

**RESPONSES TO QUESTIONS FROM THE SHAREHOLDER IN RELATION TO THE ANNUAL  
GENERAL MEETING TO BE HELD ON 30 APRIL 2021**

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The Board of Directors of Incredible Holdings Ltd. (the “**Company**” and together with its subsidiaries the “**Group**”) would like to thank shareholders for registering to attend the Company’s Annual General Meeting (“**AGM**”) to be held on 30 April 2021 at 12:00 pm by electronic means.

The Company received an email from a shareholder on 25 April 2021 in respect of the Company’s annual report for the financial year ended 31 December 2020, the Board is pleased to provide its responses to questions and the responses are set out below:

**1) Business Outlook & Financial Performance**

I had noticed that the Company announced a larger loss for FY2020. Net loss was S\$4.1million, worse than FY2019’s loss of S\$2.3 million. In fact, the Company had been losing money for more than 5 years already!

The Group’s financial performance in FY2020 was mainly impacted by the Covid-19 pandemic as the Group faced an overall slowdown in the electronics manufacturing industry while the trading of luxury goods was also further affected by political events in Hong Kong on top of the Covid-19 impact. The Group will continuously monitor the impact of Covid-19 on its operations and its financial performance. The Group will also be taking appropriate and timely measures to minimize the impact of the outbreak on the Group’s operations.

Yet the last line of the Chairman Statement states the following: "Last but not least, on behalf of Incredible Holdings Limited, we would like to express my gratitude to all our shareholders for your unwavering support which has ***contributed greatly to our success so far***. Together, let us look forward to ***continued success for Incredible Holdings Ltd.***"

**1a) What is the continued success that Mr Jacob Leung is referring to?**

**Diversification and Transformation of the Group’s Core Business**

The Group is in the midst of transforming its core business from the distribution of consumable material for the electronic industry and switchgear assembly plus the trading of luxury goods to focus more on the trading of luxury watches and asset-backed loan financing business going forward. The switchgear assembly business had been disposed on 14 September 2020.

**Growing the Group’s Revenue Base with Multiple Streams of Income**

The Group takes encouragement from diversifying its revenue base from getting into the luxury goods trading business since FY2018. The trading of luxury goods had been the Group’s key revenue driver since FY2018 as compared to revenue contribution from the distribution of consumable material for electronics industry and switchgear assembly (collectively as “legacy business”) over the last three financial years. In addition, revenue had sharply increased since FY2018 as compared to FY2017 and FY2016 where the legacy business was the sole revenue contributor.

The Group will continue to seize opportunities to build grow the group’s revenue.

**1b) Is losing money for five years in a row an example of continued success?**

**Restructuring and Cost Rationalization Process**

The Group is in the midst of restructuring its core business and rationalizing its cost and capital structures. We urged shareholders to be patient and keep faith in our strategic direction as we seek longer term returns to enhance our shareholder value.

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**Cash Positive with Near Zero Debt**

On a positive note, the Group continued to maintain a robust balance sheet with negligible debt and a positive cash position.

**1c) Is the Company, management and Board concerned that it is losing money for so many years and counting?**

The management is of course extremely concerned about our negative earnings and is working hard to turnaround the Group by focusing on our key priorities: (1) expand the luxury watch trading business and build the foundation for the new loan financing business, (2) disposal of loss making subsidiaries, (3) seek earnings accretive acquisitions, (4) cost and capital restructuring, (5) grow our revenue base etc.

**1d) Does the Company think that it will need fresh thinking/insights/ideas to turnaround the Company's financial performance? Does the Company think that it will require new blood to inject fresh thinking/insights/ideas to turnaround the Company's financial performance?**

The management is always trying to think out of the box and ahead of industry trends to better our competition and to grow our business interests. We are very determined to turnaround the Group's financial performance as soon as possible by focusing on our key priorities as mentioned above.

With regards to human resource, the Group is always on the constant lookout for new talents.

**1e) What is the Company, key management and Board doing to engineer a turnaround in the Company? What are they doing to bring the Company back into the black?**

Apart from focusing on our key priorities, our Group has identified two key business areas that will drive future revenue for the Group which will be instrumental in increasing profitability going forward:

**Trading of Luxury Watches**

The Group will be able to tap into the thriving luxury goods market in Hong Kong and Singapore where they are able to widen their source of revenue by extending these products to young individuals and professionals. Whilst Hong Kong will be the main market, the Group does not rule out possibilities of operating the Luxury Goods Business in other geographical areas as it deems fit. We have recently announced on 19 April 2021 for the incorporation of a subsidiary in Korea namely Korea Watch Co. Ltd. for that purpose.

**Asset-backed Loan Financing**

The Company had on 28 May 2020 incorporated a wholly owned subsidiary in Hong Kong namely Incredible Finance Limited for the operation of loan financing. The loan financing business will most likely commence operation in the second quarter of 2021 barring unforeseen circumstances.

**2) Remuneration**

I had noticed that the Company's Director fees were S\$120,000 in FY2020 (same as in FY2019). Mr Christian Kwok-Leun Yau Heilesen, Executive Director, is paid S\$618,105. Mr Henrick Yau Kwok Hang Heilesen is the brother and Ms Siu Yik Tung is the spouse of the Executive Director. The remuneration of Mr Henrick Yau Kwok Hang Heilesen fell within the band of S\$200,001 to S\$300,000 and Ms Siu Yik Tung fell within the band of S\$100,001 to S\$200,000. However, this is not a big Company, the Company's market capitalisation is only approximately S\$15 million.

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**2a) Why are key management and Directors paid so highly when the Company had been losing money for five years straight? Please ask the Remuneration Committee (“RC”) to justify the high salaries paid in FY2020.**

Mr Leung Kwok Kuen Jacob, Ms Zhou Jia Lin and Ms Eunice Veon Koh Pei Lee, all independent directors of the Group, formed up the RC. No Director is involved in deciding his or her own remuneration. The remuneration is also appropriate to attract, retain and motivate the Directors to provide good stewardship of the company, and key management personnel to successfully manage the company for long term.

Therefore, the remuneration packages had taken into consideration the above factors as the Directors and key management are instrumental and responsible in driving the strategic objectives and future growth of the Group. In addition, in setting the remuneration packages, the RC had taken into consideration of pay and employment conditions within the industry and in comparable companies.

**2b) Does key management and Directors not think they should lead by example and cut their remuneration until the Company achieves profitability?**

Since our transformation of being a pure distribution of consumable material for the electronic industry and switchgear assembly into a luxury goods trading business, our revenue had been diversified and increased significantly from 2018. However, the pandemic had been affecting the operation of business globally in FY2020. They will continue to drive the Group into the new business areas of (a) the trading of luxury watches and (b) the asset-backed loan financing business. Therefore, it is in the Group’s best interest to maintain a fair remuneration package for all staff levels through good and bad times to keep staff morale and motivational levels high to achieve our key objectives and eventually turnaround a profit going forward.

**2c) What cost cutting measures have been instituted in FY2020 to help the Company save money?**

The Group managed to implement various cost cutting measures throughout FY2020. The cost cutting measures were not evident in the financial numbers. Coupled with the Covid-19 impact, our Group had managed to save up on general expenses like travelling expenses and printing expenses etc. We have also proactively disposed dormant companies to reduce general administrative expenses. The Group will continue to manage our costs going forward.

By Order of the Board

Christian Kwok-Leun Yau Heilesen  
Executive Director  
29 April 2021

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*This announcement has been reviewed by the Company’s Sponsor, Hong Leong Finance Limited. It has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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