable Undertakings will remain in full force and effect notwithstanding such variation;
- (j) it shall do or procure the doing of all such acts, provide all such information, confirmations, undertakings and certificates and execute or procure the execution of all such documents as may be necessary and/or pursuant to any requirements of the SGX-ST, the MAS, the ACRA, the SIC and/or any other regulatory authorities in Singapore, (in each case) in relation to the Proposed Rights cum Warrants Issue and all the matters set out in paragraphs (a) to (i) above;
- (k) it shall indemnify and hold harmless the Company from and against any and all losses, liabilities, damages, costs, charges, expenses (including legal fees on a full indemnity basis) and taxes, claims, actions, demands or judgment which are suffered or incurred by or which are instituted, made or alleged against the Company by reason of or in connection with any breach or default of its obligations set out in paragraphs (a) to (j) above, and shall pay to the Company on demand an amount equal to all costs, charges and expenses (including legal fees on a full indemnity basis) which the Company may pay or incur in connection with investigating, disputing or defending any such claims or losses (whether actual, pending or threatened and whether or not the Company is or may be a party to any such claims); and
- (l) it will and/or will procure that the relevant Shareholder shall not, exercise any of the 2018 Warrants and/or 2021 Warrants to the extent that the aggregate direct and indirect shareholding of the Concert Group in the Company exceeds 90% of the Shares (excluding nil treasury shares and nil subsidiary holdings) (the "**Free Float Undertaking**").

2.9.2 New ZQL Undertaking

Pursuant to the New ZQL Undertaking, ZQL has undertaken that, *inter alia*:

- (a) she shall not exercise any of the 2018 Warrants that she holds on or before the Record Date;
- (b) she shall renounce 781,303,765 Rights Shares with 2021 Warrants in favour of Mission Well pursuant to the New ZQL Undertaking; and
- (c) she shall not subscribe for any Excess Rights Shares with 2021 Warrants.

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For the avoidance of doubt, taking into account the New Irrevocable Undertakings in the Minimum Subscription Scenario, the subscription by ZQL of the balance of her Rights Shares with 2021 Warrants entitlements (taking into account the New ZQL Undertaking) will not result in an obligation of ZQL (together with persons acting in concert with ZQL) to make a take-over under Rule 14 of the Code. In this regard, ZQL will not be seeking a Whitewash Waiver in connection with the Proposed Rights cum Warrants Issue.

2.9.3 Conditions

The New Irrevocable Undertakings are conditional upon the following:

- (a) the grant of the New Whitewash Waiver by the SIC and such approval not having been withdrawn or revoked on or prior to the completion of the Proposed Rights cum Warrants Issue;
- (b) the receipt of the LQN from the SGX-ST for the dealing in, listing of and quotation of the Rights Shares with 2021 Warrants, the 2021 Warrants and the New Shares under the Proposed Rights cum Warrants Issue on the Catalist of the SGX-ST and such approval not being withdrawn or revoked as at the completion of the Proposed Rights cum Warrants Issue, and if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (c) the Proposed Rights cum Warrants Issue being approved by the Shareholders at the EGM;
- (d) the Proposed New Whitewash Resolution being approved by Independent Shareholders at the EGM;
- (e) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in respect of the Proposed Rights cum Warrants Issue with the SGX-ST, acting as agent on behalf of the MAS; and
- (f) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights cum Warrants Issue and to give effect to the Proposed Rights cum Warrants Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights cum Warrants Issue.

2.10 Notice of Record Date

Subject to the Shareholders' approval of the Proposed Rights cum Warrants Issue at the EGM and the validity of the LQN, the Record Date for the purpose of determining the Entitled Shareholders' entitlements under the Proposed Rights cum Warrants Issue will be announced at a later date.

2.11 Undertaking Shareholders' Loans and Offsetting Arrangements

Mission Well Loan

On 22 September 2020, the Company announced that the Company entered into a loan agreement dated 22 September 2020 with Mission Well, pursuant to which Mission Well agreed to extend an unsecured, interest free loan facility of up to an aggregate principal amount of S\$9,101,474.62 to the Company.

Pursuant to the terms of the Mission Well Loan Agreement, the Company may, at its absolute discretion, prepay any outstanding sums and/or interest accrued thereon under the Mission Well Loan Agreement at any time prior to the relevant maturity dates. No fees, expenses or charges shall be payable by the Company on any amounts prepaid by the Company.

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According to the Mission Well Loan Agreement, Mission Well may elect (acting in its absolute discretion) for the repayment and/or satisfaction of the Mission Well Loan under the Mission Well Loan Agreement by any combination of the following methods:

- (a) in S\$ to the bank account of Mission Well as Mission Well may from time to time designate for such purpose, or by such other mode and/or manner of payment as may be prescribed from time to time by Mission Well to the Company; and/or
- (b) the set off of all or any part of the outstanding sums under the Mission Well Loan Agreement against the consideration payable by Mission Well and/or its nominee(s) for the subscription of such number of new Shares as Mission Well may be entitled to, pursuant to any rights issue undertaken by the Company,

or any combination thereof, provided always that all regulatory requirements, including but not limited to the Catalist Rules, the Code the requirement of the approval of Shareholders (if necessary) are complied with.

As at the Latest Practicable Date, the Company has drawn down part of the Mission Well Loan amounting to S\$722,980 as at 19 October 2020.

Mission Well Offsetting Arrangement

The Company and Mission Well have mutually agreed that the subscription monies due from the Mission Well to the Company for the subscription by Mission Well of (a) 843,959,560 Rights Shares with 2021 Warrants (approximately S\$4,726,173.54) and (b) 781,303,765 Rights Shares with 2021 Warrants (approximately S\$4,375,301.08) which are to be renounced by ZQL in favour of Mission Well pursuant to the New ZQL Undertaking dated 16 April 2020 and 26 May 2020 will be offset entirely against the aggregate outstanding principal amount of the Mission Well Loan. Accordingly the principal amount of the Mission Well Loan may be repaid in full upon Completion.

In view of the Mission Well Offsetting Arrangement and the fact that the outstanding principal amount under the Mission Well Loan is equivalent to the subscription monies payable by Mission Well, Mission Well will not be required to provide a confirmation of financial resources in connection with the New Irrevocable Undertakings.

Go Best Loan

On 22 September 2020, the Company announced that the Company entered into a loan agreement dated 22 September 2020 with Go Best, pursuant to which Go Best agreed to extend an unsecured interest free loan facility of up to an aggregate principal amount of S\$309,540 to the Company.

Pursuant to the terms of the Go Best Loan Agreement, the Company may, at its absolute discretion, prepay any outstanding sums and/or interest accrued thereon under the Go Best Agreement at any time prior to the relevant maturity dates. No fees, expenses or charges shall be payable by the Company on any amounts prepaid by the Company.

According to the Go Best Loan Agreement, Go Best may elect (acting in its absolute discretion) for the repayment and/or satisfaction of the Go Best Loan under the Go Best Loan Agreement by any combination of the following methods:

- (a) in S\$ to the bank account of Go Best as Go Best may from time to time designate for such purpose, or by such other mode and/or manner of payment as may be prescribed from time to time by Go Best to the Company; and/or
- (b) the set off of all or any part of the outstanding sums under the Go Best Loan Agreement against the consideration payable by Go Best and/or its nominee(s) for the subscription of such number of new Shares as Go Best may be entitled to, pursuant to any rights issue undertaken by the Company,

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or any combination thereof, provided always that all regulatory requirements, including but not limited to the Catalist Rules, the Code and the requirement of the approval of Shareholders (if necessary) are complied with.

As at the Latest Practicable Date, the Company has not drawn down the Go Best Loan.

Go Best Offsetting Arrangement

The Company and Go Best have mutually agreed that the subscription monies due from the Go Best to the Company for the subscription by Go Best of 55,275,000 Rights Shares with 2021 Warrants (approximately S\$309,540) pursuant to the New Irrevocable Undertaking provided by Go Best dated 16 April 2020 will be offset entirely against the aggregate outstanding principal amount of the Go Best Loan. Accordingly the principal amount of the Go Best Loan may be repaid in full upon Completion.

In view of the Go Best Offsetting Arrangement and the fact that the outstanding principal amount under the Go Best Loan is equivalent to the subscription monies payable by Go Best, Go Best will not be required to provide a confirmation of financial resources in connection with the New Irrevocable Undertakings.

2.12 Financial Information of the Group

The financial statements of the Group (the consolidated statements of income, financial position and cash flow) and the working capital position for FY2017, FY2018 and FY2019 as well as the review thereof, are set out under **Appendix II – “Financial Information and Review of Past Performance”** of this Circular.

2.13 Financial Effects of the Proposed Rights cum Warrants Issue

The financial effects of the Proposed Rights cum Warrants Issue under the Minimum Subscription Scenario and the Maximum Subscription Scenario as presented herein:

- (a) are for illustrative purposes only and are not a projection of the actual future financial performance or financial position of the Group immediately after the completion of the Proposed Rights cum Warrants Issue;
- (b) are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2019 (“**FY2019**”);
- (c) assume that there is no return earned from the Net Proceeds;
- (d) assume that the new Shares issued after 31 December 2019 up to the Latest Practicable Date arising from the exercise of the 2018 Warrants (other than the 2018 Warrants held by the Undertaking Shareholders and ZQL) were issued on 1 January 2019 for computing the financial effect on EPS;
- (e) assume that the new Shares issued after 31 December 2019 up to the Latest Practicable Date arising from the exercise of the 2018 Warrants (other than the 2018 Warrants held by the Undertaking Shareholders and ZQL) were issued on 31 December 2019 for computing the financial effects on share capital, NAV and gearing;
- (f) assume that the Proposed Rights cum Warrants Issue was completed on 1 January 2019, for the purposes of computing the financial effects on the EPS; and
- (g) assume that the Proposed Rights cum Warrants Issue was completed on 31 December 2019 for the purposes of computing the financial effects on the share capital, NAV and gearing.

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2.13.1 Share Capital

	Based on Existing Share Capital			
	Minimum Subscription Scenario		Maximum Subscription Scenario	
	No. of Shares	S\$'000	No. of Shares	S\$'000
Audited FY2019				
Issued share capital as at 31 December 2019	299,843,943	38,852	299,843,943	38,852
Add: new Shares rising from the exercise of 2018 Warrants	—	—	47,546,575	951
Issued share capital before Proposed Rights cum Warrants Issue	299,843,943	38,852	347,390,518	39,803
Add: Rights Shares with 2021 Warrants to be issued (2021 Warrants not exercised)	1,680,538,325	9,011	3,473,905,180	19,054
Issued share capital after the Proposed Rights cum Warrants Issue	1,980,382,268	47,863	3,821,295,698	58,857
Add: Exercise of 2021 Warrants	1,680,538,325	20,166	3,473,905,180	41,687
Issued share capital after the Proposed Rights cum Warrants Issue (2021 Warrants exercised)	3,660,920,593	68,029	7,295,200,878	100,544

2.13.2 NAV

	Based on Existing Share Capital	
	Minimum Subscription Scenario	Maximum Subscription Scenario
As at 31 December 2019		
NAV per share as at FY2019 (S\$) before Proposed Rights cum Warrants Issue	0.0131	0.0131
Pro forma adjustments: proceeds from the exercise of 2018 Warrants (S\$'000)	—	951
Adjusted NAV per Share before the Proposed Rights cum Warrants Issue (S\$)	0.0131	0.0141
Number of Shares in issue as at FY2019 before Proposed Rights cum Warrants Issue	299,843,943	347,390,518

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	Based on Existing Share Capital	
	Minimum Subscription Scenario	Maximum Subscription Scenario
Adjusted number of Shares in issue as at FY2019 after Proposed Rights cum Warrants Issue	1,980,382,268	3,821,295,698
NAV per Share before the Proposed Rights cum Warrants Issue (S\$)	0.0131	0.0141
Add: Gross proceeds from the Proposed Rights cum Warrants Issue (2021 Warrants not exercise) (S\$'000)	—	10,043
Add: Mission Well Loan and Go Best Loan (S\$'000)	9,411	9,411
Less: expenses incurred for Proposed Rights cum Warrants Issue (S\$'000)	(400)	(400)
NAV after the Proposed Rights cum Warrants Issue (S\$'000)	12,942	23,936
Number of Shares after the Proposed Rights cum Warrants Issue	1,980,382,268	3,821,295,698
NAV per Share after the Proposed Rights cum Warrants Issue (S\$)	0.0065	0.0063
Add: net proceeds from exercise of 2021 Warrants (S\$'000)	20,166	41,687
Adjusted NAV per Share after the exercise of 2021 Warrants (S\$)	0.0090	0.0090
Number of Shares after the exercise of 2021 Warrants	3,660,920,593	7,295,200,878
NAV after the exercise of 2021 Warrants (S\$)	33,109	65,623

2.13.3 Gearing

	Based on Existing Share Capital	
	Minimum Subscription Scenario	Maximum Subscription Scenario
As at 31 December 2019		
Total borrowings before the Proposed Rights cum Warrants Issue (S\$'000)	—	—
Shareholders' equity before the Proposed Rights cum Warrants Issue (S\$'000)	3,931	3,931

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	Based on Existing Share Capital	
	Minimum Subscription Scenario	Maximum Subscription Scenario
Gearing before the Proposed Rights cum Warrants Issue (times)	—	—
Total borrowings after the Proposed Rights cum Warrants Issue (S\$'000)	—	—
Shareholders' equity after the Proposed Rights cum Warrants Issue (2021 Warrants not exercise) (S\$'000)	12,942	23,936
Gearing after the Proposed Rights cum Warrants Issue (times)	—	—
Shareholders' equity after the Proposed Rights cum Warrants Issue (2021 Warrants exercised) (S\$'000)	33,109	65,623
Gearing after the Proposed Rights cum Warrants Issue (2021 Warrants exercised) (times)	—	—

2.13.4 EPS / LPS

	Based on Existing Share Capital	
	Minimum Subscription Scenario	Maximum Subscription Scenario
FY2019		
Net profit/(loss) attributable to Shareholders (S\$'000)	(2,379)	(2,379)
Weighted average number of Shares before the Proposed Rights cum Warrants Issue	299,843,943	299,843,943
Weighted average number of Shares after the Proposed Rights cum Warrants Issue on fully diluted basis	1,980,382,268	3,821,295,698
Weighted average number of Shares after the issue of the Rights Shares with 2021 Warrants exercised	3,660,920,593	7,295,200,878
EPS / (LPS) for FY2018 (S\$)	(0.0006)	(0.0003)

2.14 **Directors' Opinion**

As at the Latest Practicable Date and barring unforeseen circumstances, the Directors are of the opinion that:

- (a) after taking into consideration the Mission Well Loan, Go Best Loan, present bank facilities and operating cash flows of the Group, the working capital available to the Group is sufficient to meet its present requirements. Notwithstanding the above, the reasons for undertaking the Proposed Rights cum Warrants Issue are set out in **Section 2.8** of this Circular;

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- (b) after taking into consideration the Mission Well Loan, Go Best Loan, present bank facilities and operating cash flows of the Group as well as the Net Proceeds, the working capital available to the Group is sufficient to meet its present requirements;
- (c) the Proposed Rights cum Warrants Issue under the Minimum Subscription Scenario would enable the Company to meet its obligations and continue to operate as a going concern even if there will be no funds raised under the Minimum Subscription Scenario given that the Net Proceeds raised under the Minimum Subscription Scenario is derived after the exclusion of an aggregate of S\$9.4 million loan under the Mission Well Offsetting Arrangement and Go Best Offsetting Arrangement;
- (d) the discount of the Issue Price after taking into consideration the market conditions would encourage Shareholders to take up their entitlements so as to maintain their shareholdings in the Company and participate in the future growth of the Group; and
- (e) the terms of the Proposed Rights cum Warrants Issue does not contravene any laws and regulations governing the Company and the Constitution of the Company.

3. THE PROPOSED NEW WHITEWASH RESOLUTION

3.1 Expiration of the Whitewash Waiver

On 23 August 2019, the SIC waived the obligation of the Concert Group to make a mandatory general offer under Rule 14 of the Code arising from:

- (a) the Concert Group's subscription for the Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings; and
- (b) the New Shares to be issued to the Concert Group upon exercise of the 2021 Warrants.

(the "SIC's Waiver")

The SIC's Waiver was subject to, *inter alia*, the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Proposed Rights cum Warrants Issue, a resolution (i.e. the Whitewash Resolution) by way of a poll to waive their rights to receive a general offer from the Concert Group; and
- (b) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within 3 months from 23 August 2019, the subscription of the Rights Shares with 2021 Warrants by the Concert Group must be completed within 3 months of the date of the approval of the Whitewash Resolution and the acquisition of the Shares upon exercise of the 2021 Warrants must be completed within 5 years of the issue of the 2021 Warrants; and

At an extraordinary general meeting held on 21 November 2019, the Company obtained the approval of, *inter alia*, the Whitewash Resolution. According to the SIC's letter dated 23 August 2019, the Concert Group was required to, complete the subscription of the Rights Shares with 2021 Warrants within 3 months from 21 November 2019.

On 16 April 2020, an application was made to the SIC for:

- (a) an extension of time for the Concert Group to rely on the Waiver granted on 23 August 2019 of the requirement to make a mandatory general offer under Rule 14 of the Code, in connection with the Proposed Rights cum Warrants Issue;

and in the alternative,
- (b) for the Concert Group to rely on a waiver of the requirement to make a mandatory general offer under Rule 14 of the Code in connection with the Proposed Rights cum Warrants Issue

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On 11 August 2020, the SIC responded to indicate that, the SIC rules that the Concert Group cannot rely on the Waiver and the corresponding Whitewash Resolution, which has expired. The SIC granted the New Whitewash Waiver subject to the conditions set out at **paragraph 3.5** of this Circular.

3.2 Interests of the Concert Group

As at the Latest Practicable Date, the interests of the Concert Group in the Company are as follows:

	No. of Shares held ⁽¹⁾	% of issued share capital
Mission Well Limited ⁽²⁾	84,395,956	28.15
Go Best Holdings Limited ⁽²⁾	5,527,500	1.84
Christian Kwok-Leun Yau Heilesen ⁽²⁾	89,923,456	29.99

Notes:

(1) Based on the Existing Share Capital.

(2) Christian Kwok-Leun Yau Heilesen is deemed interested in the 84,395,956 Shares held by Mission Well Limited as he is the sole shareholder and director of Mission Well Limited. Furthermore, he is also deemed to be interested in 5,527,500 shares held by Go Best Holdings Limited, which ultimate holding company is the trustee of Christian Kwok-Leun Yau Heilesen Family Trust (which the beneficiaries are family members of Christian Kwok-Leun Yau Heilesen.)

As at the Latest Practicable Date, save for 43,284,890 2018 Warrants that Mr Heilesen holds through Mission Well and Go Best, the Concert Group does not have any instruments convertible into, rights to subscribe for an options in respect of shares.

3.3 Mandatory General Offer Requirement under the Code

Under Rule 14 of the Code, except with the SIC's consent, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, such person is required to make a mandatory general offer for all the remaining shares in the Company which he does not already own or control.

As at the Latest Practicable Date, the Concert Group holds and controls an aggregate of 29.99% of the voting rights (as defined in the Code) of the Company and 43,284,890 2018 Warrants exercisable into 43,284,890 Shares.

Pursuant to the New Irrevocable Undertakings, the Concert Group will collectively subscribe for:

- (a) an aggregate of 899,234,560 Rights Shares with 2021 Warrant which they are respectively entitled to under the Proposed Rights cum Warrants Issue; and
- (b) an aggregate of 781,303,765 Rights Shares with 2021 Warrants which are to be renounced by ZQL in favour of Mission Well pursuant to the New ZQL Undertaking.

To evaluate the likelihood of the Concert Group acquiring Shares which (taken together with Shares held or acquired by persons acting in concert with it) carry 30% or more of the voting rights of the Company as a result of the Proposed Rights cum Warrants Issue and the New Irrevocable Undertakings, an analysis of the shareholding interest of the Concert Group is set out below for illustrative purposes only and based on the following assumptions:

- (a) The Concert Group shall not subscribe for the Excess Rights Shares with 2021 Warrants; and

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- (b) The Concert Group shall not exercise any of the 2018 Warrants and / or 2021 Warrants which they own or control to the extent that the aggregate direct and indirect shareholding in the Company of the Concert Group exceeds 90% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings).

Scenario 1: Based on the Maximum Subscription Scenario¹ and on the assumption that all of the Shareholders and the Concert Group do not exercise any of its 2021 Warrants after the completion of the Proposed Rights cum Warrants Issue

Based on the Existing Share Capital	Maximum Subscription Scenario ⁽²⁾
Total number of Shares in issue as at the Record Date	347,390,518
Total number of Rights Shares Issued	3,473,905,180
Total number of Shares in issue following the completion of the Proposed Rights cum Warrants Issue	3,821,295,698
Total number of Shares held by the Concert Group following the completion of the Proposed Rights cum Warrants Issue	1,770,461,781
Total number of Shares in issue following the completion of the Proposed Rights cum Warrants Issue and exercise of 2021 Warrants	3,821,295,698
Percentage of Shares in issue following the completion of the Proposed Rights cum Warrants Issue held by the Concert Group	46.33% ⁽¹⁾

Notes:

- (1) The shareholding percentage of the Concert Group is calculated based on the enlarged share capital of 3,821,295,698 ordinary shares of the Company in the Maximum Subscription Scenario after the completion of the Proposed Rights cum Warrants Issue, assuming all of the Shareholders including the Concert Group do not exercise any of the 2021 Warrants after the completion of the Proposed Rights cum Warrants Issue.
- (2) ZQL will only subscribe for her remaining entitlement to 117,930,795 Rights Shares with 2021 Warrants representing 3.93% of Rights Shares with 2021 Warrants.

¹ Assuming:

- (a) Each of (i) the Undertaking Shareholders; and (ii) ZQL, who are interested in an aggregate of 88,246,618 2018 Warrants, do not exercise any 2018 Warrants into new Shares on or prior to the Record Date;
- (b) all of the remaining 2018 Warrants are exercised into new Shares on or prior to the Record Date;
- (c) ZQL, the Company's controlling shareholder who holds 89,923,456 Shares, representing approximately 29.99% of the total issued and paid up share capital of the Company as at the date of this letter will renounce 781,303,765 Rights Shares with 2021 Warrants in favour of Mission Well pursuant to the New ZQL Undertaking;
- (d) Mission Well will subscribe for the 781,303,765 Rights Shares with 2021 Warrants which will be renounced by ZQL to Mission Well pursuant to the New ZQL Undertaking; and
- (e) the Undertaking Shareholders will subscribe for their pro rata entitlements of an aggregate of approximately 1,680,538,325 Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings,
- (the "Maximum Issue Size")

and all the Entitled Shareholders (including the Undertaking Shareholders) subscribe for their pro rata entitlements of the Rights Shares with 2021 Warrants, the Company will issue up to 3,473,905,180 Rights Shares and up to 3,473,905,180 2021 Warrants (the "Maximum Subscription Scenario") and the resultant enlarged issued and paid-up share capital of the Company in the Maximum Subscription Scenario after the completion of the Proposed Rights cum Warrants Issue will be (i) 3,821,295,698 Shares (excluding nil treasury shares and nil subsidiary holdings) before the exercise of any 2021 Warrants; and (ii) 7,295,200,878 Shares (excluding nil treasury shares and nil subsidiary holdings) after the exercise of all the 2021 Warrants.

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Based on Scenario 1, the shareholding interest of the Concert Group will increase from 29.99% to 46.33% of the total enlarged share capital of the Company following the completion of the Proposed Rights cum Warrants Issue.

Scenario 2: Based on the Maximum Subscription Scenario² and on the assumption that all of the Shareholders (excluding the Concert Group) exercise all of its 2021 Warrants after the completion of the Proposed Rights cum Warrants Issue

Based on the Existing Share Capital	Maximum Subscription Scenario ⁽²⁾
Total number of Shares in issue as at the Rights Record Date	347,390,518
Total number of Rights Shares Issued	3,473,905,180
Total number of Shares in issue following the completion of the Proposed Rights cum Warrants Issue	3,821,295,698
Total number of Shares held by the Concert Group following the completion of the Proposed Rights cum Warrants Issue	1,770,461,781
Total number of 2021 Warrants exercised (excluding the Concert Group)	1,793,366,855
Total number of Shares in issue following the completion of the Proposed Rights cum Warrants Issue and exercise of 2021 Warrants	5,614,662,553
Percentage of Shares in issue following the completion of the Proposed Rights cum Warrants Issue held by the Concert Group	31.53% ⁽¹⁾

Notes:

- (1) The shareholding percentage of the Concert Group is calculated based on the enlarged share capital of 5,614,662,553 ordinary shares of the Company in the Maximum Subscription Scenario after the completion of the Proposed Rights cum Warrants Issue, assuming all of the Shareholders (excluding the Concert Group) exercise all of its 2021 Warrants after the completion of the Proposed Rights cum Warrants Issue.
- (2) ZQL will only subscribe for her remaining entitlement to 117,930,795 Rights Shares with 2021 Warrants representing 3.93% of Rights Shares with 2021 Warrants.

²Same as under footnote (1).

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Based on Scenario 2, the shareholding interest of the Concert Group will increase from 29.99% to 31.53% of the total enlarged share capital of the Company following the completion of the Proposed Rights cum Warrants Issue.

Scenario 3: Based on the Minimum Subscription Scenario³ and on the assumption that only the Concert Group exercise all of its 2018 and 2021 Warrants after the completion of the Proposed Rights cum Warrants Issue

Based on the Existing Share Capital	Minimum Subscription Scenario ⁽²⁾
Total number of Shares in issue as at the Rights Record Date	299,843,943
Total number of Rights Shares Issued	1,680,538,325
Total number of Shares in issue following the completion of the Proposed Rights cum Warrants Issue	1,980,382,268
Total number of Shares held by the Concert Group following the completion of the Proposed Rights cum Warrants Issue	1,770,461,781
Additional number of Shares held by the Concert Group if the Concert Group exercises all of its 2018 and 2021 Warrants which it owns or controls after the completion of the Proposed Rights cum Warrants Issue	1,723,823,215
Total number of Shares in issue following the completion of the Proposed Rights cum Warrants Issue and exercise of 2018 and 2021 Warrants	3,704,205,483
Total number of Shares held by the Concert Group following the completion of the Proposed Rights cum Warrants Issue and exercise of its 2018 and 2021 Warrants	3,494,284,996
Percentage of Shares in issue following the completion of the Proposed Rights cum Warrants Issue held by the Concert Group	94.33% ⁽¹⁾

³ Assuming:

- (a) none of the 2018 Warrants are exercised on or prior to the Record Date;
- (b) Mission Well will subscribe for the 781,303,765 Rights Shares with 2021 Warrants which will be renounced by ZQL to Mission Well pursuant to the New ZQL Undertaking; and
- (c) the Undertaking Shareholders will subscribe for their pro rata entitlements of an aggregate of approximately 899,234,560 Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings,

the Company will issue up to 1,680,538,325 Rights Shares and up to 1,680,538,325 2021 Warrants (the “**Minimum Subscription Scenario**”) and the resultant enlarged issued and paid-up share capital of the Company in the Minimum Subscription Scenario after the completion of the Proposed Rights cum Warrants Issue will be (i) 1,980,382,268 Shares (excluding nil treasury shares and nil subsidiary holdings) before the exercise of any 2018 Warrants and/or 2021 Warrants; and (ii) 3,494,284,996 Shares (excluding nil treasury shares and nil subsidiary holdings) after the exercise of all the 2018 Warrants and 2021 Warrants.

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Based on the Existing Share Capital

Minimum Subscription Scenario⁽²⁾

Based on the Concert Group's New Irrevocable Undertakings that the Concert Group shall not exercise any of the 2018 Warrants and 2021 Warrants to the extent that the Concert Group's shareholding interest in the Company exceeds 90% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings)

Additional number of Shares can exercised by the Concert Group if the Concert Group exercises any 2018 and 2021 Warrants to the extent that the Concert Group's shareholding interest in the Company exceeds 90% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings)

118,822,602

Total number of Shares held by the Concert Group following the completion of the Proposed Rights cum Warrants Issue and exercise of its 2018 and 2021 Warrant

1,889,284,383

Total number of Shares in issue following the completion of the Proposed Rights cum Warrants Issue and exercise of 2018 and 2021 Warrant

2,099,204,870

Percentage of Shares in issue following the completion of the Proposed Rights cum Warrants Issue held by the Concert Group

90.0%

Notes:

- (1) The shareholding percentage of the Concert Group is calculated based on the enlarged share capital of 3,704,205,483 ordinary shares of the Company in the Minimum Subscription Scenario after the completion of the Proposed Rights cum Warrants Issue, assuming that only the Concert Group exercise all of its 2018 and 2021 Warrants after the completion of the Proposed Rights cum Warrants Issue.
- (2) Under the Minimum Subscription Scenario, all of the Shareholders (except for the Concert Group) will not subscribe for their pro rata entitlements of 1,317,901,105 Rights Shares with 2021 Warrants.

Based on Scenario 3, the shareholding interest of the Concert Group will increase from 29.99% to 90.0% of the total enlarged share capital of the Company following the completion of the Proposed Rights cum Warrants Issue (based on the Concert Group's New Irrevocable Undertakings that the Concert Group shall not exercise any of the 2018 Warrants and 2021 Warrants to the extent that the Concert Group's shareholding interest in the Company exceeds 90% of the issued share capital of the Company (excluding treasury shares and subsidiary holdings)).

Accordingly, an application was made the SIC to seek a New Whitewash Waiver in respect of the Concert Group's obligations to make a mandatory general offer under Rule 14 of the Code for the Shares not held by the Concert Group and/or parties acting in concert with the Concert Group arising out of or in connection with:

- (a) the Concert Group's subscription of up to 1,680,538,325 Rights Shares with 2021 Warrants which would result in the shareholding interests of the Concert Group exceeding 30% of the voting rights of the Company (i.e. which could occur under any of the 3 scenarios presented); and/or

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- (b) the exercise by the Concert Group of up to 1,723,823,215 2018 Warrants and/or 2021 Warrants which it owns or controls, in the event that the shareholding interest of the Concert Group is 50% or less after the completion of the Proposed Rights cum Warrants Issue (for example, under the Maximum Subscription Scenario).

The New Whitewash Waiver sought, subject to the approval of the SIC, would be subject to a majority of the Independent Shareholders approving the Proposed New Whitewash Resolution.

On 11 August 2020, the SIC granted the New Whitewash Waiver subject to the satisfaction of the SIC Conditions set out in **Section 3.5** of this Circular.

3.4 Potential Dilution

The collective shareholding interests of the Shareholders (other than the Concert Group) may be diluted as a result of the Proposed Rights cum Warrants Issue. Details of the potential dilutive effect of the collective shareholding interests of Shareholders (other than the Concert Group) assuming the Minimum Subscription Scenario, the Maximum Subscription Scenario and/or the Free Float Undertaking, as the case may be, are set out below.

- A. After the Proposed Rights cum Warrants Issue but before the exercise of the 2021 Warrants and taking into consideration the Free Float Undertaking

	Assuming the Minimum Subscription Scenario		Assuming the Maximum Subscription Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Group	1,770,461,781	89.4%	1,770,461,781	46.33%
Other Shareholders	209,920,487	10.6%	2,050,833,917	53.67%
Total	1,980,382,268	100%	3,821,295,698	100%

- B. After the Proposed Rights cum Warrants Issue and exercise of all the 2021 Warrants by the Concert Group only and taking into consideration the Free Float Undertaking

	Assuming the Minimum Subscription Scenario		Assuming the Maximum Subscription Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Group	1,889,284,383	90.0%	3,451,000,106	47.31%
Other Shareholders	209,920,487	10.0%	3,844,200,772	52.69%
Total	2,099,204,870	100%	7,295,200,878	100%

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- C. After the Proposed Rights cum Warrants Issue but before the exercise of the 2021 Warrants and in the absence of the Free Float Undertaking

	Assuming the Minimum Subscription Scenario		Assuming the Maximum Subscription Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Group	1,770,461,781	89.4%	1,770,461,781	46.33%
Other Shareholders	209,920,487	10.6%	2,050,833,917	53.67%
Total	1,980,382,268	100%	3,821,295,698	100%

- D. After the Proposed Rights cum Warrants Issue and exercise of all the 2021 Warrants by the Concert Group only and in the absence of the Free Float Undertaking

	Assuming the Minimum Subscription Scenario		Assuming the Maximum Subscription Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Group	3,451,000,106	94.27%	3,451,000,106	47.31%
Other Shareholders	209,920,487	5.73%	3,844,200,772	52.69%
Total	3,660,920,593	100%	7,295,200,878	100%

3.5 New Whitewash Waiver

On 11 August 2020, the SIC waived the obligation of the Concert Group to make a mandatory general offer under Rule 14 of the Code arising from:

- (a) the Concert Group's subscription for the Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings; and
- (b) the New Shares to be issued to the Concert Group upon exercise of the 2021 Warrants.

(hereinafter known as the **"SIC's New Waiver"**)

On 2 September 2020, the Company wrote to the SIC to seek clarification on whether the Concert Group may rely on the New Whitewash Waiver notwithstanding that the Proposed Rights cum Warrants Issue is subject to the Mission Well Offsetting Arrangement and the Go Best Offsetting Arrangement.

On 7 September 2020, the SIC responded that the Concert Group may rely on the New Whitewash Waiver notwithstanding the Mission Well Offsetting Arrangement and the Go Best Offsetting Arrangement. However, in the announcement of the Mission Well Loan, Go Best Loan and with respect to paragraph 3(f)(i) of the SIC's letter dated 11 August 2020, the Company should set out clearly in its Circular to its shareholders, details of the Mission Well Loan, Go Best Loan, Mission Well Offsetting Arrangement and Go Best Offsetting Arrangement.

The SIC's New Waiver is subject to the following conditions (the **"SIC Conditions"**):

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Proposed Rights cum Warrants Issue, a resolution (i.e. the Proposed New Whitewash Resolution) by way of a poll to waive their rights to receive a general offer from the Concert Group;

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- (b) the Proposed New Whitewash Resolution is separate from other resolutions;
- (c) the Concert Group as well as parties not independent of them abstain from voting on the Proposed New Whitewash Resolution. For the avoidance of doubt, ZQL should abstain from voting on the Proposed New Whitewash Resolution;
- (d) the Concert Group did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares in the Company which have been disclosed in this Circular):
 - (i) during the period between the first announcement of the Proposed Rights cum Warrants Issue and the date shareholders' approval is obtained for the Proposed New Whitewash Resolution; and
 - (ii) in the 6 months prior to the first announcement of the Proposed Rights cum Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to the Proposed Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed New Whitewash Resolution;
- (f) the Company sets out clearly in its Circular to its Shareholders:
 - (i) details of the Proposed Rights cum Warrants Issue and the New Irrevocable Undertakings given by the Concert Group;
 - (ii) the dilution effect to existing holders of voting rights upon (A) the subscription of the Rights Shares and (B) the exercise of the 2021 Warrants by the Concert Group;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by the Concert Group as at the Latest Practicable Date, including the 2018 Warrants;
 - (iv) the number and percentage of voting rights to be acquired by the Concert Group as a result of its (A) subscription of the Rights Shares and (B) exercise of the 2021 Warrants;
 - (v) specific and prominent reference to the fact that the subscription of the Rights Shares and the exercise of the 2021 Warrants could result in the Concert Group holding Shares carrying over 49% of the voting rights of the Company and to the fact that the Concert Group will be free to acquire further Shares without incurring any obligation under Rule 14 to make a general offer;
 - (vi) specific and prominent reference to the possibility that Shareholders, by voting for the Proposed New Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the 2021 Warrants; and
 - (vii) specific and prominent reference to the fact that Shareholders, by voting for the Proposed New Whitewash Resolution, are waiving their rights to a general offer from the Concert Group at the highest price paid by the Concert Group for the Company's Shares in the past 6 months preceding the commencement of the offer;

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- (g) the circular by the Company to its Shareholders states that the waiver granted by the SIC to the Concert Group from the requirement to make a general offer under Rule 14 is subject to the conditions stated at (a) to (f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of this Circular that refer to the Proposed New Whitewash Resolution;
- (i) to rely on the Proposed New Whitewash Resolution, the approval of the Proposed New Whitewash Resolution must be obtained within 3 months from 11 August 2020, the subscription of the Rights Shares with 2021 Warrants by the Concert Group must be completed within 3 months of the date of the approval of the Proposed New Whitewash Resolution and the acquisition of the Shares upon exercise of the 2021 Warrants must be completed within 5 years of the issue of the 2021 Warrants; and
- (j) the Concert Group will comply or procure the relevant person(s) to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Code.

As at the Latest Practicable Date, save for the SIC Conditions set out in **Section 3.5(a)**, the applicable parts of **Section 3.5(i)** and **Section 3.5(j)**, all the other SIC Conditions set out above have been satisfied.

Shareholders should also note that if the Concert Group exercises any warrants (including the 2018 Warrants) after the date of the approval of the Proposed New Whitewash Resolution (the "**Relevant Warrant Exercises**"), the waiver will only apply to the exercise of the 2021 Warrants for, such number of voting rights as, when added to those arising from the Relevant Warrant Exercises, does not exceed the number originally approved by Independent Shareholders in the Proposed New Whitewash Resolution.

3.6 Proposed New Whitewash Resolution

Independent Shareholders are requested to vote on the Proposed New Whitewash Resolution by the way of poll. By voting for the Proposed New Whitewash Resolution (Ordinary Resolution 2) set out in the Notice of EGM, Independent Shareholders are waiving their rights to receive a mandatory general offer from the Concert Group for the remaining Shares not already owned or controlled by the Concert Group at the highest price paid by the Concert Group and its concert parties for the Company's Shares in the past six (6) months preceding the commencement of the offer.

3.7 Advice to Independent Shareholders

Independent Shareholders should note that:

- (a) by voting in favour of the Proposed New Whitewash Resolution (Ordinary Resolution 2), they will be waiving their rights to receive a general mandatory offer from the Concert Group at the highest price paid by the Concert Group and its concert parties for the Shares in the six (6) months preceding the commencement of the offer;
- (b) by voting in favour of the Proposed New Whitewash Resolution (Ordinary Resolution 2), they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the 2021 Warrants; and
- (c) that the acquisition of the 1,680,538,325 Rights Shares with 2021 Warrants and/or the exercise by the Concert Group of up to 1,680,538,325 2021 Warrants by the Concert Group might result in the Concert Group and their concert parties holding shares carrying over 49% of the voting rights of the Company based on its respective enlarged share capital and that the Concert Group and their concert parties would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer.

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3.8 Advice from the Independent Financial Adviser

W Capital Markets Pte. Ltd. has been appointed as the independent financial adviser to the Recommending Directors in respect of the Proposed New Whitewash Resolution.

The IFA Letter, setting out its advice in full, is reproduced in **Appendix I** of this Circular.

The following is an extract from Section 7 of the IFA Letter to the Recommending Directors and should be read by Shareholders in conjunction with, and in the full context of, the full text of the IFA Letter. All terms and expressions used in the extract below shall have the same meanings as those defined in the IFA Letter, unless otherwise stated.

“In arriving at our opinion in respect of the Proposed New Whitewash Resolution, we have taken into account, inter alia, the following key factors summarized below as well as elaborated elsewhere in this IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this IFA Letter:

- (a) *The rationale of the Proposed Rights cum Warrants Issue, details of which are set out in Section 6.1 of this IFA Letter;*
- (b) *The Proposed Rights cum Warrants Issue being offered to all entitled Shareholders on a pro rata basis and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum 2021 Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with 2021 Warrants;*
- (c) *With regards to the Share price performance and trading liquidity of the Company:-*
 - *the Issue Price represents a discount of approximately 64.1%, 64.1%, 64.6%, and 65.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the release of the Update Announcement respectively;*
 - *The Issue Price represents a discount of approximately 61.6% to the VWAP of the Shares of S\$0.0146 on 23 September 2020, immediately prior to the release of the Update Announcement;*
 - *The Issue Price represents a discount of approximately 53.7% to the VWAP of the Shares for the period from the Update Announcement Date to the Latest Practicable Date;*
 - *The Issue Price represents a discount of approximately 53.3% to the VWAP of the Shares on the Latest Practicable Date;*
 - *Trading liquidity of the Shares over all the reference periods up to the Update Announcement Date has been relatively low with an average daily trading volume of the Shares representing between 1.15% and 8.70% of the free float of the Company;*
 - *The average daily trading volume of the Shares for the period after the Update Announcement Date up to the Latest Practicable Date represent 0.77% of the free float of the Company; and*
 - *The daily trading volume of the Shares on the Latest Practicable Date represents 0.13% of the free float of the Company.*

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(d) *In comparison to the Comparable Transactions: -*

- *The discount of the Issue Price to the last transacted price of the Shares prior to the Rights Announcement of S\$0.015 on 23 September 2020 of approximately 62.7% is within the range, but higher than the mean and median discount of the Comparable Transactions; and*
- *The discount of the Issue Price to the theoretical ex-rights price of the Shares (computed based on the last transacted price of the Shares prior to the Rights Announcement of S\$0.015 on 23 September 2020 of approximately 13.2% is within the range, but lower than the mean and median discount of the Comparable Transactions.*

(e) *The valuation of the Warrants as detailed in Section 6.3.3 of this IFA Letter;*

(f) *The financial effects of the Proposed Rights cum Warrants Issue on the Group, details of which are set out in Section 6.4 of this IFA Letter;*

(g) *The dilution impact of the Proposed Rights cum Warrants Issue, details of which are set out in Section 6.5 of this IFA Letter; and*

(h) *Other relevant considerations, details of which are set out in Section 6.6 of this IFA Letter.*

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Rights cum Warrants Issue which is the subject of the Proposed New Whitewash Resolution is fair and reasonable and that the Proposed New Whitewash Resolution when considered in the context of the Proposed Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Proposed New Whitewash Resolution."

Shareholders are advised to read and consider the IFA Letter in its entirety as reproduced in **Appendix I** of this Circular and consider carefully the recommendations of the Recommending Directors set out in **Section 9.2** of this Circular.

4. ADJUSTMENTS TO CONVERTIBLE SECURITIES

Adjustments to the 2018 Warrants

On 6 September 2017, at an extraordinary general meeting of the Company, the Shareholders approved a renounceable non-underwritten rights cum warrants issue of up to 1,130,302,870 rights Shares at the issue price of S\$0.005 for each rights Share and up to 565,151,435 free detachable 2018 Warrants, each 2018 Warrant carrying the right to subscribe for one (1) new Share at an exercise price of S\$0.005 on the basis of ten (10) rights Shares for every one (1) consolidated Share held by entitled Shareholders as at 13 February 2018 (being the Record Date in respect of the 2018 Rights cum Warrants Issue), and one (1) 2018 Warrant for every two (2) rights Shares subscribed, fractional entitlements to be disregarded, which was completed on 12 March 2018.

(a) As at the Latest Practicable Date, there are 135,793,193 issued outstanding 2018 Warrants, which are exercisable into 135,793,193 new Shares with the following terms:

No. of new Shares which will be issued on exercise of the outstanding 2018 Warrants	Exercise price	Exercise period
135,793,193	S\$0.02	12 March 2018 to 12 March 2021

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- (b) Pursuant to the deed poll dated 7 February 2018 (“**2018 Warrants Deed Poll**”) constituting the 2018 Warrants, the exercise price and the number of outstanding 2018 Warrants held by the 2018 Warrantholders shall be adjusted pursuant to the following formula:

As a result of the Proposed Rights cum Warrants Issue:

$$\begin{aligned} \text{New exercise price of 2018 Warrants} &= \frac{E - F}{E} \times X \\ \text{Adjusted number of 2018 Warrants} &= \frac{E}{E - F} \times W \end{aligned}$$

where:

E is the Current Market Price (as defined the 2018 Warrants Deed Poll) on the Market Day immediately preceding the date on which the Proposed Rights cum Warrants Issue is announced on the SGX-ST.

W is the existing number of outstanding 2018 Warrants.

X is the existing exercise price of the 2018 Warrants.

F is the value of rights attributable to one (1) Share which shall be calculated in accordance with the following formula:

$$\frac{E - G}{H + 1}$$

where:-

G = the subscription price for one (1) additional share under the offer or invitation to acquire or subscribe for shares by way of rights;

H = the number of shares which it is necessary to hold in order to be offered or invited to acquire or subscribe for one (1) additional share by way of rights; and

1 = one

Such adjustment will be effect (if appropriate, retroactively) from the commencement of the date next following the closing date for such offer or invitation.

Based on the above formulae, the computations arrived at by the Company resulted the following adjustments:

New exercise price of the 2018 Warrants = S\$0.0145 (rounded down to the nearest one cent)

Adjusted number of outstanding 2018 Warrants = 186,715,640 (“Adjusted 2018 Warrants Post-Rights cum Warrants Issue”)

The auditors of the Company have also confirmed and certified that the adjustments to the outstanding 2018 Warrants is in accordance with the formulae stated in Condition 5(B) of the Terms and Conditions of the 2018 Warrants.

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- (c) The adjustments to the outstanding 2018 Warrants are in accordance with the provisions of the 2018 Warrants Deed Poll and will take effect (if appropriate, retroactively) from the commencement of the Market Day next following the record date for the Proposed Rights cum Warrants Issue. The Company will in due course make timely announcement of (i) the effective date of such adjustments; (ii) the allotment of the adjusted number of 2018 Warrants; and (iii) the financial effects of such adjustments.
- (d) As announced on 8 November 2019, the Company had, on 8 November 2019, received the listing and quotation notice from the SGX-ST for the listing and quotation for, among other things, an adjustment as set out in the terms and conditions of the 2018 Warrants Deed Poll in relation to the 2018 Rights cum Warrants Issue which was completed on 12 March 2018 with each 2018 Warrant carrying the right to subscribe for one (1) new ordinary share at an exercise price of S\$0.015 for each new ordinary share in the capital of the Company after completion of the Proposed Rights cum Warrants Issue. The details of which are extracted below:

“Listing & Quotation Notice (The “Notice”)

In Respect of the Listing & Quotation of the Following:

...

- (7) *Up to 186,715,656 Adjusted 2018 Warrants Post-Rights cum Warrants;*
(8) *Up to 186,715,656 Adjusted 2018 Warrants Post-Rights cum Warrants Shares;*

Pursuant to an adjustment as set out in the terms and conditions of the 7 February 2018 Deed Poll in relation to a prior issuance of renounceable non-underwritten rights cum warrants which was completed on 12 March 2018 (“Adjusted 2018 Post-Rights cum Warrants”) with each warrant carrying the rights to subscribe for one (1) new ordinary share at an exercise price of S\$0.015 for each new share post-rights cum warrants (the “Adjusted 2018 Warrants Post-Rights cum Warrants Shares”) (The “Adjustment to 2018 Warrants Post-Rights cum Warrants”)

...

3. Please note that this Notice is not an indication of the merits of the ... Adjusted 2018 Warrants Post-Rights cum Warrants Shares, Adjusted 2018 Warrants Post Rights cum Warrants and Adjustment to 2018 Warrants Post-Rights cum Warrants, the Company, its subsidiaries and their securities.”

5. ADDITIONAL INFORMATION

5.1 Material Litigation

The Directors are not aware of any legal or arbitration proceedings pending or threatened against the Company or any of its Subsidiaries during the twelve (12) months preceding the date of this Circular which might have or have had a significant effect on the financial position of the Group or of any facts likely to give rise to any such litigation or arbitration claim.

5.2 Material Contracts

The Group has not entered into any material contracts outside the ordinary course of business for the period of two (2) years prior to the Latest Practicable Date.

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6. CASH RAISED BY THE COMPANY FROM THE ISSUE OF SECURITIES IN THE PAST 24 MONTHS

The Company did not raise any cash from the issue of securities in the past 24 months prior to the Latest Practicable Date.

Notwithstanding the disclosure above, the Company would like to highlight that on 25 May 2017, the Company announced the 2018 Rights cum Warrants Issue. The proceeds from the 2018 Rights cum Warrants Issue were intended to be utilized to strengthen the financial position and cash position of the Group, to provide working capital for the Group and to fund the proposed diversification of the Group's business to include the financing and luxury goods business. Pursuant to the 2018 Rights cum Warrants Issue, the Company raised approximately S\$5.15 million in net proceeds. As announced on 27 February 2019, 100.0% of the proceeds from the 2018 Rights cum Warrants Issue had been disbursed.

The allocation and the utilisation of the net proceeds from the 2018 Rights cum Warrants Issue are in accordance with their intended use respectively. For further details on the use of the proceeds, please refer to the announcements made by the Company on the SGXNET dated 12 March 2018, 3 April 2018, 13 August 2018 and 27 February 2019 in respect of the use of proceeds from the 2018 Rights cum Warrants Issue.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS

The interests of the Directors and Substantial Shareholders in the Shares of the Company as at the Latest Practicable Date were as follows:

	Direct Interest		Deemed Interest		Total Interest	
	No. of Shares ⁽¹⁾	% ⁽¹⁾	No. of Shares ⁽¹⁾	% ⁽¹⁾	No. of Shares ⁽¹⁾	% ⁽¹⁾
Directors						
Christian Kwok-Leun Yau Heilesen ⁽²⁾	—	—	89,923,456	29.99	89,923,456	29.99
Leung Kwok Kuen Jacob	—	—	—	—	—	—
Zhou Jia Lin	—	—	—	—	—	—
Eunice Veon Koh Pei Lee	—	—	—	—	—	—
Leung Yu Tung Stanley	—	—	—	—	—	—
Substantial Shareholders (other than Directors)						
Zhou QiLin	89,923,456	29.99	—	—	89,923,456	29.99
Mission Well Limited ⁽²⁾	84,395,956	28.15	—	—	84,395,956	28.15

Notes:

(1) Based on the Existing Share Capital.

(2) Christian Kwok-Leun Yau Heilesen is deemed interested in the 84,395,956 Shares held by Mission Well Limited as he is the sole shareholder and director of Mission Well Limited. Furthermore, he is also deemed to be interested in 5,527,500 shares held by Go Best Holdings Limited, which ultimate holding company is the trustee of Christian Kwok-Leun Yau Heilesen Family Trust (which the beneficiaries are family members of Christian Kwok-Leun Yau Heilesen.)

As at the Latest Practicable Date, the Directors and Substantial Shareholders are interested in an aggregate of 43,284,890 2018 Warrants.

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8. ABSTENTION FROM VOTING

8.1 PROPOSED NEW WHITEWASH RESOLUTION

Pursuant to the Code and the SIC Conditions, the Concert Group and parties acting in concert with them and parties not independent of them shall abstain from voting on the resolution approving the Proposed New Whitewash Resolution. The Concert Group and parties acting in concert with them and parties not independent of them shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 2 unless Independent Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the Proposed New Whitewash Resolution.

Pursuant to the SIC Conditions, ZQL shall abstain from voting on the resolution approving the Proposed New Whitewash Resolution. ZQL shall also refrain from accepting nomination as proxy or otherwise vote at the EGM in respect of Ordinary Resolution 2 unless Independent Shareholders appointing them as proxies give specific instructions in the relevant proxy forms on the manner in which they wish their votes to be cast for the said resolution.

9. DIRECTORS' RECOMMENDATIONS

9.1 Ordinary Resolution 1: the Proposed Rights cum Warrants Issue

The Directors, having considered, *inter alia*, the rationale for the Proposed Rights cum Warrants Issue, as set out in **Section 2.8** of this Circular, are of the opinion that the Proposed Rights cum Warrants Issue is in the interest of the Company and accordingly recommend that Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

9.2 Ordinary Resolution 2: the Proposed New Whitewash Resolution

The Recommending Directors, having considered, *inter alia*, the terms and rationale for the Proposed New Whitewash Resolution as set out in **Section 3** of this Circular and the advice of the IFA as set out in the IFA Letter for the Proposed New Whitewash Resolution in **Appendix I** of this Circular, are of the opinion that the Proposed New Whitewash Resolution is in the interests of the Company and is not prejudicial to the interests of the Independent Shareholders. Accordingly, they recommend that the Shareholders vote in favour of the ordinary resolution relating thereto to be proposed at the EGM.

10. EXTRAORDINARY GENERAL MEETING

An EGM will be held by way of electronic means on the date and at the time as set out in the Notice of EGM for the purpose of considering, and, if thought fit, passing, with or without any modifications, the Proposed Resolutions set out in the Notice of EGM on **page N-1** of this Circular.

11. OFFER INFORMATION STATEMENT

An Offer Information Statement will be despatched by the Company to Entitled Shareholders subject to, *inter alia*, the approval of Shareholders of the Proposed Rights cum Warrants Issue and the approval of the Independent Shareholders of the Proposed New Whitewash Resolution being obtained at the EGM. Acceptances and applications under the Proposed Rights cum Warrants Issue can only be made on the following (all of which will form part of the Offer Information Statement):

- (a) the PAL, in the case of Entitled Scripholders;
- (b) the ARE or through the ATMs of the Participating Banks, in the case of Entitled Depositors; and
- (c) the ARS or through the ATMs of the Participating Banks, in the case of persons purchasing provisional allotments of Rights Shares with 2021 Warrants through the book-entry (scripless) settlement system whose registered addresses with CDP are in Singapore.

LETTER TO SHAREHOLDERS

12. ACTION TO BE TAKEN BY SHAREHOLDERS

12.1 Date, Time and Conduct of EGM

Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on 9 November 2020 at 12:00pm for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the Proposed Rights cum Warrants Issue, and the Proposed New Whitewash Resolution.

12.2 Notice of EGM, Circular and Proxy Form

Printed copies of the Notice of EGM, this Circular and the Proxy Form will not be sent to Shareholders. Instead, the Notice of EGM, this Circular and the Proxy Form may be accessed at the Company's website at the URL www.incredible.sg by clicking on the hyperlinks titled "Notice of EGM", "Circular" and "EGM Proxy Form" respectively. The Notice of EGM, this Circular and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

12.3 Attendance at the EGM

Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, **the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person.**

12.4 Participation at the EGM

Alternative arrangements have been made by the Company to allow Shareholders to participate at the EGM via electronic means. Such alternative arrangements include:

- (a) arrangements by which Shareholders may electronically access the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream;
- (b) arrangements by which Shareholders may submit comments, queries and/or questions to the chairman of the EGM (the "**Chairman of the Meeting**") in advance of the EGM;
- (c) arrangements by which the Board and the management may address substantial and relevant comments, queries and/or questions before the EGM; and
- (d) arrangements by which Shareholders may appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM.

Details of the steps for pre-registration for the live audio-visual webcast or live audio-only stream, submission of comments, queries and/or questions in advance of the EGM and submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM are set out in the **Appendix III** to this Circular.

LETTER TO SHAREHOLDERS

12.5 Key Dates and Times

Key Dates and Times	Actions to be taken by Shareholders
12:00pm on Friday, 30 October 2020	Deadline for Shareholders to submit comments, queries and/or questions in advance of the EGM.
12:00pm on Friday, 6 November 2020	Deadline for Shareholders to pre-register for the live audio-visual webcast or live audio-only stream.
12:00pm on Friday, 6 November 2020	Deadline for Shareholders to submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM.
12:00pm on Sunday, 8 November 2020	Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream and who have been verified by the Company's Share Registrar, KCK Corpserve Pte Ltd, will receive an email which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the "Confirmation Email"). Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 10:00am on Monday, 9 November 2020, should contact the Company at incredible-egm@kckcs.com.sg.
12:00pm on Monday, 9 November 2020	Shareholders may participate at the EGM via electronic means by: (a) accessing the URL in the Confirmation Email and entering the user ID and password to access the live audio-visual webcast; or (b) calling the toll-free telephone number to access the live audio-only stream.

12.6 Important Reminder

Due to the constantly evolving COVID-19 situation in Singapore, the Company may be required to change the arrangements for the EGM at short notice. For the latest updates on the arrangements for the EGM, Shareholders should check the Company's website at the URL www.incredible.sg. Such updates will also be made available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.

13. CONSENTS

W Capital Market Pte. Ltd., the Independent Financial Adviser to the Recommending Directors in respect of the Proposed New Whitewash Resolution has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its name, the IFA Letter and all references thereto in the form and context in which they appear in this Circular and to act in such capacity in relation to this Circular.

LETTER TO SHAREHOLDERS

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information given in this Circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in this Circular misleading. Where information in the Circular 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 the Circular in its proper form and context.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's registered office at 280 Woodlands Industrial Park E5 Harvest @ Woodlands #10-50 Singapore 757322 during normal business hours from the date of this Circular up to and including the time and date of the EGM:-

- (a) the annual reports of the Company containing the audited financial statements of the Company and the Group for FY2017, FY2018 and FY2019;
- (b) the Constitution;
- (c) the 2018 Warrants Deed Poll;
- (d) the IFA Letter;
- (e) the Mission Well Loan Agreement;
- (f) the Go Best Loan Agreement;
- (g) the letter of consent by the IFA; and
- (h) the New Irrevocable Undertakings referred to in **Section 2.9.1** of this Circular.

Yours faithfully
For and behalf of the Board of Directors of
Incredible Holdings Ltd.

Leung Kwok Kuen, Jacob
Independent Non-Executive Chairman, Independent Director

APPENDIX I – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED NEW WHITEWASH RESOLUTION



W CAPITAL MARKETS PTE. LTD.
Incorporated in the Republic of Singapore)
(Company Registration Number: 201813207E)
65 Chulia Street
#43-01 OCBC Centre
Singapore 049513

23 October 2020

The Recommending Directors of Incredible Holdings Ltd.

Mr Leung Kwok Kuen, Jacob	(Independent Non-Executive Chairman, Independent Director)
Ms Zhou Jia Lin	(Non-Executive Non-Independent Director)
Ms Eunice Veon Koh Pei Lee	(Independent Director)
Mr Leung Yu Tung Stanley	(Independent Director)

Dear Sir / Madam,

LETTER TO THE RECOMMENDING DIRECTORS IN RESPECT OF THE PROPOSED NEW WHITEWASH RESOLUTION

*Unless otherwise defined or the context otherwise requires, all terms defined in the circular dated 23 October 2020 ("**Circular**") issued by Incredible Holdings Ltd. shall have the same meanings herein.*

1. INTRODUCTION

On 15 April 2019, the Company announced that upon the completion of the Share Consolidation, the Company proposed to undertake the Proposed Rights cum Warrants Issue which is subject to, *inter alia*, the approval of the Shareholders, which would be sought at an extraordinary general meeting to be convened.

The Proposed Rights cum Warrants Issue will be undertaken by the Company on a non-underwritten basis.

- (a) the Share Consolidation resolution which was carried with 99.6% of votes in favour of the Share Consolidation resolution;
- (b) the Proposed Rights cum Warrants Issue resolution which was carried with 99.6% of votes in favour of the Proposed Rights cum Warrants Issue resolution; and
- (c) the proposed Whitewash Resolution for the waiver of the rights of the independent Shareholders of the Company to receive a mandatory general offer from the Concert Group for all the issued shares in the capital of the Company not already owned or controlled by the Concert Group, as a result of the Proposed Rights cum Warrants Issue. The Whitewash Resolution was carried with 99.38% of votes in favour of the Whitewash Resolution.

The Share Consolidation was completed on 2 December 2019. Following the completion of the Share Consolidation, the Company had an issued share capital of S\$38,852,217 divided into 299,843,943 Consolidated Shares and 135,793,193 2018 Warrants on 2 December 2019.

APPENDIX I – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER IN RESPECT OF THE PROPOSED NEW WHITEWASH RESOLUTION

The Company could not complete the Proposed Rights cum Warrants Issue immediately after the extraordinary general meeting on 21 November 2019 for the following reasons:

- (a) The Group's principal place of business is in Hong Kong Special Administrative Region of the People's Republic of China ("**Hong Kong**"). In December 2019, there was a sudden downturn in the economy in Hong Kong as a result of the prolonged political unrest and demonstrations since June 2019.
- (b) During the fourth quarter of the financial year ended 31 December 2019, the Group's subsidiaries in Hong Kong were making losses as a result of the prolonged political unrest and demonstrations for more than half a year in 2019. As a result, the revenue decreased by 20.94% to HK\$10,203,650 in the 4th quarter of the financial year ended 31 December 2019 compared to HK\$12,905,422 in the 3rd quarter for the financial period ended 30 September 2019.

The Company would like to complete the Proposed Rights cum Warrants Issue which was supported by a majority vote at the extraordinary general meeting on 21 November 2019 for the following reasons:

- (a) the Company managed to obtain sufficient funds for expenses that is required in order to complete the Proposed Rights cum Warrants Issue through advances from Mr Heilesen, only in late March 2020 and would like to complete the Proposed Rights cum Warrants Issue as soon as possible.
- (b) in light of the Covid-19 situation which began in January 2020, it will be progressively difficult to do fundraising this year. As such, the Company would like to complete its Proposed Rights cum Warrants Issue exercise as soon as possible.

The Company would like to re-table the Proposed Rights cum Warrants Issue for shareholders' approval at the EGM.

As at the Latest Practicable Date, Mr Heilesen (through Mission Well and Go Best) has an aggregate deemed interest in 89,923,456 Shares, representing an aggregate interest of approximately 29.99% of the Existing Share Capital of the Company. Mr Heilesen is (i) the sole shareholder and director of Mission Well; and (ii) a person deemed interested in the Shares that are held by Go Best, of which the ultimate holding company of Go Best is the trustee of Christian Kwok-Leun Yau Heilesen Family Trust (which the beneficiaries are family members of Mr Heilesen).

Mr Heilesen (through Mission Well and Go Best) also has an aggregate interest in 43,284,890 2018 Warrants.

To show support for the Proposed Rights cum Warrants Issue and to demonstrate their commitment to the Company, each of the Undertaking Shareholders, namely Mission Well, Go Best and Mr Heilesen (i.e. the Concert Group) has given New Irrevocable Undertakings on 16 April 2020, pursuant to which each of the Undertaking Shareholders has irrevocably undertaken to the Company that, *inter alia*, it will fully subscribe and/or procure applications and subscriptions for and pay for and/or procure the payment for the whole of its pro rata beneficial entitlement of an aggregate of up to 899,234,560 Rights Shares with 2021 Warrants (based on the Maximum Issue Size) and it will fully subscribe and/or procure subscription for up to 781,303,765 Rights Shares with 2021 Warrants which are to be renounced by ZQL in favour of Mission Well pursuant to the New ZQL Undertaking.

Under Rule 14 of the Code, except with the SIC's consent, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, such person is required to make a mandatory general offer for all the remaining shares in the Company which he does not already own or control.

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Accordingly, the issuance of Rights Shares with 2021 Warrants to the Undertaking Shareholders pursuant to the New Irrevocable Undertakings and/or the exercise by the Concert Group of the 2018 Warrants and/or 2021 Warrants which it owns or controls may result in an obligation of the Concert Group to make a mandatory general offer under Rule 14 of the Code.

On 23 August 2019, the SIC waived the obligation of the Concert Group to make a mandatory general offer under Rule 14 of the Code arising from (a) the Concert Group's subscription for the Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings; and (b) the New Shares to be issued to the Concert Group upon exercise of the 2021 Warrants (hereinafter known as the **"SIC's Waiver"**). The SIC's Waiver was subject to conditions as set out in Section 3.1 of the Circular, including *inter alia*, the approval of the whitewash resolution (the **"Whitewash Resolution"**) by the majority of the Independent Shareholders voting by way of poll at the EGM. At an extraordinary general meeting held on 21 November 2019, the Company obtained the approval of, *inter alia*, the Whitewash Resolution. According to the SIC's letter dated 23 August 2019, the Concert Group was required to, complete the subscription of the Rights Shares with 2021 Warrants within 3 months from 21 November 2019.

On 16 April 2020, an application was made to the SIC for (a) an extension of time for the Concert Group to rely on the Waiver granted on 23 August 2019 of the requirement to make a mandatory general offer under Rule 14 of the Code, in connection with the Proposed Rights cum Warrants Issue. In the alternative, (b) for the Concert Group to rely on a waiver of the requirement to make a mandatory general offer under Rule 14 of the Code in connection with the Proposed Rights cum Warrants Issue. On 11 August 2020, the SIC responded to indicate that, the SIC rules that the Concert Group cannot rely on the Waiver and the corresponding Whitewash Resolution, which has expired. The SIC granted the New Whitewash Waiver subject to the conditions set out in Section 3.5 of the Circular.

W Capital Markets Pte Ltd (**"W Capital"**) has been appointed by the Company as the IFA to advise the Recommending Directors in respect of the Proposed New Whitewash Resolution. This letter (**"IFA Letter"**) is addressed to the Recommending Directors and sets out, *inter alia*, our evaluation on the Proposed New Whitewash Resolution and our recommendation on the Proposed New Whitewash Resolution arising therefrom. This IFA Letter forms part of the Circular to Shareholders which provides, *inter alia*, the details of the Proposed New Whitewash Resolution and the recommendation of the Recommending Directors in relation to the Proposed New Whitewash Resolution.

2. TERMS OF REFERENCE

The purpose of this IFA Letter is to provide an independent opinion on whether the Proposed New Whitewash Resolution is prejudicial to the interests of the Independent Shareholders of the Company when considered in the context of the Proposed Rights cum Warrants Issue. We have prepared this IFA Letter for the use of the Recommending Directors in connection with their consideration of the Proposed New Whitewash Resolution.

We were neither a party to the negotiations entered into by the Company in relation to the Proposed Rights cum Warrants Issue, nor were we involved in the deliberations leading up to the decision on the part of the Directors to undertake the Proposed Rights cum Warrants Issue or to obtain the approval of the Independent Shareholders for the Proposed New Whitewash Resolution. We are also not addressing the relative merits of the Proposed Rights cum Warrants Issue as compared to any alternative transaction previously considered by the Company or that may otherwise become available to the Company in the future. Accordingly, we do not, by this IFA Letter, warrant the merits of the Proposed Rights cum Warrants Issue or the Proposed New Whitewash Resolution and our terms of reference do not require us to evaluate or comment on the legal, strategic, commercial and financial merits and/or risks (if any) of the Proposed Rights cum Warrants Issue or the Proposed New Whitewash Resolution.

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In the course of our evaluation, we have held discussions with the management of the Company (“**Management**”) and their professional advisers and have examined and relied to a considerable extent on publicly available information collated by us as well as information provided and representations made to us, both written and verbal, by the Directors, the Management and/or their professional advisers, including information contained in the Circular. We have not independently verified such information or representations, whether written or verbal, and accordingly cannot and do not make any representation or warranty, expressed or implied, in respect of, and do not accept any responsibility for the accuracy, completeness or adequacy of such information or representations. We have nevertheless made such reasonable enquiries and exercised our judgement as we deemed necessary or appropriate in assessing such information, and are not aware of any reason to doubt the accuracy or reliability of the information. We have also relied upon the assurance of the Directors that, after making all reasonable enquiries, to the best of their respective knowledge and belief, the Circular constitutes full and true disclosure of all material facts about the Proposed Resolutions, the Company and its subsidiaries, and the Directors are not aware of any facts the omission of which would make any statement in the Circular misleading.

For the purposes of assessing the terms of the Proposed Rights cum Warrants Issue and reaching our conclusions thereon, we have not relied upon any financial projections or forecasts in respect of the Company and/or the Group. We will not be required to express, and we do not express, any view on the growth prospects and earnings potential of the Company and/or the Group in connection with our opinion in this IFA Letter. In addition, we are not expressing any view herein as to the prices at which the Shares may trade or the future value, financial performance or condition of the Company and/or the Group, upon or after the completion of the Proposed Rights cum Warrants Issue or if the Proposed Rights cum Warrants Issue is not effected.

We have not made any independent evaluation or appraisal of the assets or liabilities of the Company and/or the Group and we have not been furnished with any such evaluation or appraisal. As such, we have relied on the disclosures and representations made by the Company on the values of the assets and liabilities and profitability of the Group and no representation or warranty, expressed or implied, is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information.

The information on which we relied was based upon market, economic, industry, monetary and other conditions prevailing as at 19 October 2020, being the latest practicable date prior to the printing of the Circular (the “**Latest Practicable Date**” or “**LPD**”), which may change significantly over a relatively short period of time. We assume no responsibility to update, revise or affirm our opinion in light of any subsequent development after the Latest Practicable Date that may affect our opinion contained herein. Independent Shareholders should further take note of any announcements relevant to their consideration of the Proposed Rights cum Warrants Issue and the Proposed New Whitewash Resolution which may be released by the Company after the Latest Practicable Date.

In rendering our opinion, we did not have regard to the specific investment objectives, financial situation, tax position, tax status, risk profiles or particular needs and constraints or circumstances of any individual Shareholder. As each Shareholder would have different investment objectives and profiles, we recommend that any individual Shareholder who may require specific advice in the context of his specific investment objectives or portfolio should consult his legal, financial, tax or other professional adviser.

The Company has been separately advised by its own professional advisers in the preparation of the Circular (other than this IFA Letter). Accordingly, we take no responsibility for and express no views, whether expressed or implied, on the contents of the Circular (other than this IFA Letter).

Our opinion in relation to the Proposed New Whitewash Resolution should be considered in the context of the entirety of this IFA Letter and the Circular.

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3. INFORMATION ON THE COMPANY AND THE GROUP

3.1 Overview

The Company was incorporated in Singapore on 12 October 1999 and is listed on the Catalyst Board of the SGX-ST. The Group has its core business focusing on distribution of equipment and consumable materials for the electronics industry and switchgear design & assembly services in Singapore and trading of luxury goods in Hong Kong.

As at the Latest Practicable Date, the Company has (a) an existing issued and paid-up share capital comprising 299,843,943 Shares (excluding nil treasury shares and nil subsidiary holdings) and (b) 135,793,193 2018 Warrants, each 2018 Warrant carrying the right to subscribe for (1) new Share, pursuant to the Company's renounceable non-underwritten 2018 Rights cum Warrants Issue which was announced on 25 May 2017 and completed on 12 March 2018. Save for the 135,793,193 outstanding 2018 Warrants, the Company does not have any outstanding convertible securities.

3.2 Key financial information of the Group

A summary of the audited financial performance of the Group for the last three (3) financial years ended 31 December ("FY") 2017, 2018 and 2019 and half year ended 30 June 2019 ("HY2019") and 30 June 2020 ("HY2020") are set out below. The following summary financial information should be read in conjunction with the full text of the Company's annual report for FY2019 and the respective results announcements in respect of the relevant financial periods including the notes/commentaries thereto.

Financial performance of the Group

S\$'000	FY2017 Audited	FY2018 Audited (restated)	FY2019 Audited	HY2019 Unaudited	HY2020 Unaudited
Continuing Operations					
Revenue	3,246	10,989	8,780	3,698	2,465
Gross profit	633	588	541	261	199
Loss before income tax	(2,119)	(1,530)	(2,350)	(991)	(1,018)
Loss for the year/period from continuing operations	(2,119)	(1,530)	(2,350)	(991)	(1,018)
Discontinued Operations					
Loss for the year/period from discontinued operations	(460)	(404)	(29)	(9)	(1)
Total loss for the year/period	(2,579)	(1,934)	(2,379)	(1,000)	(1,019)
Other comprehensive income / (loss) for the year/period, net of tax	816	(99)	111	(11)	(5)
Total comprehensive loss for the year/period attributable to owners of the Company	(1,763)	(2,033)	(2,268)	(1,011)	(1,024)

Source: Company's annual report for FY2018 and FY2019 and Company's announcements.

Review of operating results

FY2017 vs FY2018

The Group recorded a revenue of approximately S\$11.05 million in FY2018, representing an increase of S\$7.8 million or 238.5% from approximately S\$3.25 million in FY2017. This was mainly due to the new business in trading of luxury goods in the Hong Kong subsidiary which started in March 2018. Revenue contributed from distribution of consumable material for electronic industry decreased by 13.7% from S\$3.21 million in FY2017 to S\$2.77 million in

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FY2018. Revenue from switchgear design and assembly also increased by approximately S\$32,000 from approximately S\$33,000 in FY2017 to S\$65,000 in FY2018.

The gross profit margin of the Group decreased significantly from 19.5% in FY2017 to 5.4% in FY2018.

Other operating income increased by S\$0.41 million, from approximately S\$50,000 in FY2017 to S\$0.46 million in FY2018, mainly due to exchange gain resulting from foreign currency translation.

The administrative expenses increased by S\$0.46 million or 24.7% from S\$1.86 million in FY2017 to S\$2.32 million in FY2018. This was mainly due to increase in (i) wages and salaries by S\$0.31 million; (ii) legal and professional fee by approximately S\$22,000; (iii) building management fee by approximately S\$15,000; (iv) printing expenses by approximately S\$14,000; and (v) listing and secretarial fee by approximately S\$17,000, amongst others.

The other operating expenses of approximately S\$7,000 was mainly due to exchange loss resulting from foreign currency translation.

As a result of the above, loss from continuing operations decreased by approximately S\$0.59 million or 27.8% from a loss of S\$2.12 million in FY2017 to a loss of S\$1.53 million in FY2018.

Loss from discontinued operations decreased by approximately S\$0.06 million from S\$0.46 million in FY2017 to S\$0.40 million in FY2018.

FY2018 vs FY2019

The Group recorded a revenue of approximately S\$8.8 million in FY2019, representing an decrease of S\$2.2 million or 20% from approximately S\$11.0 million in FY2018. This was mainly due to decrease in revenue from distribution of consumable material for electronic industry by 27.5% from S\$2.8 million in FY2018 to S\$2.0 million in FY2019, due to the trade tension between United States and China which resulted in the overall slowdown in electronics manufacturing industries. Revenue from trading of luxury goods also decreased by 17.6% from S\$8.2 million in FY2018 to S\$6.8 million in FY2019 mainly due to the political events in Hong Kong. Revenue from switchgear design and assembly decreased from S\$65,000 in FY2018 to S\$5,000 in FY2019 due to less demand in FY2019.

The gross profit margin of the Group increased slightly from 5.4% in FY2018 to 6.2% in FY2019.

Other operating income decreased from S\$0.46 million in FY2018 to approximately S\$6,000 in FY2019. This was mainly to exchange gain from foreign currency translation of S\$0.4 million and gain on disposal of investment of S\$49,000 in FY2018.

Selling and distribution expenses decreased by approximately S\$0.02 million or 8.5% from S\$0.25 million in FY2018 to S\$0.23 million in FY2019 due to less spending on transportation expenses in FY2019.

The other operating expenses increased by approximately S\$0.12 million from S\$7,000 in FY2018 to S\$124,000 in FY2019 due to exchange loss resulting from foreign currency translation.

The finance expense in FY2019 relate solely to interest expenses from hire purchase.

Share of loss of associate was S\$0.12 million in FY2019 due to the disposal of 51% of PT Louis Gianni in FY2018.

Loss from discontinued operations decreased by approximately S\$0.40 million from S\$0.40 million in FY2018 to S\$29,000 in FY2019.

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HY2019 vs HY2020

The Group recorded a revenue of approximately S\$2.5 million in HY2019, representing a decrease of S\$1.2 million or 32.4% from approximately S\$3.7 million in HY2018. This was mainly due to a decrease in the revenue in trading of luxury goods by S\$1.2 million and decrease in revenue in distribution business unit by \$0.1 million.

The gross profit margin of the Group increased from 7.1% in HY2019 to 8.1% in HY2020. The gross profit margin in the trading of luxury goods improved from 1.4% in HY2019 to 1.6% in HY2020 as the selling prices were slightly adjusted strategically. The gross profit margin in distribution business unit decreased from 22.7% in FY2019 to 19.9% in HY2020 as a result of an increase in cost of materials.

Other operating income increased from S\$6,000 in HY2019 to S\$0.11 million in HY2020 mainly due to the circuit breaker job support scheme from the Singapore and Hong Kong governments.

Selling and distribution expenses increased by 7.7% from S\$13,000 in HY2019 to S\$14,000 in HY2020 due to increase in transportation cost.

The administrative expenses increased by S\$0.04 million or 3.3% from S\$1.22 million in HY2019 to S\$1.26 million in HY2020 due to recruitment of additional staff.

There were no other operating expenses in HY2020 as compared to HY2019 which recorded an exchange loss.

In HY2020, the Group recorded a share of loss of associate, PT Louis Gianni, of S\$54,000 due to charge of professional fee and salaries/wages for staffs in HY2020

As a result of the above, loss from continuing operations increased by approximately S\$27,000 mainly due to increase in administrative expenses, share of loss of associate as well as the decline in gross profit in HY2020.

Loss from discontinued operations decreased from S\$9,000 in HY2019 to S\$1,000 in HY2020. The loss was mainly due to secretarial fee and bank charges.

Financial position of the Group

A summary of the unaudited financial position of the Group as at 30 June 2020 is set out as follows:

S\$'000	30 June 2020 Unaudited
Current assets	
Inventories	765
Trade receivables	643
Other receivables and prepayments	203
Due from associate	1,696
Cash and bank balances	652
Disposal group assets classified as held for sale	50
	4,009
Non-current assets	
Plant and equipment	103
	103
Total assets	4,112
Current liabilities	
Trade payables	111
Other payables and accruals	883
Lease obligations	65
Liabilities directly associated with disposal group classified as held for sale	115
	1,174

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Non-current liabilities	
Lease obligations	32
Total liabilities	1,206
Net assets	2,906
Equity attributable to owners of the Company	
Share capital	38,852
Translation reserve	(691)
Accumulated losses	(34,394)
Reserves attributable to disposal group classified as held for sale	(861)
Total equity	2,906
Number of shares	299,843,943
NAV attributable to Shareholders per Share (cents)	0.97

Source: Company's announcement.

Major assets and liabilities

As at 30 June 2020, the assets of the Group totalling approximately S\$4.11 million comprised mainly: (i) amount due from associates of S\$1.70 million; (ii) inventories of S\$0.77 million (iii) cash and bank balances of S\$0.65 million; (iv) trade receivables of S\$0.64 million, representing 41.4%, 18.7%, 15.8% and 15.6% of the Group's total assets respectively.

As at 30 June 2020, the liabilities of the Group totalling approximately S\$1.21 million comprised mainly: (i) other payables and accruals of S\$0.89 million; (ii) liabilities directly associated with disposal group classified as held for sale of S\$0.12 million and (iii) trade payables of S\$0.11 million, representing 73.6%, 9.9% and 9.1% of the Group's total liabilities respectively.

4. SALIENT TERMS OF THE PROPOSED RIGHTS CUM WARRANTS ISSUE

The detailed terms of the Proposed Rights cum Warrants Issue have been set out in Section 2 of the Circular. A summary of the salient terms is set out below for your reference:

4.1 Basis of the Proposed Rights cum Warrants Issue

The salient terms of the Proposed Rights cum Warrants Issue which is made on a renounceable and non-underwritten basis are as follows:

- (a) ten (10) Rights Shares for every one (1) existing ordinary Share held by Entitled Shareholders as at the Books Closure Date at the Issue Price of S\$0.0056 for each Rights Share, fractional entitlements to be disregarded; and
- (b) one (1) free detachable 2021 Warrants with every one (1) Rights Share subscribed for, with each Warrant carrying the right to subscribe for one new ordinary share at an exercise price of S\$0.012 for each New Share at any time during exercise period of three years from the date of issue of the 2021 Warrants.

Assuming that the share capital of the Company as at the Rights Book Closure Date is the Existing Share Capital, based on the Maximum Subscription Scenario, up to 3,473,905,180 Rights Shares and up to 3,473,905,180 2021 Warrants will be issued assuming full subscription under the Proposed Rights cum Warrants Issue.

4.2 The Issue Price

The Issue Price of S\$0.0056 for each Rights Share with 2021 Warrants represents a discount of approximately:

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- (a) 62.7% to the closing price of S\$0.015 per Share for trades done on the Catalist of the SGX-ST on 23 September 2020 (being the last traded price of the Shares on the Catalist of the SGX-ST immediately prior to the update announcement in relation to the Proposed Rights cum Warrants Issue (the “**Update Announcement**”) on 23 September 2020 (the “**Update Announcement Date**”)); and
- (b) 13.2% to the theoretical ex-rights price of S\$0.0065 per Share, based on the closing price of S\$0.015 per Share on the Update Announcement Date.

4.3 The New Irrevocable Undertakings

As at the Latest Practicable Date, Mr Heilesen (through Mission Well and Go Best) has an aggregate deemed interest in 89,923,456 Shares, representing an aggregate interest of approximately 29.99% of the Existing Share Capital. Mr Heilesen is (i) the sole shareholder and director of Mission Well; and (ii) a person deemed interested in the Shares that are held by Go Best, of which the ultimate holding company of Go Best is the trustee of Christian Kwok-Leun Yau Heilesen Family Trust (which the beneficiaries are family members of Mr Heilesen).

Mr Heilesen (through Mission Well and Go Best) also has an aggregate interest in 43,284,890 2018 Warrants.

As at the Latest Practicable Date, the respective shareholdings of the Undertaking Shareholders are as follows:

	Direct Interest		Deemed Interest		Total
	Number of Shares	% ⁽¹⁾	Number of Shares	% ⁽¹⁾	% ⁽¹⁾
Mission Well Limited ⁽²⁾	84,395,956	28.15	-	-	28.15
Go Best Holdings Limited ⁽²⁾	5,527,500	1.84	-	-	1.84
Christian Kwok-Leun Yau Heilesen ⁽²⁾	-	-	89,923,456	29.99	29.99

Notes:

- (1) Based on the Existing Share Capital.
- (2) Christian Kwok-Leun Yau Heilesen is deemed interested in the 84,395,956 Shares held by Mission Well Limited as he is the sole shareholder and director of Mission Well Limited. Furthermore, he is also deemed to be interested in 5,527,500 shares held by Go Best Holdings Limited, which the ultimate holding company is the trustee of Christian Kwok-Leun Yau Heilesen Family Trust (which the beneficiaries are family members of Christian Kwok-Leun Yau Heilesen).

To show support for the Proposed Rights cum Warrants Issue and to demonstrate their commitment to the Company, each of the Undertaking Shareholders, namely Mission Well, Go Best and Mr Heilesen (collectively referred to as the “**Concert Group**”) has given New Irrevocable Undertakings on 16 April 2020, pursuant to which each of the Undertaking Shareholders has irrevocably undertaken to the Company that, *inter alia*:

- (a) it will and/or will procure that the relevant Shareholder shall not, exercise any of the 2018 Warrants that it holds between the date of the New Irrevocable Undertakings until the Books Closure Date;
- (b) it will not sell, transfer or otherwise deal (as the case may be) with any of the Shares that they own or control as at the date of the New Irrevocable Undertakings, during the period between the date of the New Irrevocable Undertakings and the Books Closure Date;
- (c) it will fully subscribe and/or procure applications and subscriptions for and pay for and/or procure the payment for the whole of its *pro rata* beneficial entitlement of an aggregate of up to 899,234,560 Rights Shares with 2021 Warrants (based on the Maximum Issue Size);

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- (d) it will fully subscribe and/or procure subscription for up to 781,303,765 Rights Shares with 2021 Warrants which are to be renounced by ZQL in favour of Mission Well pursuant to the New ZQL Undertaking;
- (e) it will not subscribe and/or procure that the relevant Shareholder shall not subscribe for any Excess Rights Shares with 2021 Warrants; and
- (f) it will and/or will procure that the relevant Shareholder shall not, exercise any of the 2018 Warrants and/or 2021 Warrants to the extent that the aggregate direct and indirect shareholding of the Concert Group in the Company exceeds 90% of the Shares (excluding nil treasury shares and nil subsidiary holdings) (the **“Free Float Undertaking”**).

Pursuant to the New ZQL Undertaking, ZQL has undertaken that, *inter alia*:

- (a) she shall not exercise any of the 2018 Warrants that she holds on or before the Books Closure Date; and
- (b) she shall renounce 781,303,765 Rights Shares with 2021 Warrants in favour of Mission Well pursuant to the New ZQL Undertaking; and
- (c) she shall not subscribe for any Excess Rights Shares with 2021 Warrants.

The New Irrevocable Undertakings are conditional upon the following:

- (a) the grant of the New Whitewash Waiver by the SIC and such approval not having been withdrawn or revoked on or prior to the completion of the Proposed Rights cum Warrants Issue;
- (b) the receipt of the LQN from the SGX-ST for the dealing in, listing of and quotation of the Rights Shares with 2021 Warrants, the 2021 Warrants and the New Shares under the Proposed Rights cum Warrants Issue on the Catalist of the SGX-ST and such approval not being withdrawn or revoked as at the completion of the Proposed Rights cum Warrants Issue, and if such approval is granted subject to conditions, such conditions being acceptable to the Company;
- (c) the Proposed Rights cum Warrants Issue being approved by the Shareholders at the EGM;
- (d) the Proposed New Whitewash Resolution being approved by Independent Shareholders at the EGM; and
- (e) the lodgement of the Offer Information Statement, together with all other accompanying documents (if applicable), by the Company in respect of the Proposed Rights cum Warrants Issue with the SGX-ST, acting as agent on behalf of the MAS; and
- (f) all other necessary consents, approvals and waivers required from any person, financial institution or regulatory body or authority of Singapore or elsewhere under any and all agreements applicable to the Company and/or applicable laws for the Proposed Rights cum Warrants Issue and to give effect to the Proposed Rights cum Warrants Issue being obtained and not having been revoked or amended before the completion of the Proposed Rights cum Warrants Issue.

5. THE PROPOSED NEW WHITEWASH RESOLUTION

5.1 Mandatory General Offer Requirement under the Code

Under Rule 14 of the Code, except with the SIC's consent, where (a) any person acquires, whether by a series of transactions over a period of time or not, shares which (taken together with shares held or acquired by persons acting in concert with him) carry 30% or more of the

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voting rights of a company; or (b) any person who, together with persons acting in concert with him, holds not less than 30% but not more than 50% of the voting rights and such person, or person acting in concert with him, acquires in any period of 6 months additional shares carrying more than 1% of the voting rights, he is required to make a mandatory general offer for all the remaining shares in the Company which he does not already own or control.

As at the Latest Practicable Date the Concert Group holds and controls an aggregate of 29.99% of the voting rights (as defined in the Code) of the Company and 43,284,890 2018 Warrants exercisable into 43,284,890 Shares.

Pursuant to the New Irrevocable Undertakings, the Concert Group will collectively subscribe for:

- (a) an aggregate of 899,234,560 Rights Shares with 2021 Warrants which they are respectively entitled to under the Proposed Rights cum Warrants Issue; and
- (b) an aggregate of 781,303,765 Rights Shares with 2021 Warrants which are to be renounced by ZQL in favour of Mission Well pursuant to the New ZQL Undertaking.

The issuance of Rights Shares with 2021 Warrants to the Undertaking Shareholders pursuant to the Irrevocable Undertakings will result in an obligation of the Undertaking Shareholder(s) (together with persons acting in concert with the relevant Undertaking Shareholder(s)) to make a mandatory general offer under Rule 14 of the Code.

On 23 August 2019, the SIC waived the obligation of the Concert Group to make a mandatory general offer under Rule 14 of the Code arising from: (a) the Concert Group's subscription for the Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings; and (b) the New Shares to be issued to the Concert Group upon exercise of the 2021 Warrants (the "**SIC's Waiver**")

The SIC's Waiver was subject to, *inter alia*, the following conditions:

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Proposed Rights cum Warrants Issue, a resolution (i.e. the Whitewash Resolution) by way of a poll to waive their rights to receive a general offer from the Concert Group; and
- (b) to rely on the Whitewash Resolution, the approval of the Whitewash Resolution must be obtained within 3 months from 23 August 2019, the subscription of the Rights Shares with 2021 Warrants by the Concert Group must be completed within 3 months of the date of the approval of the Whitewash Resolution and the acquisition of the Shares upon exercise of the 2021 Warrants must be completed within 5 years of the issue of the 2021 Warrants; and

At an extraordinary general meeting held on 21 November 2019, the Company obtained the approval of, *inter alia*, the Whitewash Resolution. According to the SIC's letter dated 23 August 2019, the Concert Group was required to, complete the subscription of the Rights Shares with 2021 Warrants within 3 months from 21 November 2019.

On 16 April 2020, an application was made to the SIC for:

- (a) an extension of time for the Concert Group to rely on the Waiver granted on 23 August 2019 of the requirement to make a mandatory general offer under Rule 14 of the Code, in connection with the Proposed Rights cum Warrants Issue;
- In the alternative,
- (b) for the Concert Group to rely on a waiver of the requirement to make a mandatory general offer under Rule 14 of the Code in connection with the Proposed Rights cum Warrants Issue.

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On 11 August 2020, the SIC waived the obligation of the Concert Group to make a mandatory general offer under Rule 14 of the Code arising from:

- (a) the Concert Group's subscription for the Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings; and
- (b) the New Shares to be issued to the Concert Group upon exercise of the 2021 Warrants.

(hereinafter known as the **"SIC's New Waiver"**)

The SIC's New Waiver is subject to the following conditions (the **"SIC Conditions"**):

- (a) a majority of holders of voting rights of the Company approve at a general meeting, before the Proposed Rights cum Warrants Issue, a resolution (i.e. the Proposed New Whitewash Resolution) by way of a poll to waive their rights to receive a general offer from the Concert Group;
- (b) the Proposed New Whitewash Resolution is separate from other resolutions;
- (c) the Concert Group as well as parties not independent of them abstain from voting on the Proposed New Whitewash Resolution. For the avoidance of doubt, ZQL should abstain from voting on the Proposed New Whitewash Resolution;
- (d) the Concert Group did not acquire or are not to acquire any Shares or instruments convertible into and options in respect of Shares of the Company (other than subscriptions for, rights to subscribe for, instruments convertible into or options in respect of new Shares in the Company which have been disclosed in the Circular):
 - (i) during the period between the first announcement of the Proposed Rights cum Warrants Issue and the date shareholders' approval is obtained for the Proposed New Whitewash Resolution; and
 - (ii) in the 6 months prior to the first announcement of the Proposed Rights cum Warrants Issue but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors of the Company in relation to the Proposed Rights cum Warrants Issue;
- (e) the Company appoints an independent financial adviser to advise its Independent Shareholders on the Proposed New Whitewash Resolution;
- (f) the Company sets out clearly in its Circular to its Shareholders:
 - (i) details of the Proposed Rights cum Warrants Issue and the New Irrevocable Undertakings given by the Concert Group;
 - (ii) the dilution effect to existing holders of voting rights upon (A) the subscription of the Rights Shares and (B) the exercise of the 2021 Warrants by the Concert Group;
 - (iii) the number and percentage of voting rights in the Company as well as the number of instruments convertible into, rights to subscribe for and options in respect of Shares in the Company held by the Concert Group as at the Latest Practicable Date, including the 2018 Warrants;
 - (iv) the number and percentage of voting rights to be acquired by the Concert Group as a result of its (A) subscription of the Rights Shares and (B) exercise of the 2021 Warrants;
 - (v) specific and prominent reference to the fact that the subscription of the Rights Shares and the exercise of the 2021 Warrants could result in the Concert Group holding Shares carrying over 49% of the voting rights of the Company and to the fact that the Concert Group will be free to acquire further Shares without incurring any obligation under Rule 14 to make a general offer;

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- (vi) specific and prominent reference to the possibility that Shareholders, by voting for the Proposed New Whitewash Resolution, could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the 2021 Warrants; and
- (vii) specific and prominent reference to the fact that Shareholders, by voting for the Proposed New Whitewash Resolution, are waiving their rights to a general offer from the Concert Group at the highest price paid by the Concert Group for the Company's Shares in the past 6 months preceding the commencement of the offer;
- (g) the circular by the Company to its Shareholders states that the waiver granted by the SIC to the Concert Group from the requirement to make a general offer under Rule 14 is subject to the conditions stated at (a) to (f) above;
- (h) the Company obtains the SIC's approval in advance for those parts of the Circular that refer to the Proposed New Whitewash Resolution;
- (i) to rely on the Proposed New Whitewash Resolution, the approval of the Proposed New Whitewash Resolution must be obtained within 3 months from 11 August 2020, the subscription of the Rights Shares with 2021 Warrants by the Concert Group must be completed within 3 months of the date of the approval of the Proposed New Whitewash Resolution and the acquisition of the Shares upon exercise of the 2021 Warrants must be completed within 5 years of the issue of the 2021 Warrants; and
- (j) the Concert Group will comply or procure the relevant person(s) to comply with the disclosure requirements set out in Note 2 on Section 2 of Appendix 1 of the Code.

As at the Latest Practicable Date, save for the SIC Conditions set out in Section 3.5(a) of the Circular, the applicable parts of Section 3.5(i) and Section 3.5(j) of the Circular, all the other SIC Conditions set out above have been satisfied.

Shareholders should also note that if the Concert Group exercises any warrants (including the 2018 Warrants) after the date of the approval of the Proposed New Whitewash Resolution (the "**Relevant Warrant Exercises**"), the waiver will only apply to the exercise of the 2021 Warrants for, such number of voting rights as, when added to those arising from the Relevant Warrant Exercises, does not exceed the number originally approved by Independent Shareholders in the Proposed New Whitewash Resolution.

Independent Shareholders are therefore requested to vote on the Proposed New Whitewash Resolution by the way of poll.

Independent Shareholders should note that:

- (a) by voting in favour of the Proposed New Whitewash Resolution (Ordinary Resolution 2), they will be waiving their rights to receive a general mandatory offer from the Concert Group at the highest price paid by the Concert Group and its concert parties for the Shares in the six (6) months preceding the commencement of the offer;
- (b) by voting in favour of the Proposed New Whitewash Resolution (Ordinary Resolution 2), they could be forgoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the 2021 Warrants; and
- (c) that the acquisition of the 1,680,538,325 Rights Shares with 2021 Warrants and/or the exercise by the Concert Group of up to 1,680,538,325 2021 Warrants by the Concert Group might result in the Concert Group and their concert parties holding shares carrying over 49% of the voting rights of the Company based on its respective enlarged share capital and that the Concert Group and their concert parties would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer.

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5.2 Potential Dilution

As a result of the Proposed Rights cum Warrants Issue, the collective shareholding interests of the Independent Shareholders in the Company may be diluted. Such dilution effects are illustrated under Section 3.4 of the Circular which sets out, *inter alia*, the potential changes in the shareholding structure of the Company after the Proposed Rights cum Warrants Issue under the various scenarios.

6. EVALUATION OF THE PROPOSED NEW WHITEWASH RESOLUTION

In our assessment of the Proposed New Whitewash Resolution, we have taken into account the following factors which we consider to be pertinent and to have a significant bearing on our assessment of the Proposed New Whitewash Resolution:

- 6.1 Rationale of the Proposed Rights cum Warrants Issue and use of proceeds;
- 6.2 Proposed Rights cum Warrants Issue being offered to all entitled Shareholders on a pro rata basis;
- 6.3 The assessment of the Issue Price of the Rights Shares and the terms of the Warrants;
- 6.4 Financial effects of the Proposed Rights cum Warrants Issue;
- 6.5 Dilution impact of the Proposed Rights cum Warrants Issue on the Independent Shareholders; and
- 6.6 Other relevant considerations.

6.1 Rationale of the Proposed Rights cum Warrants Issue and Use of Proceeds

We have considered the rationale by the Company for undertaking the Proposed Rights cum Warrants Issue as set out in Section 2.9.1 of the Circular as well as the stated use of proceeds as set out in Section 2.9.2 of the Circular and we have set them out in italics below for your easy reference:

“2.9.1 Rationale of the Proposed Rights cum Warrants Issue

The Company is proposing to undertake the Proposed Rights cum Warrants Issue (i) to provide further funding to commence operations of the Financing Business which have been approved by the Shareholders at the extraordinary general meeting held on 6 September 2017; (ii) for possible new acquisitions; (iii) for expansion of the luxury goods business; (iv) to further strengthen the financial position and cash position of the Group; (v) to provide further working capital for the Group. The Financing Business and luxury goods business are capital intensive in nature and the Group requires a substantial amount of capital for operations and for future expansion of the Group’s Financing Business and luxury goods business.

The Proposed Rights cum Warrants Issue will also provide the Shareholders with an opportunity to participate in the equity of the Company, and will allow the Group to be less reliant on external sources of funding for its general corporate activities.

2.9.2 Use of Proceeds from the Proposed Rights cum Warrants Issue

Assuming the Maximum Subscription Scenario, the estimated Net Proceeds from the Proposed Rights cum Warrants Issue is expected to be approximately S\$9.7 million (if none of the 2021 Warrants are exercised) and approximately S\$51.3 million (if all of the 2021 Warrants are exercised), after deducting estimated costs, expenses and commissions of approximately S\$0.4 million incurred in connection with the Proposed Rights cum Warrants Issue. For the avoidance of doubt, the foregoing estimated Net

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Proceeds is derived after the exclusion of the S\$9.4 million loan in respect of the Mission Well Offsetting Arrangement and Go Best Offsetting Arrangement.

Assuming the Minimum Subscription Scenario, there will be no Net Proceeds from the Proposed Rights cum Warrants Issue (if none of the 2021 Warrants are exercised) and approximately S\$19.8 million (if all of the 2021 Warrants are exercised), after deducting estimated costs, expenses and commissions of approximately S\$0.4 million incurred in connection with the Proposed Rights cum Warrants Issue. For the avoidance of doubt, the foregoing estimated Net Proceeds is derived after the exclusion of the S\$9.4 million loan in respect of the Mission Well Offsetting Arrangement and Go Best Offsetting Arrangement.

On 10 October 2019, the Company announced that there will be a re-allocation of the use of net proceeds from the Proposed Rights cum Warrants Issue which was similarly set out in the Circular dated 11 October 2019 despatched to Shareholders.

*On 23 September 2020, the Company announced that there will be a 2nd re-allocation of the use of net proceeds from the Proposed Rights cum Warrants Issue (“**2nd Re-Allocation of the Use of Net Proceeds**”).*

The Group has re-allocated (i) 5% of the use of net proceeds from the Proposed Rights cum Warrants Issue initially allocated for the Financing Business and (ii) 30% of the use of net proceeds from the Proposed Rights cum Warrants Issue initially allocated for the new acquisitions to be utilised for the purpose of expansion of the luxury goods business.

The rationale for the 2nd Re-Allocation of the Use of Net Proceeds is to provide additional funding for the Group to expand the luxury goods business in order to achieve the Group’s long-term goal to enhance shareholders’ value. The Board is of the view that the Re-Allocation of the Use of Net Proceeds would be in the best interests of the Group and its shareholders.

The details of the 2nd Re-Allocation of the Use of Net Proceeds is set out in the table below:

Use of Proceeds	Allocation of Net Proceeds announced in the Announcement dated 15 April 2020 (%)	Re-Allocated Net Proceeds set out in the Proposed Rights cum Warrants Issue Circular (%)	2nd Re-Allocation of the Use of Net Proceeds (%)
<i>Funding for the Financing Business</i>	30	15	10
<i>New acquisitions</i>	20	40	10
<i>Expansion of the luxury goods business</i>	20	15	50
<i>For general corporate and working capital purposes</i>	30	30	30
Total	100	100	100

Upon completion of the Proposed Rights cum Warrants Issue, and pending the deployment of the Net Proceeds for the abovementioned purposes, such proceeds may be deposited with banks and/or financial institutions, invested in short-term money market instruments and/or marketable securities, and/or used for any other purposes on a short-term basis as the Directors may, in their absolute discretion, deem appropriate in the interests of the Company.

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The Company will make periodic announcements on the utilisation of the Net Proceeds as and when such proceeds are materially disbursed and whether such disbursements are in accordance with the use of proceeds as stated in the Offer Information Statement, and provide a status report on the use of the Net Proceeds in the Company's annual reports until such time the Net Proceeds have been fully utilised. Where the proceeds have been used for general corporate and/or working capital purposes, the Company will also provide a breakdown with specific details on the use of the Net Proceeds in the announcements and status reports. Where there is a material deviation in the use of the Net Proceeds, the Company will announce the reasons for such deviation.

Based on the reasonable opinion of the Directors as at the Latest Practicable Date, there is no minimum amount which must be raised from the Proposed Rights cum Warrants Issue taking into consideration the intended use of the Net Proceeds."

6.2 Proposed Rights cum Warrants Issue being offered to all entitled Shareholders on a pro rata basis

Entitled Shareholders will be at liberty to accept (in full or in part), or decline, or otherwise renounce or trade (during the provisional allotment trading period prescribed by the SGX-ST) their pro rata provisional allotment of Rights Shares with 2021 Warrants and will be eligible to apply for Excess Rights Shares with 2021 Warrants.

The Proposed Rights cum Warrants Issue is renounceable and Entitled Shareholders who do not wish to subscribe for the Rights Shares with 2021 Warrants may sell their provisional entitlements of Rights Shares with 2021 Warrants during the Rights Trading Period.

In the allotment of Excess Rights Shares with 2021 Warrants, preference will be given to the rounding of odd lots, and the Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Proposed Rights cum Warrants Issue, or have representation (direct or through a nominee) on the Board will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with 2021 Warrants. The Company will also not make any allotment and issue of any Excess Rights Shares with 2021 Warrants that will result in a transfer of controlling interest in the Company unless otherwise approved by Shareholders in a general meeting. Hence, the Independent Shareholders are not being prejudiced in the allocation of their application for the Excess Rights Shares.

6.3 Assessment of the Issue Price of the Rights Shares and the terms of the Warrants

The Issue Price of the Rights Shares is S\$0.0056 per Rights Share and the Exercise Price of the Warrants is set at S\$0.012 for each New Share. One Warrant will be allotted and issued for each Rights Share subscribed.

Warrant holders have up to 3 years to exercise the Warrants at any time from and including the date of issue of the Warrants. Warrants remaining unexercised at the expiry of the exercise period shall lapse and cease to be valid for any purpose.

In assessing the Issue Price and the Exercise Price, we have considered the following:

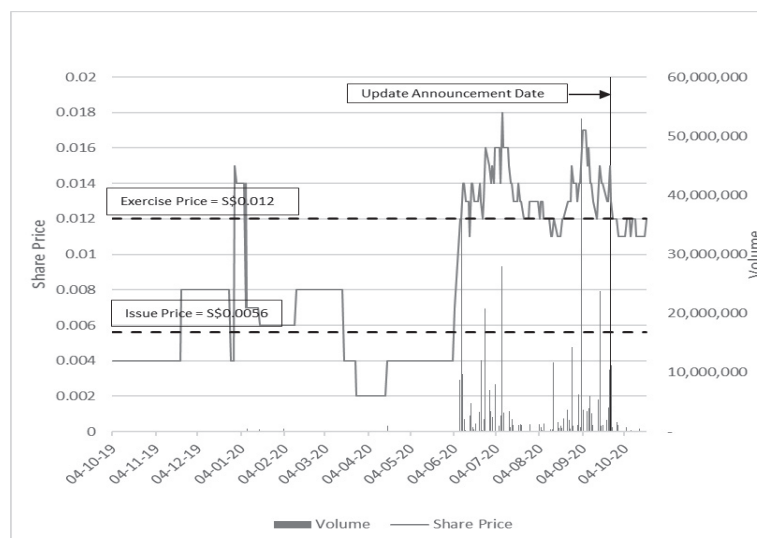
- (1) the historical market price performance and trading activity of the Shares;
- (2) comparison of the premium/discount of the Issue Price to the last transacted price and the Theoretical Ex-Rights Price with the salient statistics of selected completed rights issues of shares by companies listed on the SGX-ST; and
- (3) the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants.

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6.3.1 Market quotation and trading activity of the Shares

In assessing the Issue Price and Exercise Price, we have compared them against the historical market price performance of the Shares and the historical trading volume of the Shares from 23 September 2019, being the 1-year period prior to on the Update Announcement Date of 23 September 2020 and up to the Latest Practicable Date.

We set out below a chart showing the Issue Price and Exercise Price relative to the daily last transacted prices and trading volume of the Shares from 23 September 2019 to the Latest Practicable Date (“**Period Under Review**”):



Source: Bloomberg L.P.

As can be seen from the Share price chart above, the Shares were trading in the price range of S\$0.002 to S\$0.018 from 23 September 2019 until the Update Announcement Date. After the Update Announcement Date and up till the Latest Practicable Date, the Shares have traded in a much narrower price range of S\$0.011 to S\$0.013.

Market Statistics

In addition to the Share price chart above, we have tabulated below selected statistical information on the Share price performance and trading liquidity of the Shares for the Period Under Review:

Reference Period	Highest closing price (\$)	Lowest closing price (\$)	VWAP (\$) ⁽¹⁾	Premium/ (Discount) of Issue Price over / (to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
Up to Updated Announcement Date							
Last 1 year	0.018	0.002	0.0156	(64.1)	87	351,424,800	1.15
Last 6 months	0.018	0.002	0.0156	(64.1)	75	349,754,600	2.26
Last 3 months	0.018	0.011	0.0158	(64.6)	58	277,556,700	1.81
Last 1 month	0.017	0.012	0.0164	(65.9)	23	151,914,200	5.50
23 September 2020 (being the Update Announcement Date)	0.015	0.015	0.0146	(61.6)	1	10,434,200	8.70
After the Update Announcement Date and up to the Latest Practicable Date							
After the Update Announcement Date to the Latest Practicable Date	0.013	0.011	0.0121	(53.7)	12	924,550	0.77

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Reference Period	Highest closing price (S\$)	Lowest closing price (S\$)	VWAP (S\$) ⁽¹⁾	Premium/ (Discount) of Issue Price over / (to) VWAP (%)	Number of traded days ⁽²⁾	Average daily trading volume ⁽³⁾	Average daily trading volume as a percentage of free float ⁽⁴⁾ (%)
On the Latest Practicable Date	0.012	0.012	0.0120	(53.3)	1	150,100	0.13

Source: Bloomberg L.P.

Notes:

- (1) Rounded to the nearest four (4) decimal places;
- (2) Traded days refer to the number of days on which the Shares were traded on the SGX-ST during the period;
- (3) The average daily trading volume of the Shares is calculated based on the total volume of Shares traded during the period divided by the number of market days during that period; and
- (4) Free float refers to the Shares other than those directly and deemed held by the Directors and substantial Shareholders of the Company. For the purpose of computing the average daily trading volume as a percentage of free float, we have used the free float of approximately 120 million Shares based on the free float of 40.02% as disclosed in the Company's Annual Report for FY2019.

Based on the above, we note the following:

- (a) The Issue Price represents a discount of approximately 64.1%, 64.1%, 64.6%, and 65.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods respectively prior to the release of the Update Announcement;
- (b) The Issue Price represents a discount of approximately 61.6% to the VWAP of the Shares of S\$0.0146 on 23 September 2020, immediately prior to the release of the Update Announcement;
- (c) The Issue Price represents a discount of approximately 53.7% to the VWAP of the Shares for the period from the Update Announcement Date to the Latest Practicable Date;
- (d) The Issue Price represents a discount of approximately 53.3% to the VWAP of the Shares on the Latest Practicable Date.

We observe the following with regard to the trading liquidity of the Shares:

- (i) Trading liquidity of the Shares over all the reference periods up to the Update Announcement Date has been relatively low with an average daily trading volume of the Shares representing between 1.15% and 8.70% of the free float of the Company;
- (ii) The average daily trading volume of the Shares for the period after the Update Announcement Date up to the Latest Practicable Date represents 0.77% of the free float of the Company; and
- (iii) The daily trading volume of the Shares on the Latest Practicable Date represents 0.13% of the free float of the Company.

Shareholders should note that the past trading performance of the Shares should not, in any way, be relied upon as an indication or assurance of its future trading performance.

6.3.2 Statistics of selected renounceable rights issues of shares

In assessing the reasonableness of the Issue Price, we have reviewed the salient terms of selected rights issues of shares with and without free detachable warrants (excluding rights issue of warrants, rights issue by real estate and business trust) by companies listed on the SGX-ST (the “**Comparable Transactions**”) announced since 1 January 2019 and up to the Latest Practicable Date, and which were completed prior to the Latest Practicable Date.

Shareholders should note that the business activities, size of operations, risk profile, geographical spread, operating and financial leverage, market capitalisation, composition of

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business activities, cash flow requirement, track record, future prospects and other relevant criteria of each of the above companies are not identical to the Group. Accordingly, any inference that can be drawn from the comparison of the relevant discount to theoretical ex-rights prices may not be directly comparable to the Proposed Rights cum Warrants Issue and should not be conclusively relied upon.

The table below summarises the salient statistics of the Comparable Transactions:

Company	Date of Announcement	Terms of the rights issue	Issue price of the rights shares (S\$)	Last transacted price prior to announcement (S\$)	Premium / (Discount) to the last transacted price (%)	Theoretical ex-rights price (S\$)	Premium / (Discount) to theoretical ex-rights price (%)
Raffles United Holdings Ltd	9 Jan 19	1 for 1	0.05	0.082	(39.0)	0.069	(27.5)
Informatics Education Ltd.	14 Mar 19	3 for 1 with 1 free warrant for every right shares	0.05	0.043	16.3	0.048	4.2
MSM International Limited	31 Mar 19	1 for 4	0.07	0.1	(30.0)	0.094	(25.5)
Asiamedic Limited	15 May 19	4 for 1	0.012	0.013	(7.7)	0.0122	(1.6)
Alpha Energy Holdings Limited	26 Jun 19	2 for 1	0.014	0.054	(74.1)	0.027	(48.1)
Chip Eng Seng Corporation Ltd.	22 Aug 19	1 for 4	0.63	0.68	(7.4)	0.67	(6.0)
The Trendlines Group Ltd	26 Sep 19	1 for 9	0.105	0.088	19.3	0.0845	24.2
Vibropower Corporation Limited	1 Oct 19	1 for 2 with 1 warrant for every right shares	0.1	0.112	(10.7)	0.108	(7.4)
Synagie Corporation Ltd	8 Nov 19	3 for 20	0.1	0.139	(28.1)	0.134	(25.3)
Japfa Ltd	18 Dec 19	1 for 10	0.5	0.575	(13.0)	0.57	(12.3)
AGV Group Limited	21 Feb 20	5 for 1	0.025	0.027	(7.4)	0.0253	(1.2)
Singapore Airlines Limited	26 Mar 20	2 for 3	3.0	6.5	(53.8)	4.4	(31.8)
Sembcorp Marine Ltd	8 Jun 20	5 for 1	0.2	0.85	(76.5)	0.308	(35.1)
Leader Environmental Technologies Limited	12 Jun 20	4 for 5	0.015	0.055	(72.7)	0.0372	(59.7)
				Highest discount	(76.5)		(59.7)
				Mean	(27.5)		(18.1)
				Median	(20.6)		(18.8)
				Lowest discount/ Highest premium	19.3		24.2
Company	23 Sep 20	10 for 1 with 1 free warrant for every rights shares	0.0056	0.015	(62.7)	0.0065	(13.2)

Source: Bloomberg L.P., announcements, circulars and/or offer information statements of the respective companies and W Capital's computations

Based on the above analysis, we note the following:

- (i) The discount of the Issue Price to the last transacted price of the Shares prior to the Update Announcement of S\$0.015 on 23 September 2020 of approximately 62.7% is within the range, but higher than the mean and median discount of the Comparable Transactions; and
- (ii) The discount of the Issue Price to the theoretical ex-rights price of the Shares (computed based on the last transacted price of the Shares prior to the Update Announcement of S\$0.015 on 23 September 2020) of approximately 13.2% is within the range, but lower than the mean and median discount of the Comparable Transactions.

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6.3.3 Valuation of the Warrants

The Warrants are issued free with the Rights Shares on the basis of one free detachable Warrants for every one Rights Share subscribed. We have considered the valuation of the Warrants using the theoretical value of the Warrants based on the Black-Scholes model, which is a common methodology used in the calculation of call warrants. The theoretical value of the Warrants is a function of, *inter alia*, the exercise price of the Warrants *vis-à-vis* the current price of the underlying Shares, the exercise period of the Warrants, the nature of the call option whether it is an European call option (which is only exercisable on a predetermined exercise date) or an American call option (which can be exercised at any time prior to the expiry date of the Warrant), the risk-free interest rate, the dividend yield of the Shares and the price volatility of the underlying Shares.

Based on the risk-free interest rate, the dividend yield of the Shares and the historical price volatility of the Shares, as provided by Bloomberg L.P. as at the Latest Practicable Date, the theoretical value of the Warrants, with an American call option with an exercise period of three years and exercise price of S\$0.012 and the last transacted price of the Shares of S\$0.012 at the Latest Practicable Date, is approximately S\$0.0096 for each Warrant. This represents 80.0% of the last transacted price as at the Latest Practicable Date.

It should be noted that the theoretical value of the call option using the Black-Scholes model may not reflect the actual value of the Warrants to be transacted on the SGX-Catalist (if the Warrants are listed and traded on the SGX-Catalist), and there can be no assurance that an active trading of the Warrants will trade at or close to the theoretical value as suggested by the Black-Scholes model. Notwithstanding the theoretical value of the Warrants, Independent Shareholders should note that the Warrants are issued to them at no additional consideration when they subscribe for the Rights Shares.

6.4 Financial effects of the Proposed Rights cum Warrants Issue

Details on the financial effects of the Proposed Rights cum Warrants Issue on the Group are set out in Section 2.13 of the Circular and are based on the audited consolidated financial statements of the Group for FY2019 and with various assumptions. The financial effects are for illustrative purposes only and do not purport to be an indication or a projection of the results and financial position of the Company and the Group after the completion of the Proposed Rights cum Warrants Issue.

In summary, we note the following:

(a) Share Capital

After the completion of the Proposed Rights cum Warrants Issue, the number of issued Shares and the issued share capital of the Company will increase due to the issuance of the Rights Shares. The issued share capital of the Company will increase further upon the exercise of the 2021 Warrants over the next three years.

(b) NAV

The NAV of the Company will increase after the Proposed Rights cum Warrants Issue due to the injection of equity into the Group from the subscription of the Rights Shares and the extent of increase will depend on the level of subscription for the Proposed Rights cum Warrants Issue and the number of 2021 Warrants subsequently exercised. The NAV per Share will be diluted after the Proposed Rights cum Warrants Issue to S\$0.0065 (under the Minimum Subscription Scenario) or S\$0.0063 (under the Maximum Subscription Scenario) as both the Issue Price and the Exercise Price are set at a discount to the NAV per Share of S\$0.0131 (under the Minimum Subscription Scenario) or S\$0.0141 (under the Maximum Subscription Scenario) as at 31 December 2019.

(c) Gearing

There is no impact on the gearing as the Group has no borrowings.

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(d) Loss Per Share

The Proposed Rights cum Warrants Issue will have a dilutive effect on the loss per Share immediately after the Proposed Rights cum Warrants Issue due to the enlarged number of issued Shares arising from the issue of the Rights Shares and, to the extent applicable, the new Shares arising from the exercise of the 2021 Warrants over the next three years.

6.5 **Dilution impact of the Proposed Rights cum Warrants Issue on the Independent Shareholders**

As a result of the Proposed Rights cum Warrants Issue, the collective shareholding interests of the Independent Shareholders in the Company may be diluted. The Proposed Rights cum Warrants Issue will not result in any shareholding dilution of the Independent Shareholders if all Independent Shareholders subscribe for their full entitlements of Rights Shares with 2021 Warrants pursuant to the Proposed Rights cum Warrants Issue. A dilution impact will only occur for the Independent Shareholders who do not subscribe for their full entitlements of the Rights Shares with 2021 Warrants pursuant to the Proposed Rights cum Warrants Issue or if they subscribe for the Rights Shares with 2021 Warrants but do not exercise their 2021 Warrants subsequently.

Such dilution effects are illustrated under Sections 3.4 of the Circular which sets out, *inter alia*, the potential dilutive effect of the collective shareholding interests of Shareholders (other than the Concert Group) assuming the Minimum Subscription Scenario, the Maximum Subscription Scenario and/or the Free Float Undertaking, as the case may be.

A. After the Proposed Rights cum Warrants Issue but before the exercise of the 2021 Warrants and taking into consideration the Free Float Undertaking

	Assuming the Minimum Subscription Scenario		Assuming the Maximum Subscription Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Group	1,770,461,781	89.4%	1,770,461,781	46.33%
Other Shareholders	209,920,487	10.6%	2,050,833,917	53.67%
Total	1,980,382,268	100%	3,821,295,698	100%

B. After the Proposed Rights cum Warrants Issue and exercise of all the 2021 Warrants by the Concert Group only and taking into consideration the Free Float Undertaking

	Assuming the Minimum Subscription Scenario		Assuming the Maximum Subscription Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Group	1,889,284,383	90.0%	3,451,000,106	47.31%
Other Shareholders	209,920,487	10.0%	3,844,200,772	52.69%
Total	2,099,204,870	100%	7,295,200,878	100%

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- C. After the Proposed Rights cum Warrants Issue but before the exercise of the 2021 Warrants and in the absence of the Free Float Undertaking

	Assuming the Minimum Subscription Scenario		Assuming the Maximum Subscription Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Group	1,770,461,781	89.4%	1,770,461,781	46.33%
Other Shareholders	209,920,487	10.6%	2,050,833,917	53.67%
Total	1,980,382,268	100%	3,821,295,698	100%

- D. After the Proposed Rights cum Warrants Issue and exercise of all the 2021 Warrants by the Concert Group only and in the absence of the Free Float Undertaking

	Assuming the Minimum Subscription Scenario		Assuming the Maximum Subscription Scenario	
	No. of Shares held	% of issued share capital	No. of Shares held	% of issued share capital
Concert Group	3,451,000,106	94.27%	3,451,000,106	47.31%
Other Shareholders	209,920,487	5.73%	3,844,200,772	52.69%
Total	3,660,920,593	100%	7,295,200,878	100%

6.6 Other Relevant Considerations

6.6.1 Inter-conditionality of the Proposed Rights cum Warrants Issue (“Ordinary Resolution 1”) and the Proposed New Whitewash Resolution (“Ordinary Resolution 2”)

Shareholders should note that the passing of Ordinary Resolution 2 is conditional upon the passing of Ordinary Resolution 1. If Ordinary Resolution 1 is not passed, Ordinary Resolution 2 will not be tabled.

6.6.2 Implications of approval of the Proposed New Whitewash Resolution

By voting for the Proposed New Whitewash Resolution (Ordinary Resolution 2), Independent Shareholders are waiving their rights to receive a mandatory general offer from the Concert Group for the remaining Shares not already owned or controlled by the Concert Group at the highest price paid by the Concert Group for the Company's Shares in the past 6 months preceding the commencement of the offer. By voting for the Proposed New Whitewash Resolution (Ordinary Resolution 2), Independent Shareholders could be foregoing the opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the 2021 Warrants.

Independent Shareholders should note that that the acquisition of the 1,680,538,325 Rights Shares with 2021 Warrants and/or the exercise by the Concert Group of up to 1,680,538,325 2021 Warrants by the Concert Group might result in the Concert Group and their concert parties holding shares carrying over 49% of the voting rights of the Company based on its respective enlarged share capital and that the Concert Group and their concert parties would thereafter be free to acquire further Shares in the Company without incurring any obligation under Rule 14 of the Code to make a general offer.

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6.6.3 Alternative fund-raising options

We understand from the Company that the Directors have considered other fund-raising options such as bank borrowings prior to proceeding with the Proposed Rights cum Warrants Issue. However, as the Company does not have assets to be pledged as security for such borrowings, the interest rates charged by the lenders would be too expensive and may not be a feasible funding option. Therefore, the Directors have determined that the Proposed Rights cum Warrants Issue, with the support of the Undertaking Shareholders, would be a more suitable funding solution for the Company and its Shareholders that would strengthen the financial position and cash position of the Group, whilst providing Shareholders with an opportunity to further participate in the equity of the Company.

7. OPINION

In arriving at our opinion in respect of the Proposed New Whitewash Resolution, we have taken into account, *inter alia*, the following key factors summarized below as well as elaborated elsewhere in this IFA Letter. The following should be read in conjunction with, and in the context of, the full text of this IFA Letter:

- (a) The rationale of the Proposed Rights cum Warrants Issue, details of which are set out in Section 6.1 of this IFA Letter;
- (b) The Proposed Rights cum Warrants Issue being offered to all entitled Shareholders on a pro rata basis and Directors and Substantial Shareholders who have control or influence over the Company in connection with the day-to-day affairs of the Company or the terms of the Rights cum 2021 Warrants Issue, or have representation (direct or through a nominee) on the Board, will rank last in priority for the rounding of odd lots and allotment of Excess Rights Shares with 2021 Warrants;
- (c) With regards to the Share price performance and trading liquidity of the Company:-
 - the Issue Price represents a discount of approximately 64.1%, 64.1%, 64.6%, and 65.9% to the VWAP of the Shares for the 12-month, 6-month, 3-month and 1-month periods prior to the release of the Update Announcement respectively;
 - The Issue Price represents a discount of approximately 61.6% to the VWAP of the Shares of S\$0.0146 on 23 September 2020, immediately prior to the release of the Update Announcement;
 - The Issue Price represents a discount of approximately 53.7% to the VWAP of the Shares for the period from the Update Announcement Date to the Latest Practicable Date;
 - The Issue Price represents a discount of approximately 53.3% to the VWAP of the Shares on the Latest Practicable Date;
 - Trading liquidity of the Shares over all the reference periods up to the Update Announcement Date has been relatively low with an average daily trading volume of the Shares representing between 1.15% and 8.70% of the free float of the Company;
 - The average daily trading volume of the Shares for the period after the Update Announcement Date up to the Latest Practicable Date represent 0.77% of the free float of the Company; and
 - The daily trading volume of the Shares on the Latest Practicable Date represents 0.13% of the free float of the Company.

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- (d) In comparison to the Comparable Transactions: -
- The discount of the Issue Price to the last transacted price of the Shares prior to the Rights Announcement of S\$0.015 on 23 September 2020 of approximately 62.7% is within the range, but higher than the mean and median discount of the Comparable Transactions; and
 - The discount of the Issue Price to the theoretical ex-rights price of the Shares (computed based on the last transacted price of the Shares prior to the Rights Announcement of S\$0.015 on 23 September 2020 of approximately 13.2% is within the range, but lower than the mean and median discount of the Comparable Transactions.
- (e) The valuation of the Warrants as detailed in Section 6.3.3 of this IFA Letter;
- (f) The financial effects of the Proposed Rights cum Warrants Issue on the Group, details of which are set out in Section 6.4 of this IFA Letter;
- (g) The dilution impact of the Proposed Rights cum Warrants Issue, details of which are set out in Section 6.5 of this IFA Letter; and
- (h) Other relevant considerations, details of which are set out in Section 6.6 of this IFA Letter.

Having regard to the foregoing considerations set out in this IFA Letter and information available to us as at the Latest Practicable Date, we are of the opinion that the Proposed Rights cum Warrants Issue which is the subject of the Proposed New Whitewash Resolution is fair and reasonable and that the Proposed New Whitewash Resolution when considered in the context of the Proposed Rights cum Warrants Issue is not prejudicial to the interests of the Independent Shareholders. We therefore advise the Recommending Directors to recommend to the Independent Shareholders to vote in favour of the Proposed New Whitewash Resolution.

Our opinion is addressed to the Recommending Directors for their benefit and for the purpose of their consideration of the Proposed New Whitewash Resolution and their advice to the Independent Shareholders arising thereof. The recommendations made by the Recommending Directors to the Shareholders shall remain the responsibility of the Recommending Directors.

Whilst a copy of this IFA Letter may be reproduced in the Circular, neither the Company, the Directors, nor any other persons may reproduce, disseminate or quote this IFA Letter (or any part thereof) for any other purpose at any time and in any manner without our prior written consent in each specific case, except for the purposes of the forthcoming EGM and for the purpose of the Proposed New Whitewash Resolution.

This IFA Letter is governed by, and construed in accordance with, the laws of Singapore, and is strictly limited to the matters stated herein and does not apply by implication to any other matter.

Yours faithfully,

For and on behalf of
W Capital Markets Pte. Ltd.

Foo Say Nam
Partner
Head of Advisory

Sheila Ong
Vice President
Corporate Finance

APPENDIX II - FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The consolidated audited comprehensive income statements of the Group for FY2017, FY2018 and FY2019 and the unaudited comprehensive income statements of the Group for HY2019 and HY2020 are set out below:

	FY2017 S\$'000 (Audited)	FY2018 S\$'000 (Audited)	FY2019 S\$'000 (Audited)	HY2019 S\$'000 (Unaudited)	HY2020 S\$'000 (Unaudited)
Continuing operations					
Revenue	3,246	10,989	8,780	3,698	2,465
Cost of sales	(2,613)	(10,401)	(8,239)	(3,437)	(2,266)
Gross profit	633	588	541	261	199
Other operating income	50	455	6	6	115
Selling and distribution costs	(230)	(253)	(232)	(13)	(14)
Administrative expenses	(1,864)	(2,311)	(2,384)	(1,219)	(1,262)
Other operating expenses	(697)	(7)	(124)	(13)	–
Finance costs	(11)	(1)	(3)	(1)	(4)
Share of loss of associate	–	(1)	(154)	(12)	(54)
Loss before income tax	(2,119)	(1,530)	(2,350)	(991)	(1,018)
Income tax	–	–	–	–	–
Loss for the year from continuing operations	(2,119)	(1,530)	(2,350)	(991)	(1,018)
Discontinued Operations					
Loss for the year from discontinued operations	(460)	(404)	(29)	(9)	(1)
Total loss for the year	(2,579)	(1,934)	(2,379)	(1,000)	(1,019)
Other comprehensive (loss)/ income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation (loss)/gain	816	(99)	111	(11)	(5)
Other comprehensive (loss)/ gain, net of tax	816	(99)	111	(11)	(5)
Total comprehensive loss for the year attributable to owners of the Company	(1,763)	(2,033)	(2,268)	(1,011)	(1,024)
Loss per share (S\$ cents)					
Basic and diluted for continuing and discontinued operations	(2.40)	(0.78)	(0.79)	(0.08)	(0.34)
Basic and diluted for continuing operations	(1.97)	(0.78)	(0.79)	(0.08)	(0.34)

Source: (1) Annual reports of the Company for FY2017, FY2018 and FY2019 (2) unaudited consolidated financial statements of the Group for HY2019 and HY2020

APPENDIX II - FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

2. PROFIT AND LOSS REVIEW

HY2020 compared to HY2019

Revenue

The Group's revenue dropped significantly by approximately S\$1.2 million or 33.34% from S\$3.7 million in HY2019 to S\$2.5 million in HY2020. Revenue in trading of luxury goods decreased by 45.17% or S\$1.2 million from S\$2.7 million in HY2019 to S\$1.5 million in HY2020 due to a drop in customers in FY2020. Revenue in distribution business unit dipped by 8.9% or S\$0.1 million from S\$1.0 million in HY2019 to S\$0.9 million in HY2020. The significant decline in distribution business revenue was due to the absence of big projects in HY2020.

Cost of sales and gross profit

The gross profit margin of the Group increased from 7.06% in HY2019 to 8.07% in HY2020. The gross profit margin in the trading of luxury goods improved from 1.42% in HY2019 to 1.63% in HY2020 as the selling prices were slightly adjusted strategically. The gross profit margin in distribution business unit decreased from 22.73% to 19.92% as a result of an increase in cost of materials.

As a result of the decrease in revenue, the Group's gross profit dropped by approximately S\$62 thousand to S\$199 thousand in HY2020.

Other operating income

Other operating income increased from S\$6 thousand in HY2019 to S\$115 thousand in HY2020 mainly due to the Circuit Breaker Job Support Scheme from the Singapore and Hong Kong governments.

Selling and distribution expenses

Selling and distribution expenses increased by 7.69% from S\$13 thousand in HY2019 to S\$14 thousand in HY2020 due to an increase in transportation cost.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S\$29 thousand from S\$4 thousand in HY2019 to S\$33 thousand in HY2020 due to adoption of lease SFRS(I) 16.

Administrative expenses

The slight increase in administrative expenses from approximately S\$1.22 million in HY2019 to approximately S\$1.26 million in HY2020 was due to recruitment of additional staff.

Other operating expenses

There was no other operating expenses in HY2020 as compared to HY2019 which recorded an exchange loss.

Finance costs

The Company's finance expenses recorded S\$4 thousand in HY2020 mainly due to adoption of lease SFRS(I) 16.

Share of loss of associate

The Group's share of loss of associate, PT Louis Gianni, recorded S\$54 thousand in HY2020. The increased loss was due to charge of professional fee and salaries/wages for staffs in HY2020 while there was no charge in HY2019.

APPENDIX II - FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Loss before income taxes

The loss before tax increased by approximately S\$27 thousand mainly resulted from the increase in administrative expenses, share of loss of associate as well as the decline in gross profit in HY2020.

Income tax

For HY2020, no provision for income tax was made for loss making companies.

FY2019 compared to FY2018

Revenue

The Group's revenue decreased approximately by S\$2.2 million or 20.1% from S\$11.0 million in FY2018 to S\$8.8 million in FY2019. Revenue contributed from distribution of consumable material for electronic industry dropped by 27.49% from S\$2.8 million in FY2018 to S\$2 million in FY2019 mainly due to the trade tension between United States and China, which resulted in the overall slowdown in electronics manufacturing industries. Revenue recorded from trading of luxury goods dropped by 17.61% from S\$8.2 million in FY2018 to S\$6.8 million in FY2019 mainly due to the political events in Hong Kong and revenue from switchgear design and assembly recorded S\$5 thousand in FY2019 as compared to S\$65 thousand in FY2018 mainly due to less demand in FY2019.

Cost of sales and gross profit

The gross profit margin of the Group slightly increased from 5.35% in FY2018 to 6.16% in FY2019. The gross profit of the Group decreased from S\$588 thousand in FY2018 to S\$541 thousand in FY2019.

Other operating income

The other operating income recorded S\$6 thousand in FY2019 as compared to S\$455 thousand in FY2018 mainly due to exchange gain from foreign currency translation of S\$0.4 million and gain on disposal of investment of S\$49 thousand in FY2018.

Selling and distribution expenses

The selling and distribution expenses slightly decreased by S\$21 thousand and recorded approximately S\$232 thousand in FY2019 (FY2018: S\$253 thousand) solely due to less spending on transportation expenses in FY2019.

Depreciation of plant and equipment

Depreciation of plant and equipment increased by S\$7 thousand from S\$16 thousand in FY2018 to S\$23 thousand FY2019 due to adoption of lease SFRS(I) 16.

Administrative expenses

The administrative expenses remained constant and recorded approximately S\$2.3 million in FY2019 and FY2018.

Other operating expenses

The other operating expenses recorded \$124 thousand in FY2019 as compared to S\$7 thousand in FY2018 solely due to exchange loss resulting from foreign currency translation.

Finance costs

The finance expenses in FY2019 relate solely to interest expenses from hire purchase.

APPENDIX II - FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

Share of loss of associate

The Group's share of loss of associate, PT Louis Gianni, recorded S\$154 thousand in FY2019 due to the disposal of 51% of PT Louis Gianni in FY2018.

Loss before income taxes

The loss before tax of approximately S\$2.4 million for FY2019 was mainly due to (i) decrease in gross profit and (ii) decrease in other operating income and (iii) increase in share of loss of associate.

Income tax

For FY2019, there was no provision for income tax for Singapore and Hong Kong subsidiaries due to losses.

FY2018 compared to FY2017

Revenue

The Group's revenue increased by S\$7.8 million or 238.54% from S\$3.2 million in FY2017 to S\$11.0 million in FY2018 mainly due to the new business in trading of luxury goods in Hong Kong subsidiary which started in March 2018. Revenue contributed from distribution of consumable material for electronic industry dropped by 14.62% from S\$3.2 million in FY2017 to S\$2.8 million in FY2018.

Cost of sales and gross profit

The gross profit margin of the Group declined substantially from 19.5% in FY2017 to 5.35% in FY2018. The gross profit of the Group slightly decreased from S\$633 thousand in FY2017 to S\$588 thousand in FY2018.

Other operating income

In continuing operations, the increase in other operating income from S\$50 thousand in FY2017 to S\$455 thousand in FY2018 was mainly due to exchange gain result from foreign currency translation of S\$400 thousand.

Selling and distribution expenses

The selling and distribution expenses slightly increased and recorded approximately S\$253 thousand in FY2018 (FY2017: S\$230 thousand).

Administrative expenses

The administrative expenses rose by 24.62% from S\$1.9 million in FY2017 to S\$2.3 million in FY2018 mainly due to increase in (i) wages and salaries by S\$314 thousand; (ii) legal and professional fee by S\$22 thousand; (iii) building management fee by S\$15 thousand; (iv) printing expenses S\$14 thousand; (v) listing and secretarial fee by S\$17 thousand and others.

The administrative expenses of S\$2.3 million are mainly attributable to wages and salaries and directors' remuneration (S\$1.56 million), professionals and audit fees (S\$355 thousand), rental and building management fee (S\$80 thousand), travelling and entertainment expenses (S\$70 thousand), printing expenses (S\$42 thousand), listing fee and secretarial fee (S\$42 thousand), depreciation (S\$16 thousand), courier, logistic and motor vehicle expenses (S\$26 thousand), bank charges (S\$10 thousand), telephone, utilities and office supplies (S\$30 thousand) and others (S\$89 thousand).

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Other operating expenses

The other operating expenses recorded \$7 thousand mainly due to exchange loss resulting from foreign currency translation.

Finance costs

The finance expenses in FY2018 relate solely to interest expenses.

Loss before income tax

The loss before income tax of approximately S\$1.5 million for FY2018 was mainly due to (i) increase in administrative expenses and (ii) decrease in gross profit, mitigated by a (i) rise in other operating income and (ii) decrease in other operating expenses.

Income tax

There were no income tax payable in FY2017 and 2018.

APPENDIX II - FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

3. CONSOLIDATED BALANCE SHEETS

	← As at 31 December →			As at
	2017 S\$ (Audited)	2018 S\$ (Audited)	2019 S\$ (Audited)	30 June 2020 (Unaudited)
Assets				
Non-current assets				
Plant and equipment	96,024	65,678	136,912	103,020
Membership rights	23,900	—	—	—
Investment in associates	—	1,280,909	1,162,097	—
	119,924	1,346,587	1,299,009	103,020
Current assets				
Inventories	312,837	2,349,857	776,496	765,084
Trade receivables	1,075,591	925,289	696,257	642,820
Other receivables and prepayments	401,668	26,624	89,606	202,670
Due from associate	—	1,712,209	1,696,380	1,696,380
Disposal group assets classified as held for sale	—	—	50,295	50,022
Fixed deposits	2,464,703	—	—	—
Cash and bank balances	1,026,097	903,009	599,876	652,474
	5,280,896	5,916,988	3,858,615	4,009,450
Total assets	5,400,820	7,263,575	5,207,919	4,112,470
Equity and liabilities				
Equity attributable to owners of the Company				
Share capital	33,715,127	38,852,217	38,852,217	38,852,217
Translation reserve	(1,557,557)	(1,657,004)	(685,498)	(690,632)
Accumulated losses	(29,061,224)	(30,995,414)	(33,374,542)	(34,394,413)
Reserve of disposal group classified as held for sale	—	—	(860,806)	(861,372)
Total equity	3,096,346	6,199,799	3,931,371	2,905,800
Non-current liabilities				
Lease obligations	6,680	5,140	62,302	32,488
Current liabilities				
Trade payables	128,620	108,736	81,307	110,673
Other payables and accruals	2,111,990	891,605	953,358	883,260
Lease obligations	1,427	1,540	64,291	64,569
Liabilities directly associated with disposal group classified as held for sale	—	—	115,290	115,680
Borrowings	—	—	—	—
Income tax payable	55,757	56,755	—	—
	2,297,794	1,058,636	1,098,956	1,174,182
Total liabilities	2,304,474	1,063,776	1,276,548	1,206,670
Total equity and liabilities	5,400,820	7,263,575	5,207,919	4,112,470

Source: (1) Annual reports of the Company for FY2017, FY2018 and FY2019 (2) unaudited consolidated financial statements of the Group for HY2019 and HY2020

APPENDIX II - FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

4. BALANCE SHEET REVIEW

HY2019 compared to HY2020

Assets

There was a significant drop in the non-current assets of the Group of S\$1.2 million, mainly due to (i) disposal of 49% of PT Louis Gianni as announced on 29 May 2020 and (ii) decrease in property, plant, and equipment as a result of depreciation. No additional plant and equipment was purchased during the period.

The current assets of the Group slightly increased by approximately S\$0.1 million or 2.58% from S\$3.9 million as at 31 December 2019 to S\$4.0 million as at 30 June 2020.

The inventories remained stable at approximately S\$0.8 million as at 31 December 2019 and 30 June 2020. On the other hand, the Group's cash and bank balance had increased by S\$52 thousand. Please refer to cashflow position for more details on cash and bank balances.

The decrease in trade receivables by S\$53 thousand as at 30 June 2020 resulted from customers' payment. As at 30 June 2020, all trade receivables were within their credit terms.

The growth in other receivables, deposits and prepayments by approximately S\$113 thousand was mainly due to prepayment of domain and website fee made in advance.

Liabilities

There was no material change in current liabilities which recorded approximately S\$1.2 million as at 31 December 2019 and 30 June 2020. The increase in trade payables from S\$83 thousand as at 31 December 2019 to S\$111 thousand as at 30 June 2020 was mainly due to the increase of professional fees in HY2020.

The decrease in other payables and accruals from S\$1.0 million as at 31 December 2019 to S\$0.9 million as at 30 June 2020 was due to the repayment of other payables during the period.

As at 30 June 2020, other payable and accruals consisted of (i) salaries/wages for staffs and directors' remuneration for past years (S\$0.5 million); (ii) audit fee for FY2019 & HY2020 (S\$116 thousand); (iii) professional fee for FY2018 & HY2019 (S\$215 thousand) and others.

There was no material change in current liabilities which recorded approximately S\$1.2 million as at 31 December 2019 and 30 June 2020. The increase in trade payables from S\$83 thousand as at 31 December 2019 to S\$111 thousand as at 30 June 2020 was mainly due to the increase of professional fees in HY2020.

The decrease in other payables and accruals from S\$1.0 million as at 31 December 2019 to S\$0.9 million as at 30 June 2020 was due to the repayment of other payables during the period.

As at 30 June 2020, other payable and accruals consisted of (i) salaries/wages for staffs and directors' remuneration for past years (S\$0.5 million); (ii) audit fee for FY2019 & HY2020 (S\$116 thousand); (iii) professional fee for FY2018 & HY2019 (S\$215 thousand) and others.

Non-current liabilities decreased by S\$30 thousand due to (i) the repayment lease of photocopier and (ii) adoption of lease SFRS(I) 16 as at 30 June 2020.

FY2019 compared to FY2018

Assets

The non-current assets as at 31 December 2019 was S\$1.1 million included investment in associate and property, plant, and equipment of S\$16 thousand. The decrease in property, plant, and equipment by S\$50 thousand was a result of depreciation expense.

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The current assets of the Group decreased by approximately S\$2 million or 33.43% from S\$5.9 million as at 31 December 2018 to S\$3.9 million as at 31 December 2019.

Inventories decreased by approximately S\$1.6 million from S\$2.4 million as at 31 December 2018 to S\$0.8 million as at 31 December 2019 as a result of a decrease in stock level for trading of luxury goods business.

The decline in trade receivables by S\$229 thousand result from settlement from customers. As at 31 December 2019, all trade receivables are within their credit terms.

The decline in cash and bank balance by S\$321 thousand was a result from the settlement of payables and expenses.

The due from associate recorded S\$1.7 million as at 31 December 2019 was attributable to the advance to Strong System Limited for the joint venture business as announced on 13 April 2018.

Liabilities

The current liabilities of the Group recorded S\$1.1 million as at 31 December 2019. The current liabilities consists of (i) trade payable of S\$81 thousand; (ii) other payables and accruals of S\$0.9 million; (iii) lease obligation of S\$2 thousand and (iv) liabilities directly associated with proposed disposal group classified as held for sale of S\$110 thousand including tax payable of S\$52 thousand in Luxury Watch Trading Limited and other payable of S\$57 thousand in Switech Systems & Marketing Pte Ltd.

The decrease in trade payables of S\$28 thousand was attributable to the settlement to suppliers.

The non-current liabilities of the Group declined from S\$5 thousand as at 31 December 2018 to S\$4 thousand as at 31 December 2019 as a result of settlement of lease obligation during the year.

FY2018 compared to FY2017

Assets

The non-current assets increase mainly due to investment in associate after disposal of 51% of PT Louis Gianni and offset by a decrease in property, plant, and equipment as a result of depreciation.

The current assets of the Group increased by approximately S\$0.6 million or 12.05% from S\$5.3 million as at 31 December 2017 to S\$5.9 million as at 31 December 2018.

Inventories increased by approximately S\$2.0 million from S\$0.3 million as at 31 December 2017 to S\$2.3 million as at 31 December 2018 resulting from the purchase of stock for the new business in trading of luxury goods in Hong Kong subsidiary.

The decline in trade receivables by S\$150 thousand result from settlement from customers. As at 31 December 2018, all trade receivables are within their credit terms.

The decline in other receivables, deposits and prepayments by approximately S\$375 thousand was mainly due to (i) stocks in transit have been fully delivered to our warehouse in early 2018 and (ii) accrued interest income as at 31 December 2017 has been received from CIMB Bank in Indonesia.

The due from associate recorded S\$1.7 million as at 31 December 2018 solely due to the advance to Strong System Limited.

The fixed deposit dropped from S\$2.5 million as at 31 December 2017 to Nil as at 31 December 2018 as a result of disposal of PT Louis Gianni which became an associate of the Group as at 31 December 2018.

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Liabilities

The non-current liabilities of the Group declined from S\$7 thousand as at 31 December 2017 to S\$5 thousand as at 31 December 2018 as a result of settlement of lease obligation during the year.

The current liabilities of the Group decreased by about S\$1.2 million or 53.93% from S\$2.3 million as at 31 December 2017 to S\$1.1 million as at 31 December 2018.

The drop was mainly due to (i) repayment of interest free and unsecured loan extended from Executive Director in FY2018 of S\$326 thousand, (ii) decline in other payable and accruals resulting from settlement of professional fee and payroll and (iii) the decline in trade payables of S\$20 thousand resulted from settlement to suppliers.

Other payable and accruals consists of (i) directors' remuneration and staff salaries (S\$635 thousand); (ii) FY2018 professional fee for (S\$246 thousand) and others.

5. CONSOLIDATED STATEMENT OF CASH FLOWS

	FY2017 S\$ (Audited)	FY2018 S\$ (Audited)	FY2019 S\$ (Audited)	HY2020 S\$ (Unaudited)
Cash flows from Operating Activities				
Loss before income tax from continuing operations	(2,118,920)	(1,529,967)	(2,350,126)	(1,018,866)
Loss before income tax from discontinuing operations	(460,091)	(404,223)	(29,002)	(1,005)
	(2,579,011)	(1,934,190)	(2,379,128)	(1,019,871)
Adjustments for:				
Depreciation of plant and equipment	22,551	31,466	85,166	33,892
Loss on disposal of investment in a subsidiary	–	252,414	–	–
Gain on disposal of an associate	–	–	–	(3,298)
Write back of allowance for inventory obsolescence	–	(310)	–	–
Allowance for impairment of membership rights	–	23,900	–	–
Bad debts written off (trade)	6,177	–	–	–
Write off of other receivables	–	7,347	1,023	–
Write off amount due from an associated company	–	–	1,267	–
Share of loss of associate	–	817	154,518	54,208
Unrealised exchange (gain)/loss	1,101,625	(481,377)	88,338	(17,051)
Interest expense	10,747	505	2,651	800
Interest income	(182,875)	(96,092)	–	–
Operating cash flow before working capital changes	(1,620,786)	(2,195,520)	(2,046,165)	(951,320)
Changes in working capital:				
Inventories	(54,730)	(2,036,710)	1,573,361	11,412
Trade and other receivables	(342,999)	989,507	152,972	(59,627)
Trade and other payables	894,960	(346,978)	(41,938)	(40,436)
Cash used in operating activities	(1,123,555)	(3,589,701)	(361,770)	(1,039,971)
Interest paid	(10,747)	(505)	(96)	(800)
Income tax paid	–	–	(4,500)	–
Net cash used in operating activities	(1,134,302)	(3,590,206)	(366,366)	(1,040,771)

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	FY2017 S\$ (Audited)	FY2018 S\$ (Audited)	FY2019 S\$ (Audited)	HY2020 S\$ (Unaudited)
Cash Flows from Investing Activities				
Purchase of plant and equipment	(83,462)	—	(15,919)	—
Proceeds from disposal of plant and equipment	—	—	—	—
Proceeds from disposal of trademark	934	—	—	—
Proceeds from disposal of an associate	—	—	—	1,100,000
Investment in associate	—	(817)	—	—
Net cash outflow from disposal of a subsidiary	—	(1,149,833)	—	—
Advances to associate	—	(1,172,209)	—	—
Decrease of pledged fixed deposits	5,032	1,296,211	—	—
Fixed deposits maturing after 3 months	517,435	—	—	—
Refund of deposit in Subsidiary held in escrow account	42,881	—	—	—
Interest received	203,682	196,368	—	—
Net cash generated from/(used in) investing activities	686,502	(1,370,280)	(15,919)	1,100,000
Cash Flows from Financing Activities				
Proceeds from issuance of shares, net of share issue expenses	—	5,137,090	—	—
Payment of debt conversion share issuance expenses	(17,630)	—	—	—
Repayment of conditional deposit from investor	—	—	—	—
Proceeds from borrowings	136,855	—	—	—
Repayment of borrowings	(171,069)	—	—	—
Loan/Advance from/(Repayment to) a director of the Company	326,554	(326,554)	140,288	—
(Decrease)/Increase in lease obligations	8,107	(1,427)	—	—
Interest paid on lease liabilities	—	—	(2,555)	(3,455)
Repayment of lease liabilities	—	—	(64,177)	(28,866)
Net cash generated from financing activities	282,817	4,809,109	73,556	(32,321)
Net increase/(decrease) in cash and cash equivalents	(164,983)	(151,377)	(308,729)	26,908
Cash and cash equivalents at the beginning of the year	1,248,081	1,026,097	903,009	605,945
Effect of changes in foreign exchange rates on cash and cash equivalents	(57,001)	28,289	11,665	19,395
Cash and cash equivalents at the end of the year	1,026,097	903,009	605,945	652,248
Issuance of ordinary shares, net of share issue expenses	—	5,431,728	—	—
Revised Advisory Fees Shares	—	—	—	—
Rights issue, net of share issue expenses	—	(294,638)	—	—
Net cash from issuance of shares	—	5,137,090	—	—

Source: (1) Annual reports of the Company for FY2017, FY2018 and FY2019 (2) unaudited consolidated financial statements of the Group for HY2019 and HY2020

APPENDIX II - FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

6. CASH FLOW REVIEW

HY2020

The Group has a negative cash flows before working capital changes of S\$1.0 million as at 30 June 2020 mainly due to loss before income tax from continuing operations of approximately S\$1 million and adjusted by non-cash items of (i) unrealised exchange gain of S\$17 thousand, (ii) depreciation of S\$33 thousand and (iii) share of loss of associate of S\$54 thousand.

Net cash used in operating activities of approximately S\$1.0 million was mainly due to (i) decrease in inventories of S\$11 thousand; (ii) increase in trade and other receivables of S\$60 thousand and (iii) decrease in trade and other payables of S\$40 thousand.

Net cash of S\$1.1 million was generated from investing activities as at 30 June 2020 as a result of the disposal of 49% of PT. Louis Gianni as announced on 29 May 2020. There was no investing activity as at 30 June 2019.

Net cash used in financing activities of S\$32 thousand as at 30 June 2020 was due to interest paid and repayment of lease liabilities. There was no financing activity as at 30 June 2019.

FY2019

The Group has a negative operating cash flow before working capital changes of approximately S\$2.4 million as at 31 December 2019 mainly due to loss of approximately S\$2.3 million and adjustment made to non-cash items of (i) unrealised exchange loss of S\$88 thousand; (ii) depreciation of S\$85 thousand; (iii) interest expenses of S\$3 thousand and (iv) share of loss of associate of S\$155 thousand.

Net cash used in operating activities of approximately S\$0.4 million was mainly due to (i) decrease in inventories of S\$1.6 million; (ii) decrease in trade receivables of S\$153 thousand and (iii) increase in payables of S\$42 thousand.

Net cash of S\$16 thousand was used in investing activities as at 31 December 2019 as a result of purchasing additional plant and equipment for the operation of distribution business.

Net cash generated from financing activities of S\$74 thousand as at 31 December 2019 was due to advance from a director of the Company offsetting by the interest and repayment of lease liabilities. The advance is unsecured, interest-free and repayable on demand in cash.

FY2018

The Group has a negative cash flows before working capital changes of S\$2.2 million as at 31 December 2018 mainly due to loss of approximately S\$1.9 million and adjustment made to non-cash items of (i) unrealized exchange gain of S\$0.5 million; (ii) depreciation of S\$31 thousand; (iii) interest expenses of S\$1 thousand; (iv) interest income of S\$96 thousand; (v) loss on disposal of investment of S\$252 thousand; (vi) impairment of membership rights of S\$24 thousand and (vii) other receivables written off of S\$7 thousand. Net cash used in operating activities of approximately S\$3.6 million was mainly due to (i) increase in inventories of S\$2.0 million; (ii) decrease in trade and other receivables of S\$1.0 million and (iii) decrease in payables of S\$347 thousand. Net cash of S\$1.4 million was used in investing activities as at 31 December 2018 mainly because of (i) decrease of S1.3 million in fixed deposit with CIMB Bank in Indonesia; (ii) disposal of subsidiary (S\$1.1 million); (iii) advances to associate of S\$1.7 million and (iv) interest received of S\$0.2 million. Net cash generated from financing activities of S\$4.8 million as at 31 December 2018 was due to (i) proceeds from issue of share in February 2018 (S\$5.1 million) and (ii) repayment of loan from director (S\$0.3 million).

APPENDIX II - FINANCIAL INFORMATION AND REVIEW OF PAST PERFORMANCE

FY2017

The Group has a negative cash flows before working capital changes of S\$1.6 million as at 31 December 2017 mainly due to loss of approximately S\$2.6 million and adjusted by noncash items of (i) unrealised exchange loss of S\$1.1 million; (ii) depreciation of S\$23 thousand; (iii) interest expenses of S\$11 thousand and (iv) interest income of S\$183 thousand. Net cash used in operating activities of approximately S\$1.13 million was mainly due to (i) increase in inventories of S\$55 thousand; (ii) decrease in trade and other receivables of S\$343 thousand and (iii) increase in payables of S\$895 thousand. Net cash of S\$0.7 million was generated from investing activities as at 31 December 2017 mainly because of (i) fixed deposits at CIMB in Indonesia maturing after 3 months of S\$0.5 million (ii) interest received in fixed deposit in Indonesia (S\$204 thousand). Net cash generated in financing activities of S\$0.3 million as at 31 December 2017 was due to (i) interest free and unsecured loan of S\$327 thousand from Executive Director; (ii) the repayment of borrowing of S\$171 thousand; (iii) proceeds from borrowings of S\$137 thousand; (iv) payment of debt conversion share issuance expenses of S\$18 thousand and (v) finance lease of printer S\$8 thousand.

7. WORKING CAPITAL POSITION

The total current assets, total current liabilities and working capital of the Group for the last three financial years and HY2020 are as follows:

	← As at 31 December →			As at 30 June 2020
	2017 S\$ (Audited)	2018 S\$ (Audited)	2019 S\$ (Audited)	2020 (Unaudited)
Total current assets	5,280,896	5,916,988	3,908,910	4,009,450
Total current liabilities	2,297,794	1,058,636	1,214,246	1,174,162
Working capital	2,983,102	4,858,352	2,694,664	2,835,288

HY2020 compared to HY2019

The net working capital increased from S\$2.7 million as at 31 December 2019 to S\$2.8 million as at 30 June 2020 as a result from the increase in current assets by S\$0.1 million from S\$3.9 million as at 31 December 2019 to S\$4.0 million as at 30 June 2020.

FY2019 compared to FY2018

The drop in net working capital of approximately S\$2.2 million from S\$4.9 million in FY2018 to S\$2.7 million in FY2019 was mainly due to significant decrease in current assets by approximately S\$2 million from S\$5.9 million in FY2018 to S\$3.9 million in FY2019.

FY2018 compared to FY2017

The rise in net working capital of approximately S\$1.9 million from S\$3.0 million in FY2017 to S\$4.9 million in FY2018 was mainly due to significant decrease in current liabilities by S\$1.2 million from S\$2.3 million in FY2017 to S\$1.1 million in FY2018 and increase in current assets by S\$0.6 million from S\$5.3 million in FY2017 to S\$5.9 million in FY2018.

APPENDIX III - ALTERNATIVE ARRANGEMENTS

Shareholders may electronically access the EGM proceedings and observe and/or listen to the live audio-visual webcast or live audio-only stream via their mobile phones, tablets or computers, submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM and submit Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote on his/her/its behalf at the EGM.

To do so, Shareholders will need to complete the relevant steps below.

Steps	Details
Pre-registration for the live audio-visual webcast or live audio-only stream	Shareholders must pre-register at the URL https://zoom.us/webinar/register/WN_DoCcnYErTKyEuNMijqJqPA from 23 October 2020 until 12:00pm on Friday, 6 November 2020 to enable the Company's Share Registrar, KCK Corpserve Pte Ltd, to verify their status as Shareholders of the Company. Following the verification, authenticated Shareholders will receive an email by 12:00pm on Sunday, 8 November 2020 which will contain the user ID and password details as well as the URL to access the live audio-visual webcast or the toll-free telephone number to access the live audio-only stream (the "Confirmation Email"). Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream but who have not received the Confirmation Email by 10:00am on Monday, 9 November 2020, should contact the Company at incredible-egm@kckcs.com.sg.
Submission of comments, queries and/or questions in advance of the EGM	Shareholders will not be able to comment, raise queries and/or ask questions at the EGM during the live audio-visual webcast or live audio-only stream. It is therefore important for Shareholders to submit comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM. Submission of comments, queries and/or questions. Shareholders may submit comments, queries and/or questions related to the resolutions in the Notice of EGM to the Chairman of the Meeting in advance of the EGM in the following manner: (a) By post – Shareholders may submit their comments, queries and/or questions by post to the Company's Share Registrar, KCK Corpserve Pte Ltd, at KCK Corpserve Pte Ltd, 333 North Bridge Road, #08-00, KH KEA Building Singapore 188721. Comments, queries and/or questions submitted by Shareholders by post must be accompanied by the Shareholders' full name, address and the manner in which the Shareholder holds Shares in the Company. (b) By electronic means – Shareholders, who have pre-registered for the live audio-visual webcast or live audio-only stream, may submit their comments, queries and/or questions via email to incredible-egm@kckcs.com.sg. Deadline to submit comments, queries and/or questions. Shareholders must submit all comments, queries and/or questions by 12:00pm on Friday, 30 October 2020.

APPENDIX III - ALTERNATIVE ARRANGEMENTS

Steps	Details
	Addressing comments, queries and/or questions. The Company will endeavour to address all substantial and relevant comments, queries and/or questions received from Shareholders before the EGM. The Company will publish its responses to comments, queries and/or questions on the Company's website at the URL www.incredible.sg and on SGXNET at the URL https://www.sgx.com/securities/company-announcements on Wednesday, 4 November 2020. Minutes of EGM. The Company will publish the minutes of EGM on the Company's website at the URL www.incredible.sg and on SGXNET at the URL https://www.sgx.com/securities/company-announcements within one (1) month after the EGM. The minutes of EGM will include responses from the Board and the management to substantial and relevant comments, queries and/or questions received from Shareholders addressed at the EGM during the live audio-visual webcast or live audio-only stream.
Submission of Proxy Forms to appoint the Chairman of the Meeting to attend, speak and vote at the EGM	Appointment of Chairman of the Meeting as proxy. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM. Specific instructions as to voting must be given. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid. Submission of Proxy Forms. The Proxy Form must be submitted to the Company in the following manner: (a) if submitted by post, be lodged with the Company's Share Registrar, KCK Corpserve Pte Ltd, at 333 North Bridge Road, #08-00, KH KEA Building Singapore 188721; or (b) if submitted by way of electronic means, be submitted via email at incredible-egm@kckcs.com.sg, in either case, by 12:00pm on Friday, 6 November 2020. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.

NOTICE OF EXTRAORDINARY GENERAL MEETING

INCREDIBLE HOLDINGS LTD.

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

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Incredible Holdings Ltd. (the “**Company**”) will be held by way of electronic means on 9 November 2020 at 12:00 p.m. for the purpose of considering and, if thought fit, passing with or without modifications, the following ordinary resolutions:

*All capitalised terms used in this notice of EGM which are not defined herein shall have the meanings ascribed to them in the circular to shareholders of the Company dated 23 October 2020 (the “**Circular**”) in relation to the Proposed Rights cum Warrants Issue and the Proposed New Whitewash Resolution.*

Ordinary Resolution 1: The Proposed Rights cum Warrants Issue

That:

A renounceable non-underwritten rights cum warrants issue (the “**Rights cum Warrants Issue**”) of up to 6,947,810,360 new ordinary shares of the Company comprising the renounceable non-underwritten rights cum warrants issue of up to 3,473,905,180 rights shares with warrants (the “**Rights Shares with 2021 Warrants**”) at an issue price of S\$0.0056 (the “**Issue Price**”) for each Rights Share with 2021 Warrant, with up to 3,473,905,180 free detachable Warrants (the “**2021 Warrants**”) with each 2021 Warrant carrying the right to subscribe for one (1) new ordinary share in the capital of the Company (the “**New Share**”) at the exercise price of S\$0.012 per Exercised Share (the “**Exercise Price**”), on the basis of ten (10) Rights Shares for every one (1) existing ordinary Share in the capital of the Company held by Shareholders as at a time and date to be determined by the Directors for the purpose of determining the Shareholders’ entitlements under the Proposed Rights cum Warrants Issue (the “**Record Date**”), and one (1) 2021 Warrant for every one (1) Rights Share with 2021 Warrant subscribed, fractional entitlements to be disregarded, be and is hereby approved and authority be and is hereby given to the Directors or any of them to:

- (a) create and issue:
 - (i) up to 3,473,905,180 Rights Shares with 2021 Warrants at the Issue Price of S\$0.0056 per Rights Share with 2021 Warrant;
 - (ii) up to 3,473,905,180 2021 Warrants in registered form, each 2021 Warrant to entitle the holder thereof to subscribe for one (1) Exercised Share at an exercise price of S\$0.012 for each Exercised Share at any time during the period commencing on the date of issue of the 2021 Warrants and expiring at 5.00 p.m. on the date immediately preceding the third (3rd) anniversary of the date of issue of the 2021 Warrants subject to the terms and conditions of the deed poll (the “**Deed Poll**”) constituting the 2021 Warrants to be executed by the Company on such terms and conditions as the Directors may think fit; and
 - (iii) such further 2021 Warrants in registered form as may be required or permitted to be issued in accordance with the terms and conditions of the Deed Poll (any such further 2021 Warrants to rank *pari passu* with the 2021 Warrants and for all purposes to form part of the same series, save as may otherwise be provided in the terms and conditions of the Deed Poll);
- (b) allot and issue, notwithstanding that the issue thereof may take place after the next or any ensuing annual or other general meeting of the Company:
 - (i) up to 3,473,905,180 New Shares on the exercise of the 2021 Warrants, credited as fully paid, subject to and otherwise in accordance with the terms and conditions of the Deed Poll, such New Shares (when issued and paid) to rank *pari passu* in all respects with the then Existing Shares of the Company (save as may otherwise be provided in the terms and

NOTICE OF EXTRAORDINARY GENERAL MEETING

conditions of the Deed Poll) save for any dividends, rights, allotments or other distributions the record date for which falls before the date of issue of the New Shares; and

- (ii) on the same basis as paragraph (b)(i) above, such further New Shares as may be required to be allotted and issued on the exercise of any of the 2021 Warrants referred to in paragraph (a)(iii) above;
- (c) effect the Proposed Rights cum Warrants Issue on the terms and conditions set out below and/or otherwise on such terms and conditions as the Directors may think fit:
 - (i) the provisional allotments of the Rights Shares with 2021 Warrants under the Proposed Rights cum Warrants Issue shall be made on a renounceable basis to the Shareholders whose names appear in the Register of Members of the Company or the records of CDP as at the Record Date with registered addresses in Singapore or who have, at least three (3) Market Days prior to the Record Date, provided to the CDP or the Company, as the case may be, addresses in Singapore for the service of notices and documents, on the basis of ten (10) Rights Shares with 2021 Warrants for every one (1) existing ordinary Share in the capital of the Company held by Shareholders as at the Record Date;
 - (ii) no provisional allotment of Rights Shares with 2021 Warrants shall be made in favour of Foreign Shareholders;
 - (iii) the entitlements to Rights Shares with 2021 Warrants which would otherwise accrue to Foreign Shareholders shall be disposed of by the Company in such manner and on such terms and conditions as the Directors shall deem fit for the purpose of renouncing the rights entitlements relating thereto to purchasers thereof and to pool and thereafter distribute the net proceeds, if any, thereof (after deducting all expenses) will be dealt with in accordance with the terms set out in the Offer Information Statement to be issued by the Company for the Proposed Rights cum Warrants Issue;
 - (iv) the entitlements to Rights Shares with 2021 Warrants not taken up or allotted for any reason (other than allotments to Foreign Shareholders referred to above) shall be allotted in such manner as the Directors may, in their absolute discretion, deem fit in the interests of the Company; and
 - (v) the Rights Shares with 2021 Warrants and/or the New Shares when issued and fully paid up will rank *pari passu* in all respects with the then Existing Shares save for any dividends, rights, allotments or other distributions, the record date for which falls before the date of the issue of the Rights Shares with 2021 Warrants and/or the New Shares; and
- (d) take such steps, enter into all such transactions, arrangements and agreements and execute all such documents as may be advisable, necessary or expedient for the purposes of giving effect to the Proposed Rights cum Warrants Issue (including fixing the Record Date), with full power to assent to any condition, amendment, alteration, modification or variation as may be required by the relevant authorities or as such the Directors or any of them may deem fit or expedient or to give effect to this Resolution or the transactions contemplated pursuant to or in connection with the Proposed Rights cum Warrants Issue.

NOTICE OF EXTRAORDINARY GENERAL MEETING

Ordinary Resolution 2: The Proposed New Whitewash Resolution

That conditional upon the passing of Ordinary Resolution 1:

Subject to the satisfaction of all the conditions set out in the Securities Industry Council's letter on 11 August 2020, Shareholders (other than the Undertaking Shareholders) do hereby, on a poll taken, unconditionally and irrevocably waive their rights to receive a mandatory general for the Company under Rule 14 of the Code arising from:

- (a) the Concert Group's subscription for the Rights Shares with 2021 Warrants pursuant to the New Irrevocable Undertakings; and
- (b) the New Shares to be issued to the Concert Group upon exercise of the 2021 Warrants.

By Order of the Board

Leung Kwok Kuen, Jacob
Independent Non-Executive Chairman, Independent Director

23 October 2020

Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on 9 November 2020 at 12:00 p.m. for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the Proposed Rights cum Warrants Issue, and the Proposed New Whitewash Resolution.
2. Printed copies of this Notice of EGM, the Circular and the Proxy Form will not be sent to Shareholders. Instead, this Notice of EGM, the Circular and the Proxy Form may be accessed at the Company's website at the URL www.incredible.sg by clicking on the hyperlinks titled "Notice of EGM", "Circular" and "EGM Proxy Form" respectively. This Notice of EGM, the Circular and the Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in **Appendix III** of the Circular.
4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on the Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** The Proxy Form may be accessed at the Company's website at the URL www.incredible.sg by clicking on the hyperlink titled "EGM Proxy Form" and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
6. The Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, KCK Corpserve Pte Ltd, at 333 North Bridge Road #08-00 KH KEA Building, Singapore 188721; or
 - (b) if submitted by way of electronic means, be submitted via email to the Company at incredible-egm@kckcs.com.sg,

in either case, by 12:00pm on Friday, 6 November 2020. A Shareholder who wishes to submit the Proxy Form must first download, complete and sign the Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**

NOTICE OF EXTRAORDINARY GENERAL MEETING

Personal Data Privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

PROXY FORM

INCREDIBLE HOLDINGS LTD.

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

PROXY FORM

(Please see notes overleaf before completing this Form)

I/We* _____ (Name) _____ (NRIC / Passport / Company Registration Number*)

of _____ (Address)

being a Shareholder of **Incredible Holdings Ltd.** (the "**Company**"), hereby appoint the Chairman of the Meeting as my/our* proxy to attend, speak and vote for me/us* on my/our* behalf at the EGM to be held by way of electronic means on 9 November 2020 at 12 p.m. and at any adjournment thereof.

I/We* direct the Chairman of the Meeting to vote for or against the resolutions to be proposed at the EGM as indicated hereunder. **If no specific direction as to voting, or abstentions from voting, is given in respect of any of the resolutions, the appointment of the Chairman of the Meeting as proxy for that resolution shall be treated as invalid.** The resolutions will be put to vote at the EGM by way of poll.

No.	Resolutions	FOR**	AGAINST**
1	To approve the Proposed Rights cum Warrants Issue (as Ordinary Resolution)		
2	To approve the Proposed New Whitewash Resolution (as Ordinary Resolution)		

* Delete accordingly.

** If you wish to exercise all your votes "For" or "Against", please indicate so with a ✓ within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2020

Signature(s) of Members/Corporation's Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF BEFORE COMPLETING THIS PROXY FORM



PROXY FORM

NOTES:-

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the EGM will be held by way of electronic means on 9 November 2020 at 12:00pm for the purpose of considering and if thought fit, passing, with or without any modification, the Ordinary Resolutions relating to the Proposed Rights cum Warrants Issue, and the Proposed New Whitewash Resolution.
2. Printed copies of the Notice of EGM, the Circular and this Proxy Form will not be sent to Shareholders. Instead, the Notice of EGM, the Circular and this Proxy Form may be accessed at the Company's website at the URL www.incredible.sg by clicking on the hyperlinks titled "Notice of EGM", "Circular" and "EGM Proxy Form" respectively. The Notice of EGM, the Circular and this Proxy Form are also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>.
3. Alternative arrangements relating to attendance at the EGM via electronic means (including arrangements by which the EGM proceedings may be electronically accessed via live audio-visual webcast or live audio-only stream), submission of comments, queries and/or questions to the Chairman of the Meeting in advance of the EGM, addressing of substantial and relevant comments, queries and/or questions before the EGM and voting by appointing the Chairman of the Meeting as proxy at the EGM, are set out in **Appendix III** of the Circular.
4. **Due to the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, the EGM will be held by way of electronic means and Shareholders will not be able to attend the EGM in person. A Shareholder (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the EGM in accordance with the instructions on this Proxy Form if such Shareholder wishes to exercise his/her/its voting rights at the EGM.** This Proxy Form may be accessed at the Company's website at the URL www.incredible.sg by clicking on the hyperlink titled "EGM Proxy Form" and is also available on SGXNET at the URL <https://www.sgx.com/securities/company-announcements>. Where a Shareholder (whether individual or corporate) appoints the Chairman of the Meeting as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in this Proxy Form, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.
5. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the SFA), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, this Proxy Form shall be deemed to relate to all the Shares held by you.
6. The Chairman of the Meeting, acting as proxy, need not be a Shareholder of the Company.
7. This Proxy Form must be submitted to the Company in the following manner:
 - (a) if submitted by post, be lodged with the Company's Share Registrar, KCK Corpserve Pte Ltd, at 333 North Bridge Road #08-00 KH KEA Building, Singapore 188721; or
 - (b) if submitted by way of electronic means, be submitted via email at incredible-egm@kckcs.com.sg, in either case, by 12:00pm on Friday, 6 November 2020. A Shareholder who wishes to submit this Proxy Form must first download, complete and sign this Proxy Form, before submitting it by post to the address provided above, or by scanning and submitting it by way of electronic means via email to the email address provided above. **In view of the current COVID-19 advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore, Shareholders are strongly encouraged to submit the completed Proxy Forms by way of electronic means via email.**
8. Where this Proxy Form is executed by an individual, it must be executed under the hand of the individual or his/her attorney duly authorised. Where this Proxy Form is executed by a corporation, it must be executed either under its common seal or under the hand of any officer or attorney duly authorised.

General:

The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of Shares entered in the Depository Register, the Company may reject a Proxy Form if the Shareholder, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the EGM, as certified by the CDP to the Company. A Depositor shall not be regarded as a Shareholder of the Company entitled to attend, speak and vote at the EGM unless his name appears on the Depository Register 72 hours before the time fixed for holding the EGM.

Personal data privacy:

By submitting the Proxy Form appointing the Chairman of the Meeting as proxy to attend, speak and vote at the EGM and/or any adjournment thereof, a Shareholder consents to the collection, use and disclosure of the Shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the EGM and/or any adjournment thereof, and the preparation and compilation of the attendance lists, minutes and other documents relating to the EGM and/or any adjournment thereof, and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.