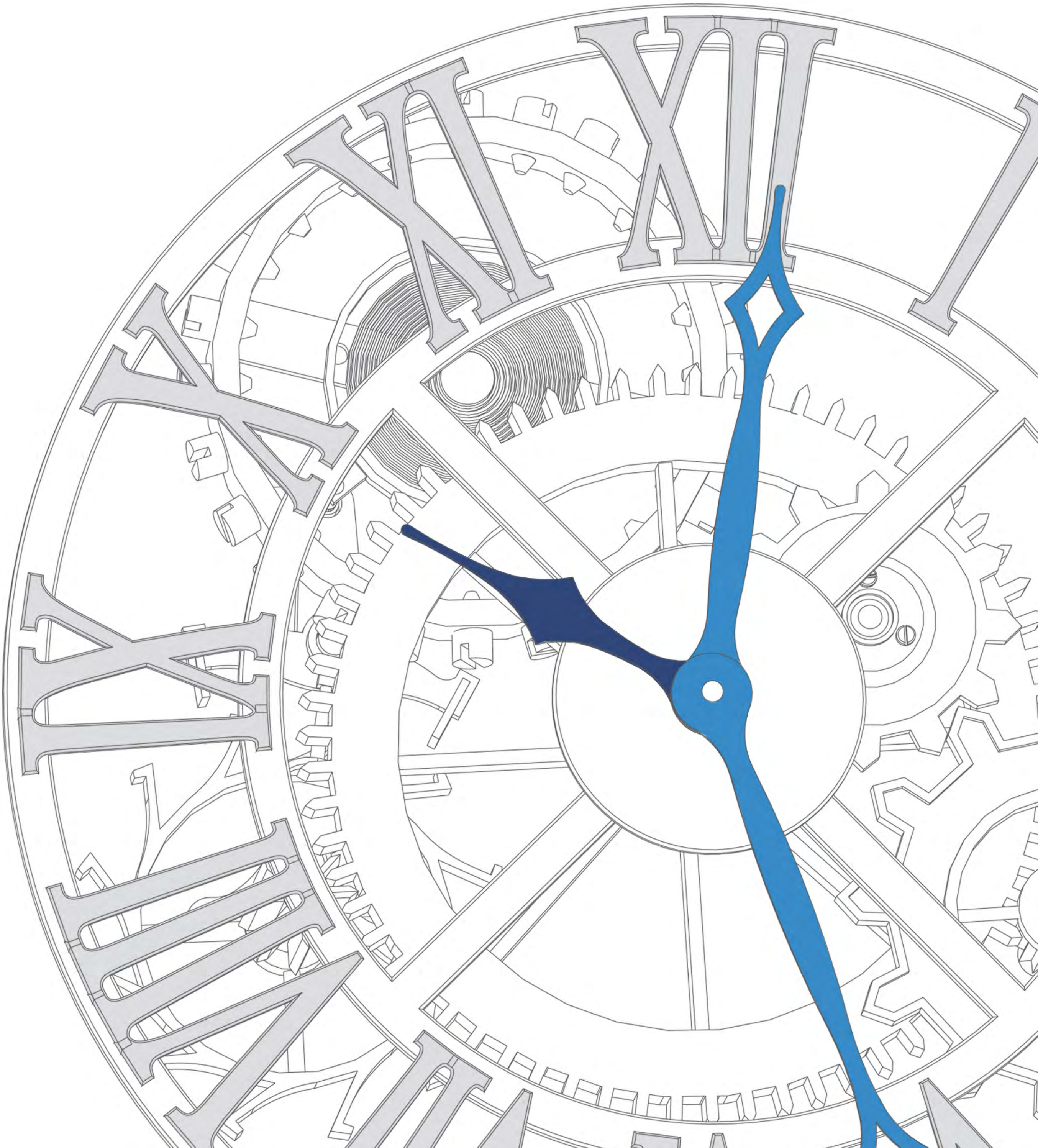
Incredible

# UNLOCKING GREATER SHAREHOLDER VALUE

## THE NO.1 E-MARKETPLACE FOR LUXURY WATCHES

ANNUAL REPORT 2021



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This annual report has been prepared by the Company and been reviewed by the Company's Sponsor Hong Leong Finance Limited (the "Sponsor"). This annual report has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

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.

# OUR VISION

## To build a global luxury watch e-marketplace for luxury watch enthusiasts around the world

# CORPORATE PROFILE

## INCREDIBLE HOLDINGS LTD.
## (SGX CODE: RDR)

https://incredible.sg

Incredible Holdings Ltd. and its subsidiaries focus its core business on the distribution of equipment and consumable materials for the electronics industry in Singapore, the trading of luxury goods in Europe and Asia, and the loan financing business in Hong Kong.

| Revenue | Record Revenue Contribution<br>Trading of Watches | Inventory Value* | Net Asset Value per share* |
|---|---|---|---|
| S$23.3 MILLION<br>▲ 616.4% | S$22.8 MILLION<br>▲ 1,288.2%<br>97.7% OF REVENUE<br>▲ 46.8ppts | S$5.7 MILLION | 0.30 SINGAPORE CENTS |

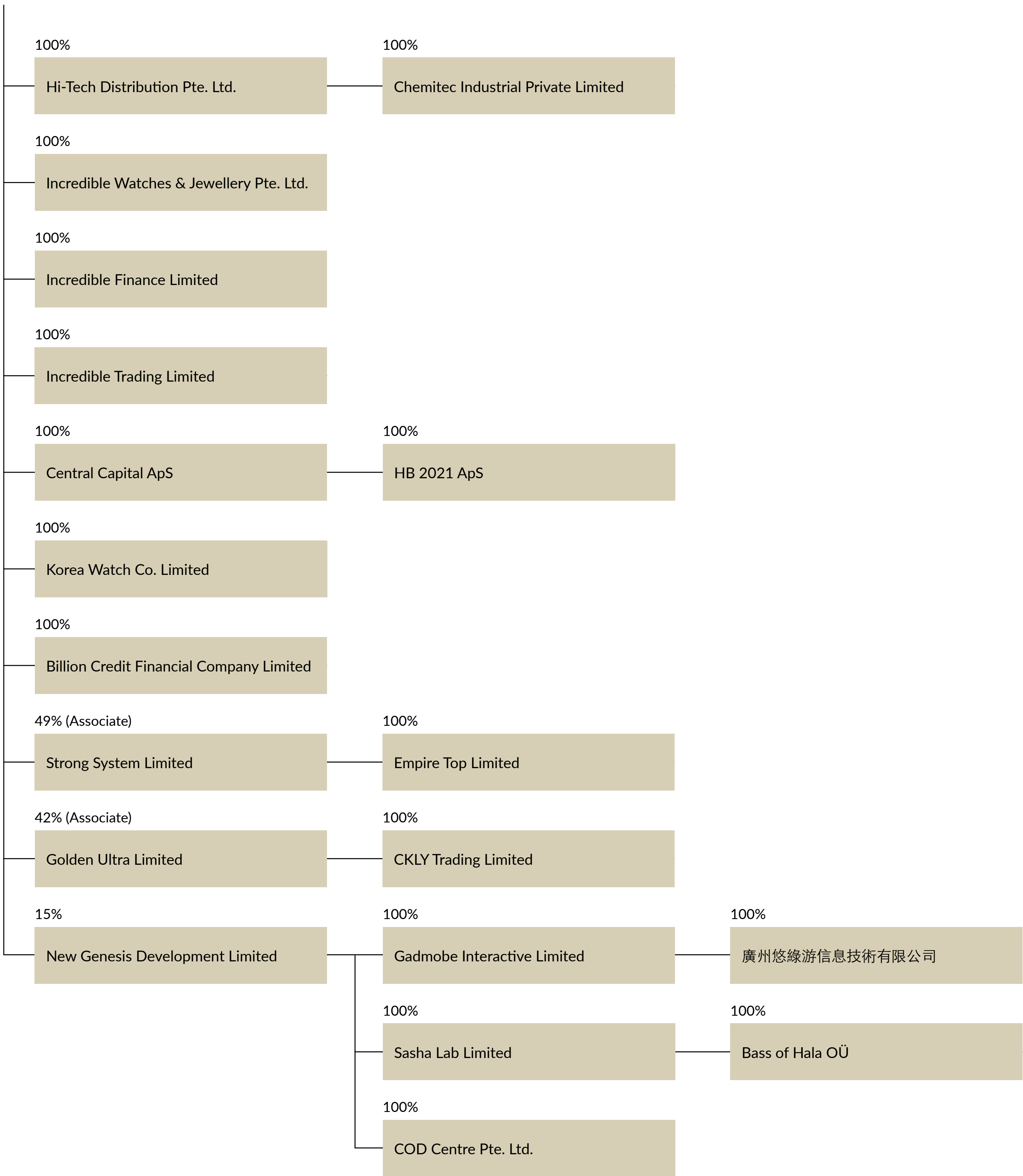
* As of 31 Dec 21

# CORPORATE STRUCTURE

Incredible

## ORGANISATION CHART

As at 20 May 2022



# OUR BUSINESS

## LUXURY WATCH TRADING

We curate fast moving and in-demand luxury watches to sell via our online platforms or retail shops to end consumers in Europe and Asia. We trade firsthand luxury watch brands like Rolex, Patek Phillip, Omega, Audemars Piguet, Vacheron Constantin etc.

# OUR BUSINESS

## ASSET-BACKED LOAN FINANCING

We provide short to medium term personal loans to retail clients secured by privately owned commercial, industrial or residential properties in Hong Kong based on a loan to value ("**LTV**") ratio at prevailing market interest rates.

# OUR BUSINESS

## DISTRIBUTION OF ELECTRONICS CONSUMABLES

We are in the distribution business of consumables to electronics manufacturers in Singapore. Electronic consumables generally consist of soldering materials, Printed Circuit Board ("**PCB**") chemicals, PCB repairing materials, electronic materials for Electrostatic Discharge ("**ESD**") protection etc.

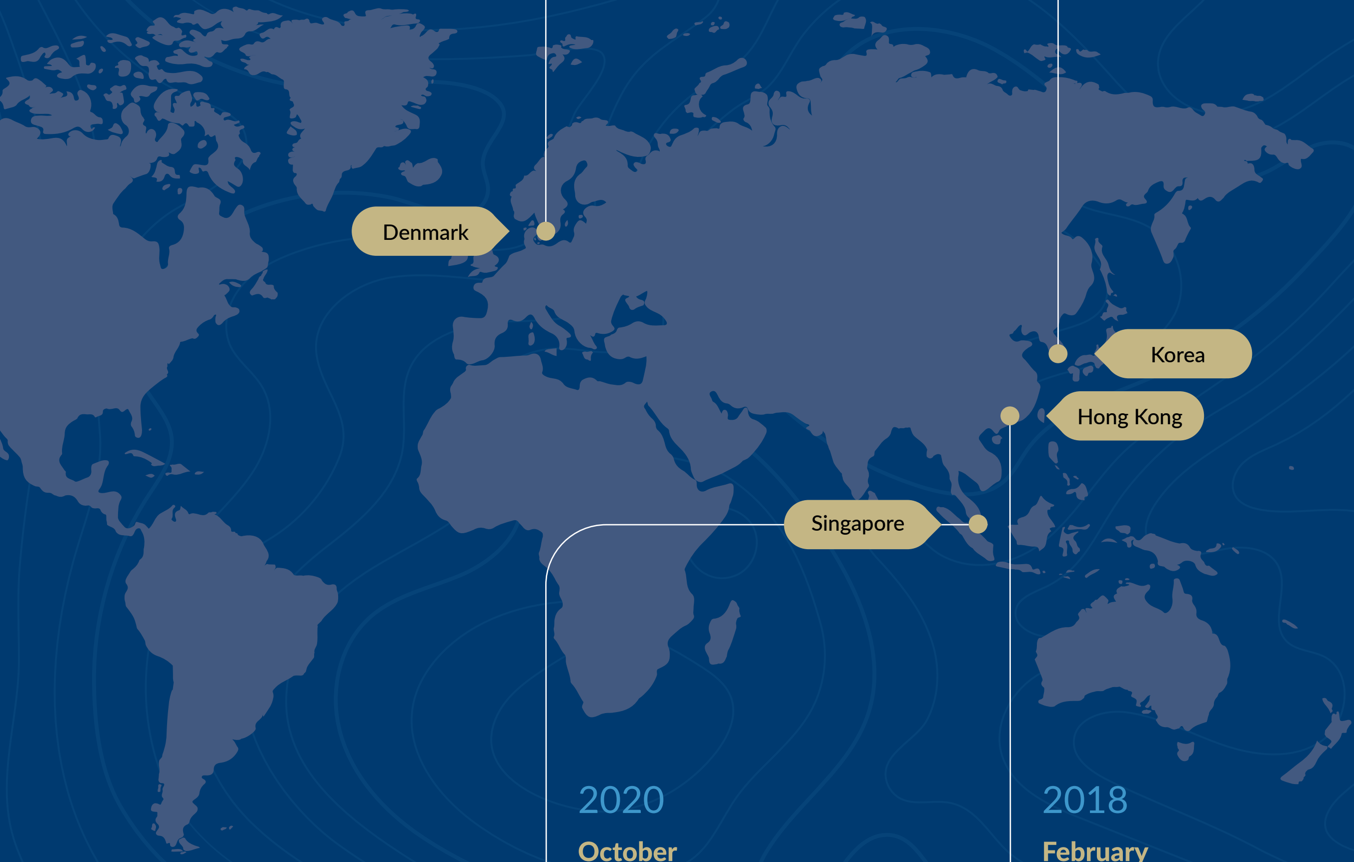
# OUR GEOGRAPHIC PRESENCE

2021

**May**
**ENTER INTO EUROPE**
Acquired HB 2021 ApS for S$1.1 million with a luxury and secured shopfront in Denmark and enter the luxury goods trading business in Europe connecting near the origins and source of the luxury watch market

2021

**April**
**EXPANDING IN ASIA**
Setup Korea Watch Co., Ltd. to facilitate and support the online luxury watch trading platform and to establish a retail presence in Korea




2020

**October**
**LUXURY WATCH TRADING**
Established Incredible Watch & Jewellery Pte. Ltd. to operate a retail and online luxury watch trading business headquartered in Singapore

2018

**February**
**LUXURY GOODS TRADING**
Entered a Joint Venture for the retail and trading of new and used luxury consumer goods in Hong Kong

# OUR ACQUISITIONS

## BILLION CREDIT FINANCIAL

http://www.billioncredit.com.hk

In March 2022, Incredible completed the acquisition of 100.0% of Billion Credit Financial Company Limited ("**BCF**") for HK$5.8 million.

Operating in Hong Kong since 2012, BCF is in the business of providing loans mainly to individuals who provide assets e.g. properties as collateral.

# OUR ACQUISITIONS

## BESTWATCH.COM.HK

https://bestwatch.com.hk

In April 2022, Incredible completed the acquisition of a 42.0% stake in Golden Ultra Limited ("**GUL**") for an initial maximum purchase consideration of HK$84.0 million.

Through GUL's wholly owned subsidiary, CKLY Trading Limited ("**CKLY**"), GUL is in the business of trading luxury watches via an online platform known as www.bestwatch.com.hk, which sells various luxury watch brands to customers in Hong Kong and other countries since 2016.

# OUR ACQUISITIONS

## GADMOBE GROUP

https://www.gadmobe.com

In April 2022, Incredible completed the 15.0% acquisition of New Genesis Development Limited ("**Gadmobe Group**") for an initial maximum purchase consideration of approximately HK$18.0 million.

Gadmobe Group and its subsidiaries are in the business of providing information technology services, payment gateways, e-commerce solutions, big data analytics, digital advertising, value-added logistic services and developing e-commerce applications.

# OUR CORPORATE JOURNEY

**2022**
Completion of Acquisitions of **Billion Credit Financial**, **Bestwatch.com.hk** and **Gadmobe Group** to further the expansion of the Group's core businesses

**1999**
Incorporated in 1999

**2001**
Listed on the Catalist board of SGX

**2017**
Successfully diversified into Financing Business and Luxury Goods Business

**2018**
Officially commenced the trading of luxury goods

**2019**
Change of SGX-listed name to "Incredible Holdings Ltd." to reflect the new business direction into the trading of luxury goods and loan financing business

**2020**
Expanded the Luxury Watch Trading business into Singapore

**2021**
Expanded the Luxury Watch Trading business into Korea and Denmark

# CHAIRMAN STATEMENT


## “Building a Luxury Watch E-Marketplace for Luxury Watch Enthusiasts.”

### Chairman Statement

On behalf of the Board of Incredible Holdings Ltd. (“**Incredible**” or the “**Group**”), it is my privilege to present our Annual Report 2021 (“**AR2021**”) for the full year ended 31 December 2021.

## OUR JOURNEY – BUSINESS TRANSFORMATION

Today, Incredible focuses its core business on the trading of luxury watches in Europe and Asia plus an asset-backed loan financing business in Hong Kong.

In late 2016, our Group kickstarted our successful business diversification into the Financing Business and the Luxury Goods Business. After restructuring our Group and divesting dormant and non-profitable subsidiaries, we commenced the trading of luxury goods like ladies’ luxury handbags, branded sunglasses, branded garments and luxury watches etc. in early 2018.

In June 2020, we incorporated Incredible Finance Limited to conduct asset-backed loan financing or secured lending business in Hong Kong.

In October 2020, we established Incredible Watch & Jewellery Pte. Ltd. to operate a retail and online luxury watch trading business headquartered in Singapore.

# CHAIRMAN STATEMENT

## YEAR IN REVIEW – OUR M&A ACTIVITIES

### South Korea

In April 2021, we continued our expansion in Asia setting up Korea Watch Co., Ltd. to facilitate and support our online luxury watch trading platform and to establish a retail presence in Korea.

### Denmark

In May 2021, we entered the luxury goods trading business in the European market, acquiring HB 2021 APS for S$1.1 million with a luxury and secured shopfront in Denmark, connecting near the origins and source of luxury Swiss watches and the luxury watch market.

### Billion Credit Financial

In March 2022, we completed the earnings accretive acquisition of 100.0% of Billion Credit Financial Company Limited ("**BCF**") for HK$5.8 million. Operating in Hong Kong since 2012, BFC is in the business of providing loans mainly to individuals who provide assets e.g. properties as collateral.

### Gadmobe Group

In April 2022, we completed the 15.0% acquisition of New Genesis Development Limited ("**Gadmobe Group**") for an initial maximum purchase consideration of approximately HK$18.0 million. Gadmobe Group and its subsidiaries are in the business of providing information technology services, payment gateways, e-commerce solutions, big data analytics, digital advertising, value-added logistic services and developing e-commerce applications.

### Bestwatch.com.hk

In March 2022, Incredible completed the acquisition of a 42.0% stake in Golden Ultra Limited ("**GUL**") for an initial maximum purchase consideration of HK$84.0 million. Through GUL's wholly owned subsidiary, CKLY Trading Limited ("**CKLY**"), GUL is in the business of trading luxury watches via an online platform known as **www.bestwatch.com.hk**, which sells various luxury watch brands to customers in Hong Kong and other countries since 2016.

## OUR VISION - BUILDING AN E-MARKETPLACE FOR LUXURY WATCH ENTHUSIASTS

At Incredible, we are laying the building blocks of growth to develop our Group into a leading e-Marketplace for luxury watch enthusiasts around the World. We curate fast moving and in-demand luxury watches from authorized distributors and authorized resellers to sell via our online platform or retail shops to end consumers in Europe and Asia. We trade first-hand highly sought-after luxury watch brands like Rolex, Patek Phillip, Omega, Audemars Piguet, Vacheron Constantin etc.

## THE LUXURY WATCH MARKET PLACE

The marketing and branding of the luxury watches are traditionally being handled by the watch makers which reduces the need for heavy investments by our Group to advertise and market the watches to our end consumers. The watch makers also certify and authenticate the condition and originality of the luxury watches on behalf of the distributors.

The exclusive distributors and authorised resellers hold exclusive contracts with the watch makers to secure the rights to sell their brand of luxury watches. Majority of the authorised resellers are retail players that operate high-end retail shops at prestigious locations that requires hefty investments in security features and renovation costs. It is common for retail players these days to be further supported by an online presence. They provide ongoing after-sales services like customer service and simple repairs. However, these retail players are confined by geographic location to sell their luxury watches due to their contracts with the watch makers.

The watch traders play an important role in the value chain for the luxury watch market place. These watch traders procure and acquire fast moving and in-demand brands of luxury watches from the authorized distributors, authorised resellers, merchants or retail players, and usually enjoy a bulk discount not readily available to a normal retail buyer. These days, the watch traders commonly list these luxury watches via e-commerce platforms and auction sites to target end owners in a Global marketplace, taking advantage of the price differential created by volume discounts, value-added taxes, item rarity and location premiums. For example some brands are more popular in selected countries etc. The watch traders are instrumental in setting end prices and demand in the market. Presently, this is the space where Incredible thrives in.

# CHAIRMAN STATEMENT

Finally, the end watch buyer purchases the luxury watches from the websites or the retail shops. Either for investment or personal consumption purposes, the watch owners then form the backbone for the pre-owned watch market attracting pre-owned watch buyers or pawn shops etc.

## LUXURY GOODS VS TRADITIONAL E-COMMERCE PLATFORMS

Traditional e-commerce platforms like Amazon, Shopee and Lazada etc. (1) offer multiple products and brands, (2) do not insure or differentiate the originals from counterfeit or replicas, (3) provide refunds only on a case-by-case basis, (4) usually have an asset-heavy strategy, requiring large warehouses, cold storages, multiple delivery points or complex logistics to move items across multiple locations, (5) generate lower margin but high volume business, (6) commonly serve mass market customers, (7) do not require Trustpilot certificates to operate, (8) mainly focus sales via their online stores without retail shops. On the other hand, luxury goods e-commerce platforms like Chrono24, Chronext and Farfetch etc. (1) offer niche and focused product range and premium brands, (2) provide authentication and insurance for luxury goods, (3) provide escrow services and money-back guarantees, (4) employ an asset-light strategy that usually do not require large warehouses or complex logistics for items such as luxury watches and sunglasses etc., (5) generate higher margin business, (6) predominantly serve niche affluent customers, (7) typically have Trustpilot certificates to operate, (8) gravitating towards omnichannel to provide "look-see-feel-touch" factor.

In conclusion, luxury goods e-commerce channels have high barriers of entry that is difficult to replicate without existing channels of luxury goods supply, ready customer base, technological capabilities, secured payment systems and secured logistical solutions etc. However we do recognise the limitations of such platforms being unable to satisfy the customers' in-stall experience, service-oriented concierge care and established salesman-to-customer relationships that the retail players can offer.

## OUR MISSION

Incredible will continue to pursue our core strategy of developing a leading global e-Marketplace for luxury watch enthusiasts and to hunt for earnings accretive acquisitions that will complement our core strategy.

## APPRECIATION

First and foremost, I would like to express my gratitude to all our valued customers for their unwavering support and trust in us. We will continue to improve our platforms and customer service experience while consistently delivering quality luxury time pieces and to ensure its availability of stock.

I would also like to take this opportunity to thank all my Board members, key management and all our staff for their hard work, relentless commitment and their contributions to the Group in these tough and challenging times while making adjustments to their work arrangements due to covid measures. In addition, I would also like to express my appreciation to our Executive Director, Mr. Christian Heilesen, for his leadership qualities and business strategies, helping to drive our Group forward to achieve our vision to become a global e-Marketplace for watch enthusiasts.

I would also like to thank all our vendors, suppliers, working and business partners for their continual support throughout the years.

Last but not least, I would like to extend my warmest appreciation to all our shareholders for their faith and support in the strategic direction of the Group despite the challenging business climate encountered during the prolonged covid pandemic in 2021 as we strive forward to grow their shareholder returns and build a sustainable future together.

**Leung Kwok Kuen, Jacob**
Independent Non-Executive Chairman and
Independent Director
7 June 2022

# EXECUTIVE DIRECTOR'S MESSAGE

**Group's revenue surged 616.4% to**

S$23.3 MILLION

in FY2021

**Watches business segment contributing**

97.7%

of our Group's revenue in FY2021

**Dear Shareholders**

It is my responsibility to address Incredible Holdings Ltd.'s ("**Incredible**" or the "**Group**") financial performance, key challenges, corporate updates in our Annual Report 2021 ("**AR2021**") for the full year ended 31 December 2021 ("FY2021") and to set our key priorities for the year ahead.

## FINANCIAL REVIEW – FY2021 V FY2020

Despite the prolonged covid pandemic impacting multiple businesses and industries worldwide, our Group's revenue surged 616.4% from S$3.3 million in FY2020 to S$23.3 million in FY2021. Our trading of watches business segment was our key revenue driver, contributing 97.7% of our Group's revenue in FY2021. However, our loss after tax increased from S$4.1 million in FY2020 to S$6.3 million in FY2021.

"A maximum initial total of approximately HK$113.6 million in earnings accretive acquisitions."

## KEY CHALLENGES IN FY2021

As a result of the covid pandemic, a major customer scaled down its operations in Singapore thereby impacting revenue contributions from our distribution of consumables to the electronics manufacturer's business segment.

In our trading of watches business segment, we continue to face margin compression arising from intense competition in the industry which affected our gross profit margins despite generating higher sales volume from trading watches with lower profit margins.

From 21 April 2022, Hong Kong will start to ease social-distancing rules that have been in place for months, including an extension of dine-in hours for restaurants and the reopening of premises such as gyms, sports venues and cinemas, representing the first stage of a phased exit from restrictions imposed during the fifth covid-19 wave.

On 24 March 2022, the Civil Aviation Authority of Singapore ("**CAAS**") announced the retirement of all Vaccinated Travel Lanes ("**VTL**") and the reopening of borders to all vaccinated travellers from 1 April 2022.

As the covid situation improves in the geographies which we operate in, we expect the gradual opening up of borders around the world and the growing vaccination rates in more countries to create more opportunities for the Group in the region and encourage more consumerism among luxury shoppers going forward.

# EXECUTIVE DIRECTOR'S MESSAGE

## OUR M&A ACTIVITIES

In 2021 to early 2022, our Group had completed a maximum initial total of approximately HK$113.6 million in earnings accretive acquisitions to acquire Central Capital APS ("**CCA**"), HB 2021 APS, Billion Credit Financial Limited ("**BCF**"), New Genesis Development Limited ("**Gadmobe Group**") and Golden Ultra Limited ("**GUL**").

### Bestwatch.com.hk

GUL owns the luxury watch online platform, Bestwatch.com.hk, through its wholly-owned subsidiary, CKLY Trading Limited ("**CKLY**"). Based on an independent third-party valuer[2], FT Consulting Limited, Bestwatch.com.hk was valued at approximately HK$138.3 million (or S$24.3 million[1]) as of 30 June 2021. The acquisition would have represented a premium of approximately 44.6% based on a 42.0% stake.

### Gadmobe Group

Gadmobe Group and its subsidiaries are in the business of providing information technology services, payment gateways, e-commerce solutions, big data analytics, digital advertising, value-added logistic services and developing e-commerce applications. Based on an independent third-party valuer[3], CHFT Advisory and Appraisal Ltd., Gadmobe Group was valued at approximately HK$80.8 million (or S$14.2 million[1]) as of 30 June 2021. The acquisition would have represented a premium of approximately 48.6% based on a 15.0% stake.

### Billion Credit Financial Limited

Operating in Hong Kong since 2012, BCF is in the business of providing loans mainly to individuals who provide assets e.g. properties as collateral. Based on an independent valuation report by Peak Vision Appraisals Limited on 27 September 2021, the BCF had a market value of HK$4.773 million (or S$0.8 million[1]). The acquisition would have represented a premium of approximately 22.6% based on a 100.0% stake.

"Omnichannel platform: E-commerce Websites + Mobile Apps + Retail Stores."

## OUR BUSINESS STRATEGY

The acquisitions are in line with the Group's core strategy to develop a luxury watch omnichannel marketplace combining e-commerce platforms with a retail presence in different countries, to grow our revenue base and to enhance our shareholders' returns in the long run.

The acquisitions of CCA, GUL and Gadmobe Group will be complementary and synergistic with one another. Bestwatch.com.hk focus on the trading and retailing of luxury watches while Gadmobe Group provides the digitalisation of these platforms, payment gateway services, algorithms and big data analytics to drive-up the sales and direct more and more luxury watch buyers around the world to our platforms. CCA comes equipped with a deadman's door, bullet-proof display cabinets and drawers, advanced security features and system, fully renovated in good quality furnishings and fittings. These are necessary to conduct a luxury watch shopfront retail business in Denmark in a secured environment for both our staff and customers.

The acquisition of BCF is part of the Group's overall strategy to diversify into the loan financing business of providing personal and business loans secured by assets such as privately owned commercial, industrial or residential properties in Hong Kong based on a loan to value ("**LTV**") ratio at prevailing market interest rates. This acquisition allows our Group to fast track into this business with an existing team of experienced professionals, a ready clientele base to serve, an existing loan portfolio with recurring interest income and a money lending license in Hong Kong.

1 Based on prevailing exchange rate of S$1.00:HK$5.70 on 6 June 2022

2 Prepared in accordance with RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors and International Valuation Standards published by the International Valuation Standards Council.

3 Prepared in accordance with RICS Valuation – Professional Standards published by the Royal Institution of Chartered Surveyors ("RICS") and the International Valuation Standards ("IVS") published by the International Valuation Standards Council.

4 Prepared in accordance with HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors and the International Valuation Standards (effective 31 January 2020) published by the International Valuation Standards Council

# EXECUTIVE DIRECTOR'S MESSAGE

"Online sales continued to grow, up 27.0% in 2021 to €62.0 billion in market value
– Deloitte research"

## MARKET OUTLOOK

Bain & Company estimated the demand for personal luxury goods to grow at a sustained level of between 6.0% to 8.0% per annum reaching between €360.0 to €380.0 billion by 2025[5]. The luxury watch market regained its record numbers previously reached in 2019 at a €40.0 billion market valuation.[6] After a 50.0% jump from 2019 to 2020, online sales continued to grow by 27.0% from 2020 to 2021 to reach an estimated €62.0 billion in market value thanks to accelerated adoption rate during the prolonged covid pandemic. Omnichannel distribution especially combining monobrand stores with online presence were the key channels for 2021's recovery and will lead growth in the midterm.

Before the pandemic, China was one of the top three markets for Swiss watches, with the export share doubling since 2015 to current 14.0% of global market share.[6] Hong Kong's dominance as a leading export market and traditional powerhouse in Asia for swiss watches has been waning for over a decade, with its global market share decreasing from 20.0% in 2010 to around 10.0% currently. However, Hong Kong continues to provide healthy domestic demand and a gateway to Chinese buyers.

The inelastic demand of luxury watches during the covid epidemic and its subsequent V-shaped recovery during the covid pandemic provided strong impetus for us to swiftly complete these acquisitions.

## KEY PRIORITIES FOR FY2022

We will continue to face the same challenges in FY2022. In addition to the prolonged covid pandemic, our operating environment may be impacted by ongoing geopolitical risks in Hong Kong and a prolonged Ukraine-Russia conflict which may lead to economic difficulties in Europe causing ripple effects over to Asia. For instance, the escalated cost of oil has already driven up operation and travelling expenses.

We will strive forward into FY2022 (1) to drive improvements in our luxury watch trading business (2) streamline our cost drivers, (3) optimise our corporate overheads to turnaround our financial performance, (4) tap into the capital markets to raise funds for our working capital and business expansions needs, (5) strengthen our balance sheet and (6) to continue to hunt for more earnings accretive acquisitions.

Internally, we will continue to (1) drive efforts in optimisation and digitalisation throughout the Group, (2) sharpen our risk management and compliance, and (3) upgrade our Environment, Social and Governance ("**ESG**") policies and practices to meet global standards.

I would like to thank all our shareholders for their continual support and unwavering faith in the strategic direction that we are undertaking to grow our revenue streams, to build a more sustainable business for the long-term and to enhance our shareholder returns going forward.

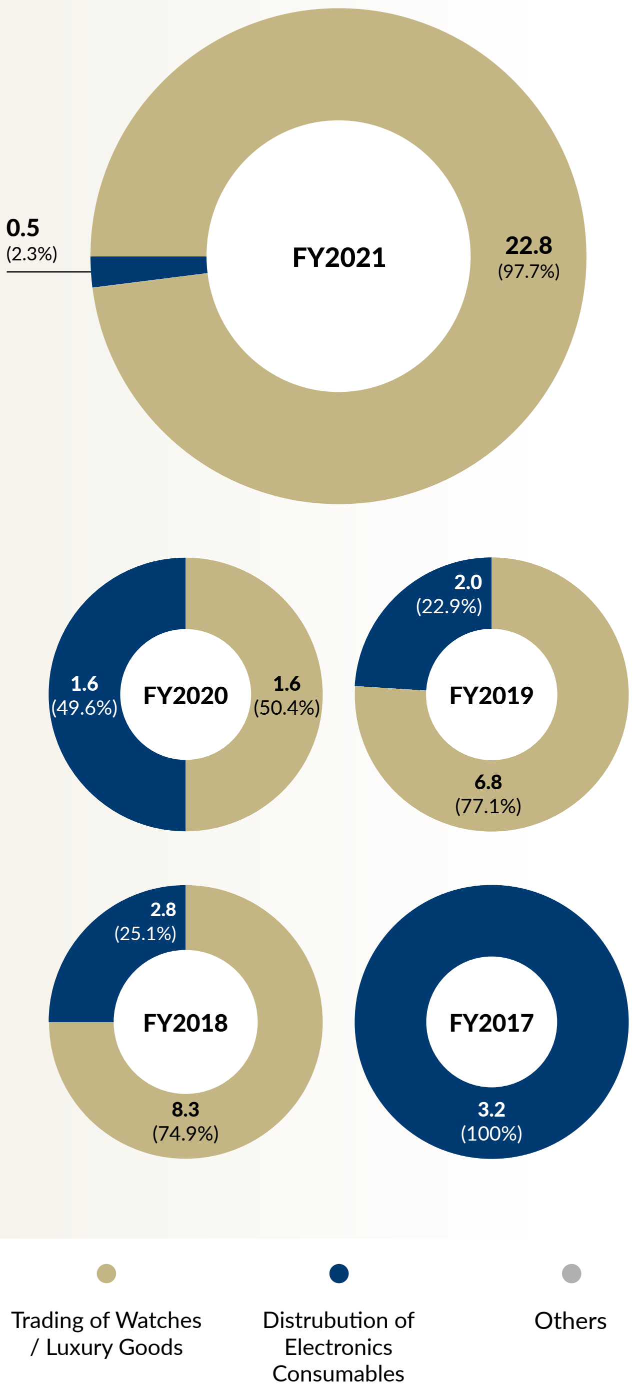
Yours truly,

**Mr. Christian Kwok-Leun Yau Heilesen**
Executive Director
7 June 2022

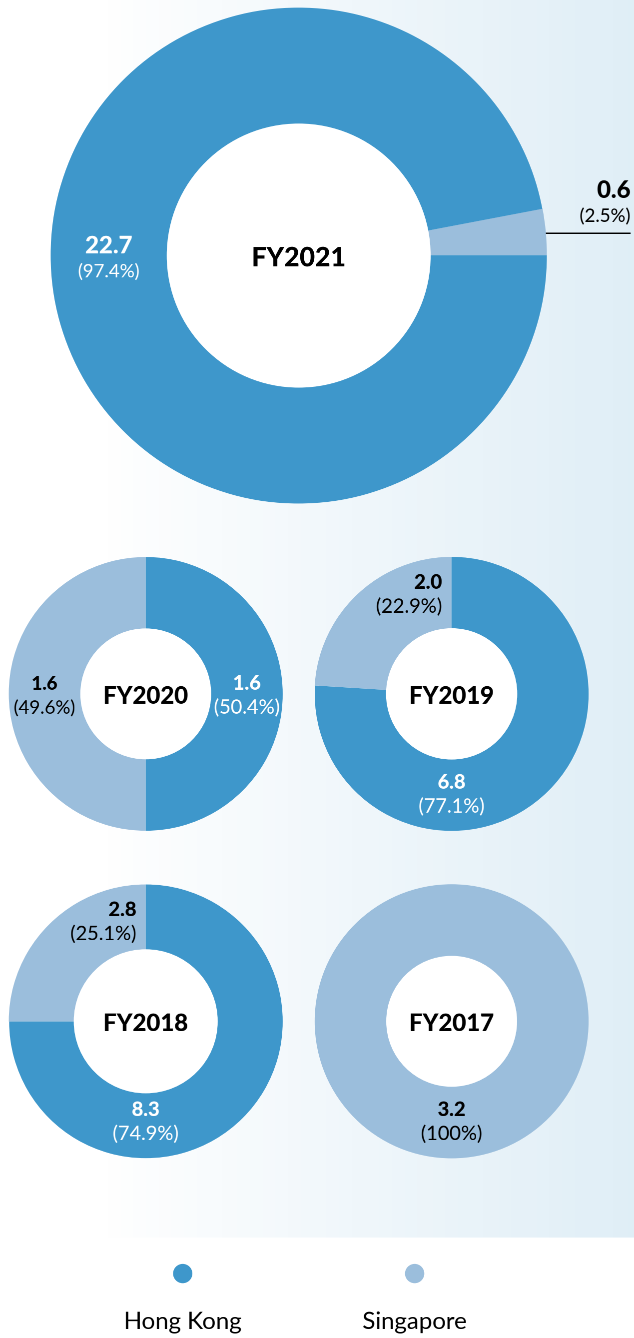
5 https://www.bain.com/about/media-center/press-releases/2021/luxury-report-2021/
6 https://www2.deloitte.com/content/dam/Deloitte/ch/Documents/consumer-business/deloitte-ch-en-swiss-watch-industry-study-2021.pdf

# FIVE YEAR'S FINANCIAL HIGHLIGHTS

## REVENUE BY SEGMENTS
**(in S$'million)**

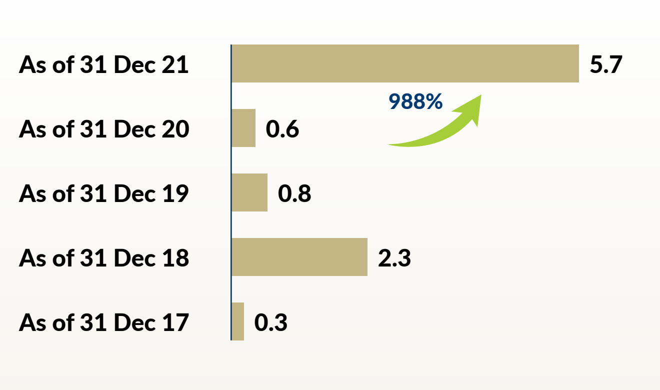



## REVENUE BY GEOGRAPHY
**(in S$'million)**

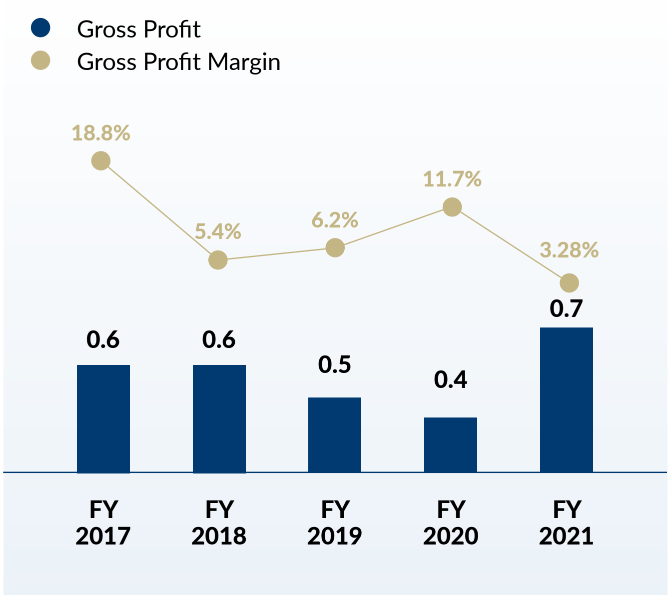


# FIVE YEAR'S FINANCIAL HIGHLIGHTS

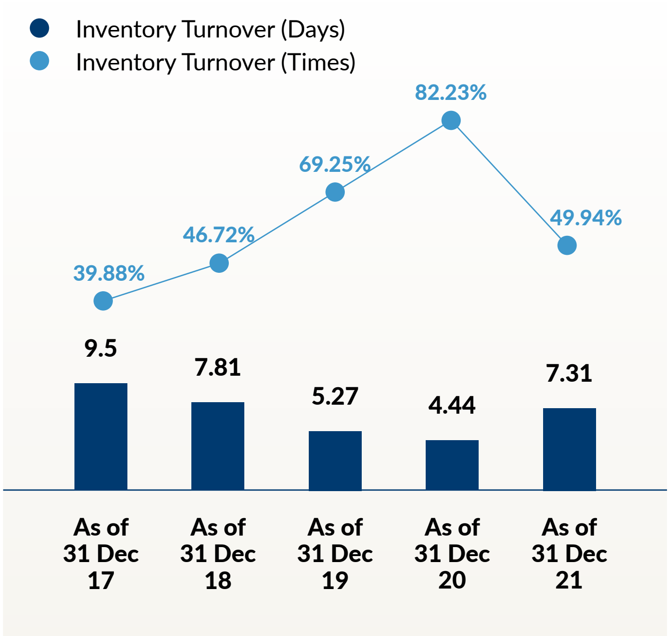
## INVENTORIES



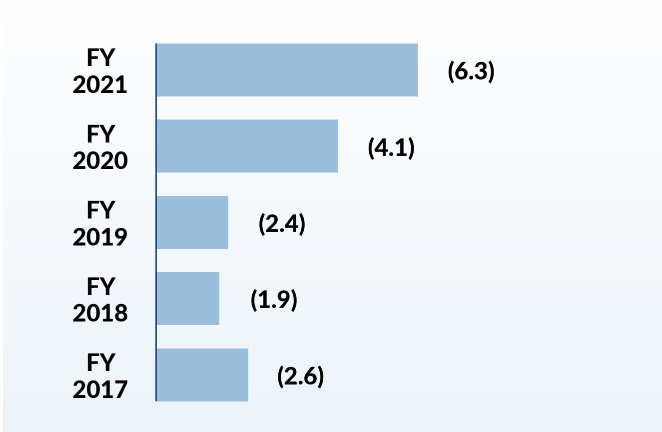

## GROSS PROFIT (in S$' million)




## INVENTORY TURNOVER




## NET LOSS AFTER TAX (in S$' million)




## NET ASSET VALUE PER SHARE (Singapore cents)

| As of 31 Dec 17 | As of 31 Dec 18 | As of 31 Dec 19 | As of 31 Dec 20 | As of 31 Dec 21 |
|---|---|---|---|---|
| 2.17 | 0.31 | 1.31 | 0.28 | 0.3 |
| **Total number of issued shares (excluding treasury shares)** | | | | |
| 107,624,945 | 991,035,662 | 299,843,943 | 299,843,943 | 2,993,532,545 |

# DIRECTOR'S PROFILE

## MR. CHRISTIAN KWOK-LEUN YAU HEILESEN

Executive Director

Christian Kwok-Leun Yau Heilesen was appointed as an executive director of Incredible Holdings Ltd. on 23 November 2015. Mr. Heilesen is an Internet entrepreneur and founded an internet and mobile value-added services company in August 2003. He discovered the potential of online business when he was working part-time after school in his hometown, Copenhagen, Denmark. In 1999, Mr. Heilesen started using his own network of high traffic websites to bring traffic to Fortune 500 advertisers through affiliate programs such as Commission Junction and Websponsors. After graduating from college in 2002, Mr. Heilesen decided to leave Copenhagen and to further develop online business opportunities in Hong Kong. Mr. Heilesen has 10 years of experience dealing with corporate finance, investment activities and banking facilities.

## MS. ZHOU JIA LIN

Non-Executive and Non-Independent Director

Ms. Zhou Jia Lin was appointed Non Executive and Non-Independent Director of Incredible Holdings Ltd. on 26 October 2010. Having worked as a director of Pinnacle Investment Hong Kong from 1998 to 2002 where she first started, she later undertook corporate finance projects and assisted in looking for viable businesses to invest in. Her many years of involvement in investment businesses brought her to expand and diversify her existing investment portfolio into Incredible Group. In her investment portfolio, she has a wide network with corporate finance professionals, capital advisors and bankers exploring other potential tie-ups, acquisitions, investments and alternative investment opportunities both in China and overseas.

# DIRECTOR'S PROFILE

## MR. LEUNG KWOK KUEN JACOB
Independent Director

Mr. Leung Kwok Kuen Jacob was appointed Non-Executive and Non Independent Director of Incredible Holdings Ltd. on 23 November 2015. Mr. Leung was redesignated as Independent Non-Executive Chairman of the Board on 15 March 2018. He is the Chairman of Remuneration and Nominating Committees of the Group. Mr. Leung has extensive experience in administrative management. From 2003 to April 2016, he assisted the incorporation of Eternal Peal Securities Limited ("Eternal Pearl") in Hong Kong, a licensed corporation to conduct type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the Securities and Futures Ordinance, Cap. 571f the Laws of Hong Kong (the "SFO"). Since the incorporation of Eternal Pearl, Mr. Leung has been the Administrative Manager and responsible for overseeing its support operations, planning, organizing and implementing its administrative systems.

## MS. EUNICE VEON KOH PEI LEE
Independent Director

Ms. Eunice Veon Koh Pei Lee graduated from Royal Melbourne Institute of Technology with Bachelor of Economics & Finance in 2007, was appointed Independent Director on 7 September 2017. Ms. Eunice has experience of working in Global Payment Asia Pacific (S) Pte Ltd as business development executive and as equity dealer in various securities firms.

## MR. LEUNG YU TUNG STANLEY
Independent Director

Mr. Leung Yu Tung Stanley, a Chartered Accountant of Hong Kong Institute Certified Public Accountants and Association of Chartered Certified Accountants (ACCA), and graduated from the Hong Kong Polytechnic University with Bachelor of Arts (Hons) Accountancy in 2003 and Master of Professional Accounting in 2010, was appointed as Independent Director of Incredible Holdings Ltd. on 6 October 2017. He is the Chairman of Audit Committees of the Group. Mr. Leung has extensive audit and accounting experience.

# MANAGEMENT PROFILE

## MR. CHAN KA KI

Chief Financial Officer,
Incredible Holdings Ltd., Singapore

Mr. Chan Ka Ki was appointed as the Chief Financial Officer of Incredible Holdings Ltd. on 7 April 2014. He is responsible for the full spectrum of the financial and accounting functions of the Group. Mr. Chan has 17 years of financial management and reporting experience in Hong Kong and Malaysia. He was an Independent Director of a company listed in Malaysia. He graduated from Monash University, Australia with a Bachelor in Accounting and is a member of both Certified Practicing Accountants (Australia) and Hong Kong Institute of Certified Public Accountants.

## MR. CHOO TIAN WANG

Sales and Operations Manager,
Hi-Tech Distribution Pte Ltd.

Mr. Choo Tian Wang was appointed General Manager of Hi-Tech Distribution Pte Ltd and Chemitec Industrial Pte Ltd effectively in 2014. He has more than 20 years' experience holding positions in sales and management in the electronic material business. Mr Choo graduated from the Singapore Polytechnic with a Diploma in Chemical Process Technology (Polymer) and he also holds a Diploma in Sales & Marketing from the Marketing Institute of Singapore.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**Independent Non-Executive Chairman and Independent Director**
Mr. Leung Kwok Kuen Jacob

**Executive Director**
Mr. Christian Kwok-Leun Yau Heilesen

**Non-Executive Non-Independent Director**
Ms. Zhou Jia Lin

**Independent Director**
Ms. Eunice Veon Koh Pei Lee

**Independent Director**
Mr. Leung Yu Tung Stanley

## COMPANY SECRETARY

Foo Soon Soo

## REGISTERED OFFICE

Harvest @ Woodlands
280 Woodlands Industrial Park E5
#10-50, Singapore 757322
Tel: (65) 62689565
Fax: (65) 62689735
Email: investors@incredible.sg

## SHARE REGISTRAR

KCK Corpserve Pte Ltd
24 Raffles Place, #07-07
Clifford Centre
Singapore, 048621

## AUDITORS

Baker Tilly TFW LLP
600 North Bridge Road,
#05-01 Parkview Square,
Singapore 188778
Partner-in-charge:
Mr. Chan Sek Wai
(A member of the Institute of Singapore Chartered Accountants)
(Appointed on 6 March 2020)

## SPONSOR

Hong Leong Finance Limited
16 Raffles Quay
#01-05 Hong Leong Building
Singapore 048581

## BANKERS

United Overseas Bank Ltd
Overseas Chinese Banking Corporation
DBS Bank Ltd
Malayan Banking Berhad

# CORPORATE GOVERNANCE STATEMENT

The Board of Directors (the "**Board**") of Incredible Holdings Ltd. (the "**Company**") is committed to ensure and maintain a high standard of corporate governance within the Group. This report describes the corporate governance framework and practices of the Company with specific reference to the principles and guidelines set out in the 2018 Code of Corporate Governance (the "**Code**") and areas of non-compliance have been explained in the report.

## BOARD CONDUCT OF ITS AFFAIRS

PRINCIPLE 1:
**The company is headed by an effective Board which is collectively responsible and works with Management for the long term success of the company.**

**Role of Board of Directors**

The Board's primary role is to protect and enhance long-term shareholders' value. It provides entrepreneurial leadership, sets the overall strategy for the Group and ensures that the necessary financial and human resources are in place for the Company to meet its objectives. The Board establishes a framework of prudent and effective controls which enables risks to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets, supervises the Management and review management performance and monitors performance of these goals to enhance shareholders' value. The Board is responsible for the overall corporate governance of the Group at all times as fiduciaries in the interests of the Company.

The Board's role includes identifying the key stakeholder groups and ensure transparency and accountability to the key stakeholder groups, and instilling an ethical corporate culture and ensure that the company's values, standards, policies and practices are consistent with the culture. The Board oversees the overall strategic plans including sustainability, environmental and social factors as part of its strategic formulation and financial objectives of the Group.

**Directors' Duties and Responsibilities**

All Directors discharge their duties and responsibilities objectively at all times as fiduciaries in the interest of the Group and exercise due diligence in dealing with the business affairs of the Group and are obliged to act in good faith in the interest of the Group. The Board puts in place a code of conduct and ethics, sets appropriate tone-from-the-top and desired organisational culture, and ensures proper accountability within the Group. Directors facing conflicts of interest recuse themselves from discussions and decisions involving the issues of conflict.

Directors must understand the Group's businesses as well as their directorship duties (including their roles as executive, non-executive and independent directors). Directors are provided with opportunities to develop and maintain their skills and knowledge at the company's expense. The Company has in place a process of induction, training and development for new and existing directors.

**Orientation, briefings, updates and trainings for Directors in FY2021**

The Company has in place an orientation process. A new incoming director is issued a formal letter of appointment setting out his duties and obligations. Incoming directors joining the Board will be briefed by the Nominating Committee on their directors' duties and obligations and be introduced to the Group's business and governance practices and arrangements, in particular the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Company, prohibition on dealings in the Company's securities and restrictions on the disclosure of price-sensitive and trade-sensitive information.

# CORPORATE GOVERNANCE STATEMENT

The Company provides training and/or briefing for first-time director in areas such as accounting, legal and industry-specific knowledge as appropriate. The training of directors is arranged and funded by the Company. All directors of the Company have attended training conducted by Singapore Institute of Directors.

The incoming director will meet up with the senior management and the Company Secretary to familiarize himself with their roles, organization structure and business practices. This will enable him to get acquainted with senior management and the Company Secretary thereby facilitating board interaction and independent access to senior management and the Company Secretary.

The Directors are required and have each signed the respective undertaking in the form set out in Appendix 7H of the Rules of Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") ("**Catalist Rules**") to undertake to use their best endeavours to comply with the Catalist Rules and to procure that the Company shall so comply.

During the financial year reported on, the Directors had received updates on regulatory changes to the Catalist Rules, amendments to the Companies Act and the accounting standards. The Executive Director updates the Board at each Board meeting on business and strategic developments. The management highlights the salient issues as well as the risk management considerations for the entire business of the Group.

**Reserved matters for Board's approval**

Matters specifically reserved to the Board for its approval and is clearly communicated to Management in writing are:

- Issuing of shares
- Bank borrowing
- Material acquisitions or disposal of assets
- Approval of half-yearly and year-end results announcement and other public announcements
- Appointments of officers and persons related to CEO and executive director
- Establishment of Board Committees

**Delegation by the Board**

Board Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**"), Remuneration Committee ("**RC**") and Investment Committee ("**IC**") (hereinafter referred as **"Board Committees**") have been constituted to assist the Board in carrying out and discharging its duties and responsibilities efficiently and effectively. The Board Committees function within clearly defined terms of references and operating procedures which are reviewed on a regular basis. The effectiveness of each Board Committee is also constantly reviewed by the Board. Please refer to Principles 4 to 10 on the terms and reference and activities of the NC, RC and AC respectively.

There was no Investment Committee meeting held since FY2015. The following table discloses the number of Board and other Board Committee meetings and the attendance of Directors and Board Committee members for the financial year 2021:

| | Board | Audit Committee | Remuneration Committee | Nominating Committee |
|---|---|---|---|---|
| **No. of Meetings held during financial year ended 31 December 2021** | 2 | 2 | 1 | 1 |

| | Number of Meetings Attended | | | |
|---|---|---|---|---|
| **Name of Directors** | **Board** | **Audit Committee** | **Remuneration Committee** | **Nominating Committee** |
| Mr Christian Kwok-Leun Yau Heilesen | 2 | - | - | - |
| Mr Leung Kwok Kuen Jacob | 2 | 2 | 1 | 1 |
| Ms Zhou Jia Lin | 2 | 2 | 1 | 1 |
| Ms Eunice Veon Koh Pei Lee | 2 | 2* | 1 | 1 |
| Mr Stanley Leung Yu Tung | 2 | 2 | - | - |

* denotes attendance by Invitation

# CORPORATE GOVERNANCE STATEMENT

While the Board considers Directors' attendance at Board meetings to be important, it should not be the only criterion to measure their contributions. It also takes into account the contributions by Board members in other forms including periodical reviews and provision of guidance and advice on various matters relating to the Group. The minutes of the Board and Committee meetings will be circulated to all directors including those absent from the meeting and the absent director will be given opportunity to contribute their valuable feedback through email or conference call if required. The Board has noted that this arrangement is effective to assist the Board for making decision, and sufficient time and attention have been given by the Directors to the affairs of the Group. Directors with multiple board representations ensure that sufficient time and attention are given to the affairs of each company.

**Board's Access to Management, Company Secretary and external advisers**

The Board has separate and independent access to senior management, the Company Secretary and external advisers (where necessary) at all times. Management deals with requests for information from the Board promptly as needed to make informed decisions. The Board is informed of all material events and transactions as and when they occur.

Information provided included board papers and related materials, background or explanatory information relating to matters to be brought before the Board, and copies of disclosure documents, budgets, forecasts and quarterly internal financial statements and as and when requested by directors. In respect of budgets, any material variance between the projections and actual results are disclosed and explained by the CFO where appropriate.

The Company Secretary assists the Board to ensure that board procedures are followed and that the Company complies with all rules and regulations that are applicable to the Company.

Each Director has the right to seek independent legal and other professional advice, at the Company's expense, concerning any aspect of the Group's operations or undertakings in order to fulfill their duties and responsibilities as directors.

The role of the company secretary is to ensure that board procedures are followed and that applicable rules and regulations are complied with. Under the direction of the Chairman, the company secretary's responsibilities include ensuring good information flows within the Board and its board committees and, advising the Board on all corporate governance matters as well as facilitating orientation and assisting with professional development as required. The company secretary or her representative attends all board meetings.

The appointment and removal of the company secretary is decided by the Board as a whole..

## BOARD COMPOSITION AND GUIDANCE

PRINCIPLE 2:
**The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company**

**Board Composition**

The Board of Directors currently comprises five directors, three of whom are Independent Directors. The Board members are:

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

As there are three Independent Directors among five on the Board, the requirement of the Catalist Rule 406(3)(c) that at least one-third of the Board be comprised of independent directors is satisfied.

The Non-Executive Directors (including the Independent Directors) make up a majority of the Board in compliance with Provision 2.3 of the Code.

The Board examines its size to satisfy that it is an appropriate size for effective decision making, taking into account the nature and scope of the Company's operations. The Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance, and in supporting the Company's strategic objectives and sustainable development. The NC has adopted a board diversity policy which takes into account relevant measurable objectives such as skills, management experience, gender, age, ethnicity and other relevant factors. The Board has two female members adding gender to the Board's diversity of background, experience and expertise. The current composition of the Board provides an appropriate balance and diversity of skills, experience and knowledge of the Company, and other aspects of diversity such as age (42 to 56 years) and length of tenure (5 year to approximately 11 years), so as to avoid groupthink and foster constructive debate, contributing to improved risk management and more robust decision-making for the strategic future of the Company. The Board comprises Directors with diverse backgrounds who as a group, possess the core competencies, such as accounting or finance, business or management experience, strategic planning experience and information technology, required for the Board to be effective in all aspects of its roles to facilitate decision-making that is in the best interest of the Company. In identifying candidates for appointment to the Board, the range of diversity perspectives mentioned above will be taken into account. The Directors bring to the Board their related experience, knowledge and also provide guidance in the various Board Committees, that is, the AC, RC, NC and IC.

The NC has implemented a board diversity policy and progress made towards achieving the board diversity policy will be reported to the Board on an annual basis and disclosed in annual reports, as appropriate.

**Independent Directors**

The criterion for independence is based on the definition given in the Code and the Catalist Rules. The Code has defined an "independent director" as one as one who is independent in conduct, character and judgement and who has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to in the best interests of the Company. Under the Catalist Rules, an independent director is not one who is or has been employed by the Company or any of its related corporations for the current or any of the past three financial years; or not one who has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC.

The Independent Directors, Mr Leung Kwok Kuen Jacob, Ms Eunice Veon Koh Pei Lee and Mr Stanley Leung Yu Tung have confirmed their independence and they do not have any relationship (whether familial, business, financial, employment, or otherwise) with the Company, its related corporations, substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of their independent judgment. They have also confirmed their independence in accordance with the Catalist Rules 406(3)(d)(i), (ii) & (iii). The NC is of the view that Mr Leung Kwok Kuen Jacob, Ms Eunice Veon Koh Pei Lee and Mr Stanley Leung Yu Tung have engaged the Board in constructive discussion, their contributions are relevant and reasonable, and they have exercised independent judgment without dominating the Board discussions. The NC has reviewed and considered them to be independent. While none of the Independent Directors have served on the Board for a period exceeding nine years from the date of their first appointments, nonetheless the NC will review succession plans for directors and will seek to refresh the Board in an orderly manner as and when it deems appropriate. Mr Leung Kwok Kuen Jacob and Ms Eunice Veon Koh Pei Lee have each abstained from the NC's deliberation and decision on their independence.

**Role of Non-Executive Directors**

During the year reported, the Non-Executive Directors (which include the Independent Directors) constructively challenge and help develop both the Group's short-term and long-term business strategies. Management's progress and performance in implementing such agreed business strategies are monitored by the Non-Executive Directors.

The Non-Executive Directors and Independent Directors, led by Independent Director, Mr Leung Kwok Kuen Jacob, communicate among themselves without the presence of Management as and when the need arises, and thereafter where appropriate, they provide inputs to the Board. The Company also benefits from Management's ready access to its Directors for guidance and exchange of views both within and outside the formal environment of the Board and Board committee meetings. It is the practice that the chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

# CORPORATE GOVERNANCE STATEMENT

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

PRINCIPLE 3:
**There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.**

**Separate Role of Chairman and Chief Executive Officer**

The Company does not have a Chief Executive Officer. The Company tasked its sole Executive Director, Mr Christian Kwok-Leun Yau Heilesen to oversee the day-to–day management of the Company and the Group's affairs. The functions of Independent Non-Executive Chairman and the Executive Director are assumed by two (2) individuals. As the Company has a separate Independent Non-Executive Chairman and an Executive Director, there is a balance of power and authority, increased accountability and greater capacity of the Board. The roles of Independent Non-Executive Chairman and Executive Director are separate and they are not related. Mr Leung Kwok Kuen Jacob as Independent Non-Executive Chairman, is primarily responsible for overseeing the overall management and strategic development of the Company.

His responsibilities include:

- leading the Board to ensure its effectiveness on all aspects of its role;
- Chairing meetings on key strategic development and investment plans;
- Ensuring regular meetings (with the assistance of the Company Secretary) to enable the Board to perform its duties responsibly while not interfering with the flow of the Group's operations;
- Preparing meeting agenda (in consultation with the Executive Director and CFO) and set the agenda to ensure that adequate time is available for discussion of all agenda items, particularly strategic issues;
- Promoting a culture of openness and debate at the Board's level;
- Ensuring that the directors receive complete, adequate and timely information;
- Reviewing board papers that are presented to the Board;
- Ensuring effective communication with shareholders;
- Encouraging constructive relations within the Board and between the Board and Management;
- Facilitating the effective contribution of non-executive directors in particular; and
- Promoting high standards of corporate governance.

In assuming his roles and responsibilities, as Mr Leung Kwok Kuen Jacob consults with the Board, AC, NC, RC and IC on major issues and as such, the Board believes that there are adequate safeguards in place against having a concentration of power and authority in a single individual.

The Executive Director, Mr Christian Kwok-Leun Yau is responsible for the day-to-day management of business, developing and managing the business development strategies, establishing new business opportunities for growth and expansion. He reports to the Board and ensures that policies and strategies adopted by the Board are implemented.

The Code requires the appointment of a Lead Independent Director if the Chairman is conflicted. The Company does not have a Lead Independent Director as the Chairman is an Independent Director, and together with the other Independent Directors individually and collectively are available to shareholders via email (investors@incredible.sg) should they have concerns in which contact through the normal channels of the Management and Executive Director has failed to resolve or is inappropriate.

# CORPORATE GOVERNANCE STATEMENT

BOARD MEMBERSHIP

PRINCIPLE 4:
**The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board**

**Nominating Committee**

The NC comprises the following members, the majority of whom including the Chairman are independent: -

| | |
|---|---|
| Mr Leung Kwok Kuen Jacob | (Chairman and Independent Director) |
| Ms Eunice Veon Koh Pei Lee | (Member and Independent Director) |
| Ms Zhou Jia Lin | (Member and Non-Executive Non-Independent Director) |

The functions of the NC are as follows: -

a. to make recommendations to the Board on all board appointments and re-nominations having regard to the director's contribution and performance (eg. attendance, preparedness, participation, candour and any other salient factors);

b. to ensure that all Directors submit themselves for re-nomination and re-election at regular intervals and at least once in every three years;

c. to determine annually whether a Director is independent, in accordance with the independence guidelines contained in the Code;

d. to decide whether a Director is able to carry and has adequately carried out his duties as a Director of the Company, in particular, where the Director concerned has multiple board representations;

e. to decide how the Board's performance may be evaluated and to propose objective performance criteria;

f. to review the succession plans for directors, particularly, the Independent Non-Executive Chairman of the Board, the CEO/ Executive Director and key management personnel;

g. to review training and professional development programs for the Board and its directors; and

h. recommending for the Board's approval the objective performance criteria and process for the evaluation of the effectiveness of the Board as a whole, and of each board committee separately, as well as the contribution by the Chairman and each individual Director to the Board, in order for the Board to undertake a formal annual assessment of the performance of the Board as a whole, each board committee and each individual Director

**Selection, Appointment and Re-appointment of directors**

The Company has in place the policy and procedures for the appointment of new directors, including the search and nomination process. The search for a suitable candidate could be drawn from contacts and the network of existing Directors. The NC can approach relevant institutions such as the Singapore Institute of Directors, professional organisations or business federations to source for a suitable candidate.

The NC will deliberate and propose factors of consideration including the background, skills, qualification and experience of the candidate it deems appropriate. The factors taken into consideration by the NC could include, among other things, whether the new director can add to or complement the mix of skills and qualifications in the existing Board, relevance of his experience and contributions to the business of the Company and the depth and breadth he could bring to Board discussions.

New directors will be appointed by way of a Board resolution, after the NC makes the necessary recommendation to the Board. New directors joining the Board would receive a formal appointment letter setting out their duties and obligations, be briefed by the NC on their directors' duties and obligations and introduced to the Group's business and governance practice and, particularly, the Company's policies relating to the disclosure of interests in securities, disclosure of conflicts of interest in transactions involving the Group, prohibitions on dealings in the Company's securities and restrictions on the disclosure of price-sensitive and trade sensitive information.

The NC also decides if a director is able to and has been adequately carrying out his or her duties as a director of the company

The Constitution of the Company requires one-third of the Board to retire from office at each annual general meeting. Accordingly, the Directors will submit themselves for re-nomination and re-election at regular intervals of at least once every three years.

Pursuant to the Constitution of the Company, Mr Christian Kwok-Leun Yau Heilesen and Mr Leung Yu Tung Stanley will retire by rotation at the forthcoming annual general meeting and are eligible for re-election. The NC has recommended to the Board, the re-election of Mr Christian Kwok and Mr Leung at the forthcoming Annual General Meeting ("AGM").

In making recommendation for the purpose of re-nomination of these Directors, the NC has taken into consideration these Directors' contribution and performance. The Board has accepted the NC's recommendation.

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Directors to be re-elected as set out in Appendix 7F of the Catalist Rules could be found on page 44 to 49 of the Annual Report.

**Determining Directors' Independence**

Annually, the Directors submit declarations on their independence to the NC for assessment. The NC reviews the independence of each Director annually, and as and when circumstances require, in accordance with the requirements of the Catalist Rules and the provisions of the Code, and also taking into account the guidance in the relevant Practice Guidance. A Director is considered independent if he is independent in conduct, character and judgment, and has no relationship with the Company, its related corporations, its substantial shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of his independent business judgment in the best interests of the Company. Each member of the NC and the Board abstained from the NC's and the Board's deliberations in respect of his own independence assessment.

**Multiple Board Representations**

The NC had considered and the Board had concurred that it would not be appropriate to set a limit on the number of directorships that a Director may hold because directors have different capabilities, and the nature of the organisations in which they hold appointments and the kind of committees on which they serve are of different complexities. It is for each Director to personally determine the demands of his or her competing directorships and obligations and assess the number of directorships they could hold and serve effectively. The company discloses in its annual report the listed company directorships and principal commitment of each director. A safeguard is the annual review by the NC of each Director's time commitment and performance and assessment whether each Director has discharged his duties adequately.

| | | | | Directorship in other listed companies and other principal commitments | | |
|---|---|---|---|---|---|---|
| **Name of Director** | **Appointment** | **Date of first appointment** | **Date of last re-election** | **Current** | **Past five (5) years** | **Principal commitments** |
| Christian Kwok-Leun Yau Heilesen | Executive Director | 23 November 2015 | 30 April 2019 | Watches.com Limited | Nil | Nil |
| Leung Kwok Kuen Jacob | Independent Non-Executive Chairman | 23 November 2015 | 30 April 2021 | Watches.com Limited | Nil | Nil |
| Zhou Jia Lin | Non-Executive and Non-Independent Director | 26 October 2010 | 30 April 2021 | Watches.com Limited | Nil | Nil |
| Eunice Veon Koh Pei Lee | Independent Director | 7 September 2017 | 29 June 2020 | Nil | Nil | Nil |
| Leung Yu Tung Stanley | Independent Director | 6 October 2017 | 29 June 2020 | 1) Echo International Holdings Group Limited<br>2) Watches.com Limited | Nil | Nil |

**Alternate Director**

The Company does not have any Alternate Director.

## BOARD PERFORMANCE

PRINCIPLE 5

**The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors**

**Board Performance**

Each year, the Directors are to complete evaluation forms to assess the overall effectiveness of the Board and the Board Committees, as well as conduct a self-assessment. The results of the evaluation exercise were considered by the NC, which then made recommendations to the Board, aimed at assisting the Board to discharge its duties more effectively.

In assessing the Board's effectiveness, the NC considers a number of factors, including the discharge of the Board's functions, access to information, Directors' participation at board meetings and communication and guidance given by the Board to top management.

In evaluating the Board's performance, the NC implements an assessment process that requires each Director to submit an assessment form of the performance of the Board as a whole during the financial year under review. This assessment process takes into account, *inter alia*, performance indicators such as promotion of governance, leadership role, development of strategy, oversight of risk, Board process, Board accountability, communication with Management and standard of conduct. The results of the assessment exercise were reviewed by the NC and the NC also considered the contribution by each director towards the achievement of the Board for each of the performance indicator.

The Board Committees are assessed on the work they perform in accordance with their terms of reference and the objectivity and independence in their deliberations and recommendations they presented to the Board.

The contribution of each individual Director to the effectiveness of the Board and Board Committees, where the individual director sits on Board Committee(s) is assessed individually and reviewed by the NC Chairman. The assessment criteria include, *inter alia*, commitment of time, knowledge and abilities, teamwork, overall effectiveness. The NC's evaluation is shared with the Board and the Chairman would act on the results of the performance evaluation, and in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors.

The NC has reviewed the overall performance of the Board and Board Committees in terms of each role and responsibilities and the conduct of individual Directors' performance individually and contribution to the Board and Board Committees as the case may be for FY2021 and is of the view that the performance of the Board as a whole, the Board Committees and each individual Director, has been satisfactory. Although some of the Board members have multiple board representations, the NC is satisfied that sufficient time and attention has been given to the Group by these Directors.

No external facilitator was used in the process to conduct the evaluations.

## REMUNERATION MATTERS

### PRINCIPLE 6:

**The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.**

## LEVEL AND MIX OF REMUNERATION

### PRINCIPLE 7:

**The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company**

**Remuneration Committee**

The RC comprises three directors, the majority of whom, including its Chairman, are non-executive and independent.

| | |
|---|---|
| Mr Leung Kwok Kuen Jacob | (Chairman and Independent Director) |
| Ms Eunice Veon Koh Pei Lee | (Member and Independent Director) |
| Ms Zhou Jia Lin | (Member, Non-Independent and Non-Executive Director) |

The RC will have access to expert advice in the field of executive compensation outside the Company when required. For FY2021, the Company has not engaged any remuneration consultant.

The terms of reference of the RC sets out its duties and responsibilities. Amongst others, the RC is responsible for:

(a) reviewing and recommending to the Board, in consultation with the Chairman, for endorsements, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and key management personnel;
(b) reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each of the Directors and key management personnel;
(c) reviewing and approving the design of all share option plans, performance share plans and/or other equity-based plans;
(d) reviewing the remuneration of employees related to Directors and/or substantial shareholders to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;
(e) in the case of service contracts, reviewing the Group's obligations in the event of termination of the Executive Directors' or key management personnel contracts of service, to ensure that such service contracts contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance; and
(f) approving the performance targets for assessing the performance of each of the key management personnel and recommending the performance targets as well as employee specific remuneration packages for each of such key management personnel, for the endorsement of the Board.

**Remuneration Matters**

**Executive Director and Key Management Personnel**

The annual reviews of the compensation are carried out by the RC to ensure that the remuneration of the sole Executive Director and key management personnel commensurate with their responsibility and performance and that of the Company, giving due regard to the financial and business needs of the Group. The Company recognises that a significant and appropriate proportion of executive directors' and key management personnel's remuneration should be structured so as to link rewards to corporate and individual performance, and such performance-related remuneration should be aligned with the interests of shareholders and promote the long-term success of the company.

# CORPORATE GOVERNANCE STATEMENT

In addition, in discharging its functions, the RC may obtain independent external professional advice as it deems necessary and the cost of which will be borne by the Company. The Company did not engage any consultant or external professional advice to discharge its function in FY2021.

Each member of the RC shall abstain from voting on any resolutions in respect of his or her own remuneration package. Long-term incentive schemes are generally encouraged for executive directors and key management personnel. The RC may review whether the Executive Director and key management personnel should be eligible for benefits under long-term incentive schemes. The costs and benefits of long-term incentive schemes should be carefully evaluated. In normal circumstances, offers of shares or grants of options or other forms of deferred remuneration should vest over a period of time. The use of vesting schedules, whereby only a portion of the benefits can be exercised each year, is also strongly encouraged. The Executive Director and key management personnel should be encouraged to hold their shares beyond the vesting period, subject to the need to finance any cost of acquiring the shares and associated tax liability. Currently, the Company has a share-based compensation scheme named Incredible Holdings Performance Share Plan (formerly known as Vashion Performance Share Plan) (the "Scheme") was approved by the shareholders at an extraordinary general meeting held on 6 September 2017. The RC administers the Scheme in accordance with the rules of the Scheme. Please refer to Principle 8 – Performance Share Plan for more information.

The Company does not have any share-based compensation schemes or any long-term scheme involving the offer of shares in place to encourage Independent Directors to hold shares in the Company.

Under the rules of the Scheme, Non-Executive Directors (including Independent Directors) are eligible to participate in the Scheme. When appropriate, the RC may consider the application of the Scheme to incentivise the Non-Executive Directors to hold shares in the Company to better align the interest of such Non-Executive Directors with the interest of the Company.

In setting remuneration packages, the Company has taken into consideration of pay and employment conditions within the industry and in comparable companies. Currently, the remuneration of the Executive Director and key management personnel comprise a basic salary based on the performance of the Group and their individual performance.

Companies are encouraged to consider the use of contractual provisions to allow the company to reclaim incentive components of remuneration from executive directors and key management personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the company.

In setting remuneration packages, the company will take into consideration of pay and employment conditions within the industry and in comparable companies.

**Non-Executive Directors**

The RC has recommended a fixed fee for Non-Executive Directors, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The Board concurred with the RC that the proposed Directors' fees for the year ended 31 December 2021 are appropriate and that the Independent Directors receive Directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent for serving on the Board and Board Committees, as well as the responsibilities and obligations of the Directors. The Company recognizes the need to pay competitive fees to attract, motivate and retain Directors without being excessive to the extent that their independence might be compromised. The fee of Non-Executive Directors will be subjected to shareholders' approval at the Annual General Meeting.

**Remuneration Matters**

The Board has recommended a fixed fee for Non-Executive Directors, taking into account the effort, time spent and responsibilities of each Non-Executive Director. The fee of Non-Executive Directors will be subject to shareholders' approval at the Annual General Meeting.

The remuneration of Executive directors and key management personnel comprises a basic salary and bonuses based on the performance of the Group and their individual performance.

## DISCLOSURE ON REMUNERATION

PRINCIPLE 8:
**The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation**

A breakdown showing the level and mix of each Director's and key executives remuneration paid and payable for Financial Year 2021 is as follows:

| Name of Director | Salary (S$) | Bonus (S$) | Other Benefits* (S$) | Directors' Fee (S$) | Total (S$) |
|---|---|---|---|---|---|
| Ms Zhou Jia Lin | 64,842 | – | 3,113 | 31,124 | 99,079 |
| Mr Christian Kwok-Leun Yau Heilesen | 301,743 | 1,000,000 | 255,219 | – | 1,556,962 |
| Mr Leung Kwok Kuen Jacob | – | – | – | 31,124 | 31,124 |
| Ms Eunice Veon Koh Pei Lee | – | – | – | 30,000 | 30,000 |
| Mr Leung Yu Tung Stanley | – | – | – | 31,124 | 31,124 |

| Name of Top Executives | Salary % | Bonus % | Other Benefits* % | Total % | Total Remuneration in Compensation Bands of S$250,000 |
|---|---|---|---|---|---|
| Mr Chan Ka Ki, Chief Financial Officer | 100 | – | – | 100 | <$250,000 |
| Mr Choo Tian Wang, General Manager | 100 | – | – | 100 | <$250,000 |

* Other benefits refers to housing allowance

The Company has only two key management executives for FY2021. In aggregate, the total remuneration paid to them in financial year ended 31 December 2021 was S$232,377.

**Employees who are substantial shareholders or immediate family members of a substantial shareholder, Directors or the chief executive officer**

During FY2021, there were two (2) employees who were immediate family members of the Executive Director whose remuneration exceeded S$100,000.

Mr Henrick Yau Kwok Hang Heilesen is the brother of the Executive Director 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.

The Company does not have a CEO. Save as disclosed, there is no other employee who is a substantial shareholder or immediate family members of the Directors whose remuneration exceed S$100,000 for FY2021.

In setting the remuneration packages of the Executive Directors and officers, the Company takes into account the contribution of the Executive Directors and officers to the group and that is aligned with long term interest and risk policies of the Group.

**Performance Share Plan**

Incredible Holdings Performance Share Plan (formerly known as Vashion Performance Share Plan) was approved by the shareholders at an extraordinary general meeting held on 6 September 2017. The RC administers the Scheme in accordance with the rules of the Scheme.

The Scheme, which forms an integral component of the Company's compensation plan, is designed to reward and retain eligible participants whose services are vital to the well-being and success of the Company. It provides eligible participants who have contributed to the success and development of the Company with an opportunity to participate, and also increases the dedication and loyalty of these participants and motivates them to perform better. No employees had met the performance criteria for FY2021.

Under the rules of the Scheme, Executive Directors and Non-Executive Directors (including Independent Directors) and employees of the Group, who are also controlling shareholders are eligible to participate in the Scheme.

The total number of new shares over which options may be granted pursuant to the Scheme, when added to the number of shares issued and issuable under such other share-based incentive plans (where applicable) of the Company, shall not exceed 15% of the issued share capital of the Company on the date preceding the grant of the options.

The total number of performance shares which may be issued pursuant to awards granted under the Scheme, when aggregated with the aggregate number of shares, over which options are granted under any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the issued shares of the Company (excluding any shares held in treasury) on the day preceding the award date.

The Scheme shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

There have been no shares issued since the commencement of the Scheme.

## RISK MANAGEMENT AND INTERNAL CONTROLS

PRINCIPLE 9:
**The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the Company and its shareholders**

PRINCIPLE 10
**The Board has an Audit Committee which discharges its duties objectively**

**Risk Management**

The Board determines the Company's levels of risk tolerance and risk policies, and oversee Management in the design, implementation and monitoring of the risk management and internal control systems.

The AC oversees the Group's risk management process, through reviewing the adequacy and effectiveness of the risk management policy, practices and strategies. It also has oversight of key risk exposures and will in turn report to the Board of Directors on all risk matters. As the oversight of risk vests with the AC, the Board does not see the need to form a separate risk management committee comprising AC members.

The Group and the Company do not hold or issue derivative financial instruments for trading purposes or hedge against fluctuation in interest rates and foreign exchange rates. The steps taken by the Group to manage its exposure to financial risk are set out in the Financial Report on pages 109 to 119 of the Notes to the Financial Statements.

At the management level, the Group Risk Management Committee ("GRMC"), chaired by the Executive Director and comprising the management reports to the AC annually or more frequently as needed. The GRMC highlights significant risk issues, both existing and emerging, for discussion with the AC and the Board, taking into account the immediate operating environment and the next half-year operation.

Annually, the Board reviews the adequacy and effectiveness of the Company's risk management and internal control systems, including financial, operational, compliance and information technology controls. These reviews are carried out internally or with the assistance of internal auditors appointed during the financial year just ended.

For the financial year ended 31 December 2021, the Board has received assurance from the Executive Director and the Chief Financial Officer that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and from the Executive Director and the Chief Financial Officer who are responsible that the company's risk management and internal control systems are adequate and effective.

The Group has implemented a stringent cost and cash flow management and all expenses would be approved by the top management and monthly cash flow forecast for next twelve months would be circulated to the Board for monitoring and necessary actions.

**Internal Audit and Internal Controls**

The Group has outsourced its internal audit function to Virtus Assure Pte. Ltd. ("**Virtus**"), a professional service firm that specialises in the provision of Internal Audit, Enterprise Risk Management and Sustainability Reporting advisory services. Virtus was set up in the year 2005 and currently maintains an outsourced internal audit portfolio of SGX-ST listed companies in various industries. The engagement team comprises two certified internal audit directors with one of them having more than 30 years of internal audit experience, a manager and a senior internal auditor. The AC decides on the hiring, removal, evaluation and compensation of the internal auditor ("**IA**"). Virtus has confirmed their independence as internal auditor to the Board.

The IA plan their audit schedules in consultation with, but independent of, the management. The IA plan is submitted to the AC for approval prior to implementation. The AC reviews the activities of the IA, and meets with the internal auditor to approve their plans and to review their report for the prior reporting period.

The IA will report their audit findings and recommendations directly to the Chairman of the AC. The IA has unfettered access to all the Group's documents, records, properties and personnel, including access to the AC.

The AC is of the opinion that the key financial, operational, compliance and information technology risks of the Group have been reduced materially, the revised system of internal controls recommended by Virtus have adequately addressed the key financial, operational, compliance and information technology risks of the Group.

Based on the Group's existing management controls in place, the internal control policies and procedures established and maintained by the Group, as well as the reviews performed by the external and internal auditors, the Board, is of the view that the internal control systems of the Group, addressing the financial, operational and compliance, information technology risks and risk management system are adequate and effective as at 31 December 2021. The AC concurred with the Board.

The AC may commission an independent audit on internal controls and risk management systems for its assurance, or where it is not satisfied with the systems of internal control controls and risk management.

The AC, having considered and assessed the suitability, adequacy of resources and experience of Virtus, is satisfied that the appointment of Virtus would assist and not compromise the standard and effectiveness of the internal audit of the Company.

The AC is of the view that the IA function being conducted by Virtus is staffed with persons with relevant qualifications and experience. IA has carried out its function according to the Standard for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

# CORPORATE GOVERNANCE STATEMENT

**Audit Committee (AC)**

The AC comprises three Non-Executive Directors, the majority of whom are independent. The members of the AC are:

| | |
|---|---|
| Mr Stanley Leung Yu Tung | (Chairman and Independent Director) |
| Mr Leung Kwok Kuen Jacob | (Member and Independent Director) |
| Ms Zhou Jia Lin | (Member, Non-Independent and Non-Executive Director) |

The Chairman of the AC is Mr Stanley Leung Yu Tung, a member of Hong Kong Institute of Certified Public Accountant. Mr Leung Kwok Kuen Jacob has extensive experience in administrative management. Ms Zhou Jia Lin has 16 years of management and investment experience. The Board is of the view that the members of the AC are appropriately qualified, having accounting or related financial and management expertise or experience as the Board interprets such qualification, to discharge their responsibilities.

The role and functions of the AC are specified in the Companies Act 1967 and is guided by the AC's Terms of Reference adopted by the Board, which are as follows:-

a. review annually with the external auditors the scope, audit plan, their evaluation of the system of internal accounting controls, their audit report, the independence and objectivity, their management letter and the management's response;

b. review and report to the Board at least annually on the scope, independence, adequacy and effectiveness of the results of the external audit and the Group's internal controls, risk management system and internal audit function, including financial, operational, compliance and information technology controls and review the assurance from the CEO and the CFO on the financial records and financial statements;

c. review the interim and annual financial statements, announcements and balance sheets and income statements before submission to the Board for its approval, focusing in particular, on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with Financial Reporting Standards as well as compliance with any stock exchange and statutory regulatory requirements;

d. ensure co-ordination between the external auditors and the management, review the assistance given by management to the auditors and discuss problems and concerns, if any, arising from the interim and final audits, and any matters which the auditors may wish to discuss (in the absence of management where necessary);

e. review and discuss with the external auditors and at appropriate times, report the matter to the board and to the sponsor when there is any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position, and the management's response;

f. recommend to the shareholder on the appointment and removal of external auditors; and consider the remuneration and terms of engagement of the external auditors;

g. the AC shall meet with the external auditors and internal auditor without the presence of the Company's management at least once a year;

h. review transactions falling within the scope of the Audit Committee Charter in respect of Interested Person Transactions and the Catalist Rules;

i. undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and requiring the attention of the AC;

j. ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;

k. review the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on;

l. generally undertake such other functions and duties as may be required under the Audit Committee Charter, by statute or the Catalist Rules, and by such amendments made thereto from time to time; and

m. assess on whether there is a need to obtain independent legal advice or appoint a compliance adviser in relation to the sanctions-related risks applicable to the issuer and continuous monitoring of the validity of the information provided to shareholders and SGX

Where the external auditors, in their review or audit of the Company's year-end financial statements, raise any significant issues which have a material impact on the interim financial statements or financial updates previously announced by the company, the AC should bring this to the Board's attention immediately.

The AC has explicit authority to investigate any matter within its terms of reference, full access to and co-operation by Management and full discretion to invite any director or executive officer to attend its meetings, and reasonable resources to enable it to discharge its functions properly. The Board is satisfied that the members of the AC have recent and relevant accounting or related financial management expertise or experience to discharge the AC's functions. The AC is kept abreast by the Management and the external auditors of changes to accounting standards, Listing Rules of the SGX-ST and other regulations which could have an impact on the Group's business and financial statements.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation and the AC does not have any financial interest in the auditing firm or auditing corporation.

The Company confirms that it has complied with Catalist Rules 712 and 715. The Company's external auditor Baker Tilly TFW LLP, registered with the Accounting and Corporate Regulatory Authority, is the external auditor of the Company and all of its Singapore subsidiaries. The Company also engaged Baker Tilly Hong Kong Limited, registered with the Hong Kong Institute of Certified Public Accountants, as the external auditors of all Hong Kong subsidiaries..

The audit fees to external auditors in 2021 were S$130,561 and the non-audit service rendered by external auditors were S$1,400. The AC has reviewed the nature and extent of the services rendered by the external auditors for the financial year ended 31 December 2021 and is satisfied that the independence of the external auditors have not been impaired.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, discussions are held with the External Auditors when they attend the AC meetings every half yearly. The AC members were encouraged to attend external courses conducted by relevant professional institutes as and when deemed necessary or upon request.

The AC meets with both the internal and external auditors without the presence of the Management at least once a year.

To note the auditors, Baker Tilly TFW LLP are not seeking re-appointment, and the Company is in the process of seeking to appoint a new auditor and will update the shareholders in due course.

The Company has in place a whistle-blowing framework where staff of the Company can access the AC Chairman to raise concerns about improprieties.

The AC Committee is responsible for the oversight and monitoring of any whistleblowing matters.

Employees are free to bring complaints in confidence to the attention of their supervisors. The recipient of such complaints shall forward them promptly to the AC Chairman. The Group will treat all information received confidentially and protect the interest of all whistleblowers.

The Company will not tolerate the harassment or victimisation of a whistleblower. Any effort to retaliate against a whistleblower or harass him shall be strictly prohibited and shall be reported immediately to the AC Chairman.

Investigation of a complaint will be conducted by an independent investigation team nominated by the AC to conduct the investigation impartially.

Following investigation and evaluation of a complaint, the AC Chairman shall report to the AC on recommended disciplinary or remedial action, if any. The action determined by the AC to be appropriated shall then be brought to the Board or to appropriate members of senior management for authorization and implementation respectively. An employee can access the AC Chairman directly to raise concern if he feels that it could not be effectively addressed at managerial level.

The policy is communicated to all employees as part of the Group's efforts to promote awareness of fraud control.

**Investment Committee (IC)**

The IC was formed on 17 October 2013 which comprises the following members: -

| | |
|---|---|
| Mr Stanley Leung Yu Tung | (Chairman and Independent Director) |
| Mr Leung Kwok Kuen Jacob | (Member and Independent Director) |
| Ms Zhou Jia Lin | (Members and Non-Executive and Non-Independent Director) |
| Mr Christian Kwok-Leun Yau Heilesen | (Member and Executive Director) |
| Ms Eunice Veon Koh Pei Lee | (Members and Independent Director) |

The IC is responsible for developing the Group's investment objectives, governing and overseeing investment plans and/or strategies.

The principal objectives of IC are, among others:

Fund raising:

- To determine the Group's cash flow and funding needs and work with the finance department to ensure that those needs can be met by cash flows derived from operations and/or fundraising activities.

- To formulate fund raising proposals for the consideration of the Board.

- To lead and supervise fund raising actions approved by the Board, including appointment and instructing of professionals, liaising with regulatory authorities, and ensuring that fund raising actions achieve the objectives and within budgetary limits set out by the Board.

Investments:

- To determine the Group's risk tolerance and investment time horizon in consultation with the Board.

- To formulate and from time to time review the investment objectives, policies and guidelines and investment risk management.

- To evaluate, review and concur with all major investment projects including restructuring or disposals or sale of the Group's key assets.

- To review the annual investments proposal of the Group.

- To evaluate any significant capital commitment and divestment by the Group.

- To evaluate the professional evaluation system set up by the Group, including three major components: effectiveness of the evaluating organization and professionals, completeness of the evaluation procedures and the appropriateness of the evaluation standard.

There were no IC meetings in FY2021 as members of IC consist the whole Board, who are involved in and approves all investment and fund raising corporate exercises.

# CORPORATE GOVERNANCE STATEMENT

SHAREHOLDERS' RIGHTS AND CONDUCT OF GENERAL MEETINGS

PRINCIPLE 11

**The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects**

ENGAGEMENT WITH SHAREHOLDERS

PRINCIPLE 12

**The Company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company**

**Providing Opportunity for Shareholders to Participate and Vote at General Meetings**

The Company's corporate governance culture and awareness promotes fair and equitable treatment of all shareholders. All shareholders enjoy specific rights under the Singapore's Companies Act 1967, and the constitution of the Company. All shareholders are treated fairly and equitably.

The Company respects the equal information rights of all shareholders and is committed to the practice of fair, transparent and timely disclosure.

Shareholders are given the opportunity to participate effectively and vote at general meetings of the Company, where relevant rules and procedures governing the meetings are clearly communicated. The Company does not provide for absentia voting methods such as by mail, email, or fax due to concerns as to the integrity of such information and authentication of the identity of shareholders voting by such means. However, the Company's Constitution allows a member (other than a relevant intermediary as defined in Section 181 of the Companies Act) to appoint one or two proxies to attend and vote at its general meetings in his absence. The Companies Act allows relevant intermediaries which include CPF Approved Nominees to appoint multiple proxies, and empower CPF investors to attend and vote at general meetings of the Company as their CPF Approved Nominees' proxies.

At the general meetings of the Company, shareholders are given the opportunity to air their views and ask Directors questions regarding the Group. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report. Shareholders are encouraged to attend the general meetings to ensure a high level of accountability and to stay informed of the Group's strategies and goals. The general meetings are the principal forum for dialogue with shareholders to gather views or inputs, and address shareholders' concerns.

In 2021, the Company held one annual general meeting and two extraordinary general meetings. Members of the Board including the chairpersons of each of the Board Committees were present at the meeting to address shareholders' queries.

The external auditor is also present to assist the Directors in addressing any relevant queries by shareholders. The attendance of the Directors for the general meetings in 2021 is as follows:

| Meetings | Annual General Meeting held on 30 April 2021 |
|---|---|
| Leung Kwok Kuen Jacob | 1 |
| Christian Kwok-Leun Yau Heilesen | 1 |
| Zhou Jia Lin | 1 |
| Stanley Leung Yu Tung | 1 |
| Eunice Veon Koh Pei Lee | 1 |

No director absence for the general meeting was recorded.

# CORPORATE GOVERNANCE STATEMENT

The Company ensures that there are separate resolutions at general meetings on each distinct issue. Each item of special business included in the notice of meetings will be accompanied by the relevant explanatory notes. Where the resolutions are "bundled", the company explains the reasons and material implications in the notice of meeting. This is to enable the shareholders to understand the nature and effect of the proposed resolutions. The Company will put all resolutions to vote by poll at the forthcoming annual general meeting compliance with the Catalist Rules.

The Company would prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. The minutes will be taken and published in the Company's corporate website at www.incredible.sg as soon as practicable.

Generally, at general meetings of the Company, the shareholders are given an opportunity to air their views and ask questions regarding the Company and the Group. However, due to the COVID-19 restrictions and advisories issued by the relevant authorities in Singapore and the related safe distancing measures in Singapore that were in effect at the relevant time, the annual general meeting of the Company held in respect of FY2020 was held on 30 April 2021 by way of electronic means and shareholders were not able to attend the annual general meeting in person. Shareholders who wished to raise any matters at the annual general meeting were allowed to submit such matters or any questions related to the annual general meeting in advance to the Company. The forthcoming annual general meeting of the Company to be held in respect of FY2021 will be held by way of electronic means, and similar alternative arrangements will be put in place to allow the shareholders to submit any matters or questions related to the annual general meeting in advance.

**Investor relations**

The Board is mindful of its obligations to provide timely and full disclosure of material information to shareholders of the Company and conduct its investor relations on the following principles:

a. annual reports issued to all shareholders;

b. half and full-year results announcements on the SGXNET;

c. other announcements and any matters it deem pertinent which would likely to have a material effect on the price or value of the Company's shares on the SGXNET;

d. operate an open policy with regard to investor/email enquiries.

e. no selective disclosure of information.

In addition, the Company's website allows shareholders and investors to have access to information on the Group including the Company's announcements made to the SGX-ST and the contact email at investors@incredible.sg. The Company will respond to queries and feedback received from shareholders and investors.

Dividend Policy

The Company does not have a policy on payment of dividends. The issue of payment of dividends is deliberated by the Board annually, having regards to various factors including its cash flow, general business conditions and strategies, current and future operations, statutory, contractual and regulatory restrictions as the Board deems appropriate. The Company did not declare dividend for the financial year ended 31 December 2021 due to the losses incurred during the financial year.

# CORPORATE GOVERNANCE STATEMENT

## ENGAGEMENT WITH STAKEHOLDERS

### PRINCIPLE 13

**The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served**

The Group's material stakeholders are its shareholders, customers, employees, business partners and the community and the Company engages with them through its sustainability initiatives and corporate social responsibility programmes as set out in its Sustainability Report for FY2021 published on SGXNET on 25 May 2022. Please see below some information extracted from Sustainability Report for FY2021:

Sustainability reporting has become a key component for listed companies to promote transparency on their sustainable business practices in relation to the economic, environmental, social and governance ("EESG") topics. The following EESG topics have been identified and the approaches of managing these topics are stated in its Sustainability Report for FY2021:

1. Anti-Corruption (Governance: GRI 205-3);
2. Waste Management (Environmental GRI 306-2); and
3. Product Information and Labeling (Social GRI 417-1)

For details, please see full version of Sustainability Report for FY2021 published on SGXNET on 25 May 2022.

The Company maintains a corporate website at www.incredible.sg where stakeholders can access information on the Group. The website provides, *inter alia*, corporate announcements, and profiles of the Group.

**Material Contracts**

There were material contracts entered into by the Company involving the interest of the Independent Non-Executive Chairman and Executive Director, any other Director, or controlling shareholder, either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year as follows:-

On 9 June 2021, The Company announced that through its wholly owned subsidiary Central Capital ApS, entered into a share sale and purchase agreement with Wingfort ApS and LHA ApS who are the shareholders each holding 50% in the HB 2021 ApS, for consideration of DKK5.2 million (equivalent to approximately S$1.1 million) Please refer to announcement dated 9 June 2021, 15 June 2021, 17 June 2021, 24 June 2021 and 30 July 2021 for details.

The Company announced that on 27 September 2021, entered into a sale and purchase agreement with Great Winner Holdings Limited ("Great Winner"), to acquire the entire issued shares in Billion Credit Financial Company Limited for an aggregate consideration of HK$5.8 million (equivalent to approximately S$1 million). Great Winner is wholly-owned by Mr Heilesen who is the Executive Director and controlling shareholder of the Company. This transaction is an "interested person transaction" under Chapter 9 of the Catalist Rules.

The Company announced that on 18 October 2021, entered into a share purchase agreement with Christian Kwok-Leun Yau Heilesen to acquire 420 ordinary shares in Golden Ultra Limited ("Golden Ultra"), representing 42.0% of the issued share capital of Golden Ultra, for a consideration of HK$84 million (equivalent to approximately S$14.6 million). This transaction is an "interested person transaction" under Chapter 9 of the Catalist Rules.

# CORPORATE GOVERNANCE STATEMENT

The Company announced that on 27 October 2021, entered into a share purchase agreement with Mr Tam Ki Ying ("Mr Tam") in relation to, *inter alia*, the acquisition of 15 shares in Gadmobe Group, representing 15% of the issued share capital of Gadmobe Group, for a consideration of HK$18 million (equivalent to approximately S$3.1 million). Mr Tam is an independent third party and is not related to any of the directors or substantial shareholders of the Company.

Save as disclosed above, there were no other material contracts entered into by the Company or any of its subsidiaries involving the interest of the Independent Non-Executive Chairman and Executive Director, any other Director, or controlling shareholder, either still subsisting at the end of FY2021 or if not then subsisting, entered into since the end of the previous financial year.

**Interested Person Transactions**

The Company has an internal policy in respect of any transactions with interested person and has in place a process to review and approve any interested person transaction.

The Company had rented an unit of office for the Loan Financing business from Greater Hero Limited which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"). The rental is HK$40,000 per month from 1 January 2021 to 2 July 2021 (terminated on 2 July 2021) and total aggregate amount of HK$240,000 (or equivalent to approximately S$42,000).

The Company had leased part of the office of HB 2021 ApS to Yourwatches.com ApS which is wholly-owned by Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company and controlling shareholder of the Company with 59.14%. Accordingly, this is an IPT as he is an "interested person" for the purposes of Chapter 9 of Singapore Exchange Securities Trading Limited's Listing Manual Section B: the Rules of Catalist ("Catalist Rules"). The rental income is DKK50,000 per month from 1 September 2021 to 31 December 2021 and total aggregate amount of DKK200,000 (or equivalent to approximately S$41,000).

As announced on 27 May 2021, the Company entered into a share sale and purchase agreement with Christian Kwok-Leung Yau Heilesen who is the Executive Director of the Company to acquire the entire share capital of Central Capital ApS which is a Denmark company for the operation of watches. As announced on 31 May 2021, the Company had on 28 May 2021 completed the acquisition of Central Capital ApS.

Details of the interested person transactions for the financial year is as follows:

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|---|
| Christian Kwok-Leun Yau Heilesen | Executive Director | S$1 million[(1)] | – |
| Christian Kwok-Leun Yau Heilesen | Executive Director | S$14.6 million[(2)] | |

**Note:**

(1) As announced on 27 September 2021, the Company entered into a sale and purchase agreement with Great Winner Holdings Limited, to acquire the entire issued share capital of Billion Credit Financial Company Limited for a consideration of HK$5.8 million (equivalent to approximately S$1 million). The acquisition is an interested person transaction as Mr Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company is the director of the vendor of the transaction. The proposed acquisition has been approved by shareholder via extraordinary general meeting held on 7 February 2022 and the acquisition of Billion Credit Financial Company Limited had been completed on 4 March 2022.

(2) As announced on 18 October 2021, the Company entered into a sale and purchase agreement with Christian Kowk-Leun Yau Heilesen, to acquire 42% issued share capital of Golden Ultra Limited for a consideration of HK$84 million (equivalent to approximately S$14.6 million) The acquisition is an interested person transaction as Mr Christian Kwok-Leun Yau Heilesen who is the Executive Director of the Company is the director of the vendor of the transaction. The proposed acquisition has been approved by shareholder via extraordinary general meeting held on 7 February 2022 and the acquisition of Golden Ultra Limited had been completed on 22 March 2022.

Save as disclosed above, there were no interested person transactions entered into by the Group exceeding the S$100,000 during the financial year ended 31 December 2021.

**Non-Audit Fees**

The external audit fees for financial year ended 31 December 2021 payable by the Group to the Company's external auditors are S$130,561. The non-audit fees rendered by the external auditors to the Company and the Group for the financial year ended 31 December 2021 were S$1,400. There were no audit or non-audit fees paid to previous external auditors during the financial year.

**Non-Sponsor Fees**

There was no non-sponsor fee to Hong Leong Finance Limited, being the Sponsor, during the financial year ended 31 December 2021.

**Securities Transactions**

In line with Rule 1204(19) of the Rules of Catalist on Dealing in Securities, the Company has adopted its own compliance code to provide guidance to its officers with regards to dealing by the Company and its officer in its securities. The Company and its officers (1) should not deal in shares of the Company on short-term considerations or if they are in possession of unpublished material price-sensitive information; and (2) they are required to report on their dealings in shares of the Company. The Company and its officers are also reminded of the prohibition in dealing in shares of the Company one month before the announcement of the Company's half year and full year financial statements.

**Utilisation of the Proceeds for the Rights Issue**

The Company had on 3 February 2021 announced that 2,693,670,727 Rights Shares and 2,693,670,727 2021 Warrants have been allotted and issued by the Company on 2 February 2021. The proceeds from the issue of the Rights Shares was S$5,673,541 which for the avoidance of doubt, excluded the undertaken Rights Shares subscription amount of approximately S$9.4 million that was set off against an equivalent amount of the principal amount outstanding and due and owing by the Company to Mission Well under the Mission Well Loan Agreement and Go Best under the Go Best Loan Agreement.

As at the date of this annual report, the Company has utilized the net proceeds from Rights Issue as follows:

| Use of proceeds | Allocation as per the Offer Information Statement | Reallocation | Amount utilized as at the date of this announcement | Balance | |
|---|---|---|---|---|---|
| | % | S$'000 | S$'000 | S$'000 | S$'000 |
| Funding the Financing Business | 10 | 567 | (567) | – | – |
| New Acquisitions | 10 | 567 | – | (300) | 267 |
| Expansion of the Luxury Goods Business | 50 | 2,837 | 867 | (3,704) | – |
| For general corporate and working capital purpose | 30 | 1,702 | (300) | (1,402) | – |
| Total | 100 | 5,673 | – | (5,406) | 267 |

The above utilisation of the Net Proceeds from the Rights cum Warrants Issue is consistent with the intended uses as disclosed in the Company's Offer Information Statement dated 8 January 2021. The Company will continue to make periodic announcements via SGXNet on the utilisation of the balance of the proceeds as and when such proceeds are materially disbursed.

An aggregate amount of S$1,402 thousand had been used for general working capital and the principal disbursements are set below:

| | S$'000 |
|---|---|
| Professional fees | 408 |
| Website development expenses | 123 |
| Director fee | 160 |
| Others (included payroll, bank charges and other operating expenses) | 711 |
| Total | 1,402 |

# CORPORATE GOVERNANCE STATEMENT

**Key Information of Directors to be re-elected**

Pursuant to Rule 720(5) of the Catalist Rules, the information relating to the Directors to be re-elected as set out in Appendix 7F of the Catalist Rules is disclosed below:

| **Name of Director** | **Christian Kwok-Leun Yau Heilesen** | **Leung Yu Tung Stanley** |
|---|---|---|
| **Date of Appointment** | 23 November 2015 | 6 October 2017 |
| **Date of last re-appointment** | 30 April 2019 | 29 June 2020 |
| **Age** | 38 | 45 |
| **Country of principal residence** | Hong Kong | Hong Kong |
| **The Board's comments on this appointment (including rationale, selection criteria and the search and nomination process** | The re-election of Mr Heilesen as the Executive Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director of the Company. | The re-election of Mr Leung as the Independent Director was recommended by the NC and the Board has accepted the recommendation, after taking into consideration his qualifications, past experience and overall contribution since he was appointed as a Director of the Company. |
| **Whether appointment is executive, and if so, the area of responsibility** | Executive, Mr Heilesen will be responsible for all day-to-day management decisions and for implementing the Company's long and short term plans. | Non-Executive |
| **Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)** | Executive Director | Independent Director, AC Chairman and Investment Committee Chairman, member of Remuneration Committee and Nominating Committee |
| **Professional qualifications** | Graduated from high school | A Chartered Accountant of Hong Kong Institute Certified Public Accountants and Association of Chartered Certified Accountants (ACCA) |
| **Working experience and occupation(s) during the past 10 years** | 11/2015 – Present<br>Executive Director, Incredible Holdings Ltd. | 07/2020 - 8/2021 - Wewesat Limited - Financial Controller<br><br>09/2013 – 11/2019 – Luen Hing Textile Company Limited – Finance Controller<br><br>01/2012 – 09/2013 – The Sweet Dynasty Group – Finance Manager<br><br>09/2011 – 12/2011 – Gongcheng TLP Professional Group Limited – Senior Consultant<br><br>01/2011 – 08/2011 – GDT CPA Limited – Assistant Manager<br><br>09/2007 – 01/2011 – UHY Vocation HK CPA Limited – Senior Accountant |

# CORPORATE GOVERNANCE STATEMENT

| Name of Director | Christian Kwok-Leun Yau Heilesen | Leung Yu Tung Stanley |
|---|---|---|
| **Shareholding interest in the listed issuer and its subsidiaries** | Christian Kwok-Leun Yau Heilesen ("**CKLY**") is deemed interested in 1,709,659,281 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 60,802,500 shares held by CKLY Family Trust through HSBC (Singapore) Nominees Pte Ltd (which the beneficiaries are family members of CKLY). | None |
| **Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries** | None | None |
| **Conflict of interest (including any competing business)** | Holds 51% interest Strong System Limited which is one of the Group's associate, where the Company holds 49% interest in that associate | None |
| **Other Principal Commitments including Directorships** | | |
| **Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer** | Yes | Yes |
| **Past (for the last 5 years)** | Directorships<br>-<br><br>Principal Commitments<br>- | Directorships<br>-<br><br>Principal Commitments<br>- |
| **Present** | Directorships:<br>• Ntegrator International Limited<br>• Funmobile Pte. Ltd.<br>• CKLY (Singapore) Pte. Ltd.<br>• Incredible Watch & Jewellery Pte. Ltd.<br><br>Principal Commitments:<br>- | Directorships:<br>• Ntegrator International Limited<br>• Echo International Holdings Group Limited<br>• TT Automobile Company Limited<br><br>Principal Commitments:<br>- |

# CORPORATE GOVERNANCE STATEMENT

| Name of Director | Christian Kwok-Leun Yau Heilesen | Leung Yu Tung Stanley |
|---|---|---|
| **Information required pursuant to Catalist Rules 704(6) and/or 704(7)** | | |
| **(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?** | None | None |
| **(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?** | None | None |
| **(c) Whether there is any unsatisfied judgment against him?** | None | None |

# CORPORATE GOVERNANCE STATEMENT

| Name of Director | Christian Kwok-Leun Yau Heilesen | Leung Yu Tung Stanley |
|---|---|---|
| (d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | None | None |
| (e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | None | None |
| (f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | None | None |

# CORPORATE GOVERNANCE STATEMENT

| Name of Director | Christian Kwok-Leun Yau Heilesen | Leung Yu Tung Stanley |
|---|---|---|
| **(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?** | None | None |
| **(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?** | None | None |
| **(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?** | None | None |
| **(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :—** | | |
| **(i) any corporation Which has been Investigated for a breach of any law or Regulatory requirement governing corporations in Singapore or elsewhere; or** | None | None |
| **(ii) any entity (not being a corporation) Which has been investigated for a breach of any law or Regulatory requirement governing such entities in Singapore or elsewhere; or** | None | None |

# CORPORATE GOVERNANCE STATEMENT

| Name of Director | Christian Kwok-Leun Yau Heilesen | Leung Yu Tung Stanley |
|---|---|---|
| (iii) any business trust which has been Investigated for a breach of any law or Regulatory requirement governing business trusts in Singapore or elsewhere; or | None | None |
| (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust? | None | None |
| (k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | None | None |
| Any prior experience as a director of an issuer listed on the Exchange? | Not applicable as this is in relation to re-election of director | Not applicable as this is in relation to re-election of director |
| If yes, please provide details of prior experience. | Not applicable | Not applicable |
| If not, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. | Not applicable | Not applicable |

# DIRECTORS' STATEMENT

The directors hereby present their statement to the members together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021.

In the opinion of the directors:

(i) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 59 to 125 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS (I)"); and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors approved and authorised these financial statements for issue.

## DIRECTORS

The directors in office at the date of this statement are:

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

## ARRANGEMENT TO ENABLE DIRECTORS TO ACQUIRE BENEFITS

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' STATEMENT

## DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares and debentures of the Company and related corporations as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Companies Act 1967 (the "Act") except as follows:

| | **Number of ordinary shares Shareholdings registered in their own names** | |
|---|---|---|
| | **At 1.1.2021** | **At 31.12.2021** |
| **Name of director** | | |
| **Immediate and ultimate holding company** | | |
| **Mission Well Limited** | | |
| Christian Kwok-Leun Yau Heilesen | | |
| - Ordinary shares | 5,000,000 | 5,000,000 |
| **The Company** | | |
| Christian Kwok-Leun Yau Heilesen | | |
| - Ordinary shares | 89,923,456 | 1,770,461,781 |
| - Warrants | 43,284,890 | 1,680,538,325 |

The director, Christian Kwok-Leun Yau Heilesen, by virtue of section 7 of the Act is deemed to have an interest in the shares held by the Company in its wholly-owned subsidiaries.

The directors' interest in the ordinary shares and share options of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

## PERFORMANCE SHARE PLAN

The Company has the Incredible Performance Share Plan ("Incredible PSP"). The Incredible PSP was approved and adopted by the shareholders on 6 September 2017. The purpose of the Incredible PSP is to reward, retain and motivate employees, directors, controlling shareholders and their associates to improve their performance. In line with this, the Company believes that the Incredible PSP will strengthen the overall effectiveness of performance based compensation schemes. The Incredible PSP allows the Company to award fully-paid shares to deserving participants.

The Remuneration Committee of the Company administrating the Incredible PSP are as follows:

| | |
|---|---|
| Leung Kwok Kuen Jacob | (Chairman and Independent Director) |
| Eunice Veon Koh Pei Lee | (Member and Independent Director) |
| Zhou Jia Lin | (Member, Non-Independent and Non-Executive Director) |

## PERFORMANCE SHARE PLAN (CONT'D)

The following persons are eligible to participate in the Incredible PSP at the absolute discretion of the Remuneration Committee:

(a) Group employees (including any Group Executive Director) who, as of the date on which the share granted under the Incredible PSP ("Award Date"), have attained the age of 21 years and hold such rank as may be designated by the Remuneration Committee from time to time and who have, as of the Award Date, been in full time employment of the Group for a period of at least 12 months (or in the case of any Group Executive Director, such shorter period as the Remuneration Committee may determine), provided that none shall be an undischarged bankrupt as at the Award Date.

(b) Non-Executive Directors (including Independent Directors) who, in the opinion of the Remuneration Committee, have contributed or will contribute to the success of the Group.

(c) Persons who are qualified under (a) and (b) above and who are also controlling shareholders or Associates of controlling shareholders.

Other salient information relating to the Incredible PSP is set out below:

- Directors and employees of the Company's associated company and the Company's parent company and its subsidiaries (other than the Company and the Company's subsidiaries) are not entitled to participate in the Incredible PSP.

- Controlling shareholders and associates of controlling shareholders are eligible to participate in the Incredible PSP provided that the participation of and the actual number of performance shares ("Performance Shares") to be issued and the terms of any Award to be granted to each of them shall be approved by independent shareholders in separate resolutions for each such person (provided always that it shall not be necessary to obtain the approval of the independent shareholders of the Company for the participation in the Incredible PSP of a controlling shareholder or his associate who is, at the relevant time, already a Participant) subject to the following:

    (a) the aggregate number of Performance Shares available to controlling shareholders and Associates of controlling shareholders shall not exceed 25% of the total number of Performance Shares which may be granted under the Incredible PSP; and

    (b) the number of Performance Shares available to each controlling shareholder or Associate of controlling shareholder shall not exceed 10% of the total number of shares which may be granted under the Incredible PSP.

- The total number of Performance Shares which may be issued pursuant to Awards granted under the Incredible PSP, when aggregated with the aggregate number of Shares, over which options are granted under any other share option schemes of the Company, shall not exceed fifteen per cent (15%) of the issued Shares of the Company (excluding any Shares held in treasury) on the day preceding the Award Date.

- The Incredible PSP shall be valid and effective for a period of 10 years from the date of adoption until 5 September 2027.

There were no Performance Shares awarded, vested, lapsed or cancelled since the commencement of Incredible PSP until 31 December 2021.

# DIRECTORS' STATEMENT

## AUDIT COMMITTEE

The Audit Committee comprises three members, two of whom are independent directors. The members of the Audit Committee during the year and at the date of this statement are:

Leung Yu Tung Stanley (Chairman)
Leung Kwok Kuen Jacob
Zhou Jia Lin

The Audit Committee carried out its function in accordance with Section 201B(5) of the Singapore Companies Act. Their functions are detailed in the Report on Corporate Governance.

In performing its functions, the Audit Committee met with the Company's independent and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control systems.

The Audit Committee also reviewed the following:

- assistance provided by the Company's management to the internal and independent auditors;
- quarterly financial information and annual financial statement of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee, having reviewed all non-audit services, provided by the independent auditor of the Company, was satisfied with the independence and objectivity of the independent auditor.

## INDEPENDENT AUDITOR

The independent auditor, Baker Tilly TFW LLP, will not be seeking re-appointment at the forthcoming Annual General Meeting.

On behalf of the directors

| | |
|---|---|
| Christian Kwok-Leun Yau Heilesen<br>Director | Leung Kwok Kuen Jacob<br>Director |

7 June 2022

# INDEPENDENT AUDITOR'S REPORT

To the members of Incredible Holdings Ltd.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

***Qualified Opinion***

We have audited the accompanying financial statements of Incredible Holdings Ltd. (the "Company") and its subsidiaries (the "Group") as set out on pages 59 to 125, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section for our report, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

***Basis for Qualified Opinion***

*(i) Impairment of website development costs*

As disclosed in Note 14(a) to the financial statements, the cost of the Group's and the Company's website development costs amounted to $1,274,814 as at 31 December 2021. During the financial year, management performed an impairment assessment to determine the recoverable amount of the website development costs. An impairment loss of $1,274,814 was recognised to write down the website development costs to the recoverable amount of $nil in the Group's and the Company's financial statements.

The recoverable amount of the website development costs is determined based on value-in-use ("VIU") calculation using cash flows projections covering a period of five years. The key assumptions and inputs used in the VIU calculation are disclosed in Note 14 to the financial statements.

Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence with respect to the assumptions used by management in its impairment assessment of website development costs. Accordingly, we were unable to conclude whether the net carrying amount of the website development costs as at 31 December 2021 and the impairment loss recognised for the financial year were fairly stated.

*(ii) Allocation method of purchase discounts and net realisable value of specific inventories*

On 20 December 2021, HB 2021 ApS ("HB2021"), a wholly owned subsidiary of the Group entered into an asset purchase agreement to purchase watches and jewellery from a company for an agreed consideration of DKK9,791,269 (equivalent to $2,016,080). Management represented that the inventories were purchased at a discount of DKK1,383,382 (equivalent to $284,846) based on the carrying costs provided by the vendor and management has allocated the aforementioned discounts proportionately based on their respective carrying costs to determine the cost of purchase for each item of inventories. Total costs of purchase of watches and jewellery have been determined to be DKK6,454,892 and DKK3,336,377 (equivalent to $1,329,100 and $686,980) respectively.

Subsequently, on 11 May 2022, HB2021 entered into a jewellery purchase agreement with another company to sell the entire jewellery from the aforementioned purchase valued at DKK3,336,377 (equivalent to $686,980) for a consideration of DKK2,474,965 (equivalent to $509,610). Accordingly, management has written-down the carrying amount of these specific inventories as at 31 December 2021 by DKK861,412 (equivalent to $182,815).

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Basis for Qualified Opinion (cont'd)***

*(ii) Allocation method of purchase discount and net realisable value of specific inventories (cont'd)*

Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence to assess the appropriateness of proportionately allocating the purchase discounts to derive the costs of purchase of watches and jewellery by HB2021 of $1,329,100 and $686,980 respectively. Accordingly, we were unable to satisfy ourselves with respect to the appropriateness of inventories written down of $182,815 recognised in profit or loss during the financial year and whether the net carrying amount of inventories purchased from the aforementioned asset purchase agreement held by HB2021 and the Group as at 31 December 2021 of $1,838,710 is fairly stated.

*(iii) Acquisition of HB 2021 ApS*

As disclosed in Note 15(ii) to the financial statements, the Group completed the acquisition of 100% equity interest in HB2021 during the financial year at a total consideration of DKK5,200,000 (equivalent to $1,070,709). Goodwill arising from the acquisition of HB2021 amounted to $1,062,109, which represents the excess of purchase consideration over the fair value of net identifiable assets acquired of $8,600. As disclosed in Note 14(b), the Group recognised full impairment loss on the goodwill arising from acquisition of HB 2021 in the Group's profit or loss during the current financial year. In addition, the Company also recognised full impairment loss on the amount due from HB 2021 amounted to $1,198,709 in the Company's profit and loss during the current financial year.

Based on the Company's announcement on the SGXNet with respect to the acquisition of HB2021, the purchase price is determined after taking into consideration the significant leasehold improvements and renovations which are all in good quality and with security systems, and the location of the store is located in a prime location in the largest city in Denmark. There are also significant time savings by acquiring HB 2021 instead of setting up a shop.

Subsequent to the acquisition, HB2021 sub-leased a portion of its leased property to a company that is owned by the Executive Director of the Company at a monthly lease payment of DKK50,000 (equivalent to $10,611) effective from 1 September 2021. The sublease has no contractual term and is cancellable by either party by giving three months notice period. As mentioned in item (ii) of our *Basis for Qualified Opinion*, HB2021 also entered into an asset purchase agreement to purchase watches and jewellery amounting to $2,016,080 on 20 December 2021.

Based on the responses and explanations provided relating to the acquisition of HB2021, we were unable to obtain sufficient appropriate audit evidence on the business rationale for the Group's acquisition of HB2021. Consequently, we were unable to determine whether any additional adjustments to and/or disclosures in the financial statements may be necessary with respect to this acquisition and investment.

# INDEPENDENT AUDITOR'S REPORT

To the members of Incredible Holdings Ltd.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Basis for Qualified Opinion (cont'd)***

*(iv) Company level - Loan to a subsidiary and amount due from subsidiaries*

As disclosed in Note 18 to the financial statements, the loan to a subsidiary and amount due from subsidiaries as presented in the Company's statement of financial position amounted to $23,444,584 and $1,510,980 respectively as at 31 December 2021. Included in these amounts are loan to Incredible Trading Limited of $23,444,584 and amount due from a subsidiary, Incredible Watch & Jewellery Pte. Ltd. of $312,271. The remaining amount due from subsidiary of $1,198,709 relate to HB 2021 (refer to item (iii) of our *Basis for Qualified Opinion*). Based on the impairment assessment performed by management, full impairment allowance of $23,444,584 and $312,271 have been made against the loan to a subsidiary, Incredible Trading Limited and amount due from subsidiary, Incredible Watch & Jewellery Pte. Ltd. as at year end. Impairment allowances charged to current year's profit and loss in respect of these balances amounted to $10,922,782 and $312,271 respectively.

Based on the information available to us, we were unable to obtain sufficient appropriate audit evidence with respect to the assumptions used by management in its impairment assessment of loan to a subsidiary and amount due from subsidiaries. Accordingly, we were unable to conclude whether the net carrying amount of the trade and other receivables of the Company as at 31 December 2021 and the impairment loss recognised for the financial year were fairly stated.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

***Key Audit Matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current financial year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Except for the matters described in the *Basis for Qualified Opinion* section, we have determined that there are no other key audit matters to be communicated in our report.

***Other Information***

Management is responsible for the other information. The other information comprises the information included in the 2021 annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We were unable to obtain sufficient appropriate audit evidence about the matters as described in the *Basis for Qualified Opinion* section above. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

# INDEPENDENT AUDITOR'S REPORT

To the members of Incredible Holdings Ltd.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Responsibilities of Management and Directors for the Financial Statements***

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# INDEPENDENT AUDITOR'S REPORT

To the members of Incredible Holdings Ltd.

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

***Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)***

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, except for the possible effect of matters described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sek Wai.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

7 June 2022

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

| | Note | Group 2021 $ | Group 2020 $ |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 4 | 23,338,595 | 3,257,850 |
| Cost of sales | | (22,572,466) | (2,877,415) |
| Gross profit | | 766,129 | 380,435 |
| Other operating income | 5 | 523,099 | 169,611 |
| Reversal of/(allowance for) impairment on amount due from an associated company | 18 | 26,560 | (500,000) |
| Selling and distribution expenses | | (115,004) | (227,725) |
| Administrative expenses | | (4,600,850) | (2,709,033) |
| Other operating expenses | 7 | (2,885,294) | (380,732) |
| Finance costs | 8 | (37,207) | (6,322) |
| Share of results of an associated company | 16 | – | (54,208) |
| **Loss before tax** | 9 | (6,322,567) | (3,327,974) |
| Tax expense | 10 | – | – |
| **Loss from continuing operations** | | (6,322,567) | (3,327,974) |
| Loss from discontinued operations | 11 | – | (795,811) |
| **Loss for the year** | | (6,322,567) | (4,123,785) |
| **Other comprehensive (loss)/income:** | | | |
| *Items that are or may be reclassified subsequently to profit or loss* | | | |
| Currency translation differences on consolidation | | (197,264) | 203,336 |
| Currency translation differences arising from translation of financial statements of foreign associated company | 16 | – | (12,589) |
| Reclassification of currency translation reserve to profit or loss upon disposal of subsidiaries and associated company | | – | 837,689 |
| **Other comprehensive (loss)/income for the year, net of tax** | | (197,264) | 1,028,436 |
| **Total comprehensive loss for the year attributable to owners of the Company** | | (6,519,831) | (3,095,349) |
| **Loss per share for the year attributable to owners of the Company** | | | |
| **From continuing and discontinued operations** | | | |
| Basic (cents) | 12 | (0.23) | (1.38) |
| Diluted (cents) | 12 | (0.23) | (1.38) |
| **Loss per share for the year attributable to owners of the Company** | | | |
| **From continuing operations** | | | |
| Basic (cents) | 12 | (0.23) | (1.11) |
| Diluted (cents) | 12 | (0.23) | (1.11) |
| **From discontinued operations** | | | |
| Basic (cents) | 12 | – | (0.27) |
| Diluted (cents) | 12 | – | (0.27) |

The accompanying notes form an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

At 31 December 2021

| | Note | Group | | Company | |
|---|---|---|---|---|---|
| | | 2021 | 2020 | 2021 | 2020 |
| | | $ | $ | $ | $ |
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Plant and equipment | 13 | 1,394,056 | 113,357 | 39,726 | 17,998 |
| Investments in subsidiaries | 15 | – | – | 10,215 | 1,614 |
| Investments in associated companies | 16 | – | – | 817 | 817 |
| Intangible assets | 14 | – | 948,564 | – | 948,564 |
| **Total non-current assets** | | 1,394,056 | 1,061,921 | 50,758 | 968,993 |
| **Current assets** | | | | | |
| Inventories | 17 | 5,657,280 | 519,984 | – | – |
| Trade and other receivables | 18 | 6,080,710 | 1,982,382 | 570,016 | 1,838,874 |
| Cash and cash equivalents | | 815,209 | 839,963 | 42,924 | 22,122 |
| **Total current assets** | | 12,553,199 | 3,342,329 | 612,940 | 1,860,996 |
| **Total assets** | | 13,947,255 | 4,404,250 | 663,698 | 2,829,989 |
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | 19 | 53,665,223 | 38,852,217 | 53,665,223 | 38,852,217 |
| Foreign currency translation reserve | 21 | (715,132) | (517,868) | – | – |
| Accumulated losses | | (43,820,894) | (37,498,327) | (54,847,741) | (39,123,181) |
| **Total equity/(deficit)** | | 9,129,197 | 836,022 | (1,182,518) | (270,964) |
| **Non-current liabilities** | | | | | |
| Lease liabilities | 24 | 874,143 | 42,462 | – | – |
| Provision | 25 | 38,790 | – | – | – |
| **Total non-current liabilities** | | 912,933 | 42,462 | – | – |
| **Current liabilities** | | | | | |
| Trade and other payables | 22 | 3,632,634 | 3,461,362 | 1,846,216 | 3,100,953 |
| Contract liabilities | 23 | 53,936 | – | – | – |
| Lease liabilities | 24 | 218,555 | 64,404 | – | – |
| **Total current liabilities** | | 3,905,125 | 3,525,766 | 1,846,216 | 3,100,953 |
| **Total liabilities** | | 4,818,058 | 3,568,228 | 1,846,216 | 3,100,953 |
| **Total equity and liabilities** | | 13,947,255 | 4,404,250 | 663,698 | 2,829,989 |

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

| | Share capital $ | Foreign currency translation reserve $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **Group** | | | | |
| Balance at 1 January 2021 | 38,852,217 | (517,868) | (37,498,327) | 836,022 |
| Loss for the year | – | – | (6,322,567) | (6,322,567) |
| **Other comprehensive loss** | | | | |
| Currency translation differences on consolidation | – | (197,264) | – | (197,264) |
| Other comprehensive loss for the year, net of tax | – | (197,264) | – | (197,264) |
| Total comprehensive loss for the year | – | (197,264) | (6,322,567) | (6,519,831) |
| Issuance of shares (Note 19) | 15,084,815 | – | – | 15,084,815 |
| Cost of shares issuance (Note 19) | (271,809) | – | – | (271,809) |
| **Balance at 31 December 2021** | 53,665,223 | (715,132) | (43,820,894) | 9,129,197 |

| | Share capital $ | Foreign currency translation reserve $ | Reserve attributable to disposal group classified as held for sale $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Balance at 1 January 2020 | 38,852,217 | (685,498) | (860,806) | (33,374,542) | 3,931,371 |
| Loss for the year | – | – | – | (4,123,785) | (4,123,785) |
| **Other comprehensive income** | | | | | |
| Currency translation differences on consolidation | – | 203,336 | – | – | 203,336 |
| Currency translation differences arising from translation of financial statements of foreign associated company | – | (12,589) | – | – | (12,589) |
| Currency translation differences reclassified to profit or loss upon disposal of foreign subsidiaries and an associated company | – | (23,117) | 860,806* | – | 837,689 |
| Other comprehensive income for the year, net of tax | – | 167,630 | 860,806 | – | 1,028,436 |
| Total comprehensive income/(loss) for the year | – | 167,630 | 860,806 | (4,123,785) | (3,095,349) |
| Balance at 31 December 2020 | 38,852,217 | (517,868) | – | (37,498,327) | 836,022 |

* In 2020, the reserve attributable to disposal group classified as held for sale amounted to $860,806 has been reclassified to profit or loss upon the completion of disposal group.

The accompanying notes form an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

| | Share capital $ | Accumulated losses $ | Total equity $ |
|---|---|---|---|
| **Company** | | | |
| Balance at 1 January 2021 | 38,852,217 | (39,123,181) | (270,964) |
| Loss and total comprehensive loss for the year | – | (15,724,560) | (15,724,560) |
| Issuance of shares (Note 19) | 15,084,815 | – | 15,084,815 |
| Cost of shares issuance (Note 19) | (271,809) | – | (271,809) |
| **Balance at 31 December 2021** | 53,665,223 | (54,847,741) | (1,182,518) |
| Balance at 1 January 2020 | 38,852,217 | (35,693,646) | 3,158,571 |
| Loss and total comprehensive loss for the year | – | (3,429,535) | (3,429,535) |
| Balance at 31 December 2020 | 38,852,217 | (39,123,181) | (270,964) |

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

| | Note | Group 2021 $ | Group 2020 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax from continuing operations | | (6,322,567) | (3,327,974) |
| Loss before tax from discontinued operations | | – | (795,811) |
| Total loss before tax | | (6,322,567) | (4,123,785) |
| Adjustments for: | | | |
| Depreciation of plant and equipment | | 153,294 | 78,110 |
| Loss on disposal of investment in subsidiaries | 11 | – | 781,624 |
| Gain on disposal of investment in an associated company | 16 | – | (26,416) |
| Gain on disposal of plant and equipment | | (2,940) | – |
| Gain on lease termination | | (895) | – |
| Inventories written off | | 645 | 24,786 |
| Write down of inventories | | 182,815 | 153,790 |
| Reversal of inventory write down | 17 | (90,469) | – |
| (Reversal of)/allowance for impairment on amount due from an associated company | 18 | (26,560) | 500,000 |
| Unrealised exchange (gains)/losses | | (32,963) | 73,323 |
| Share of loss of an associated company | 16 | – | 54,208 |
| Interest expense | | 37,207 | 6,322 |
| Interest income | | (66) | – |
| Impairment losses of plant and equipment | 13 | 183,911 | – |
| Impairment losses of goodwill | 14 | 1,062,109 | – |
| Impairment losses of website development costs | 14 | 1,274,814 | – |
| Impairment losses of prepayments | 18 | 181,000 | – |
| Operating cash flows before movement in working capital | | (3,400,665) | (2,478,038) |
| Changes in working capital: | | | |
| Inventories | | (5,224,842) | 77,936 |
| Trade and other receivables | | (5,305,354) | 390,114 |
| Trade and other payables | | 1,432,667 | 252,009 |
| Contract liabilities | | 53,936 | – |
| Currency translation adjustments | | (208,175) | 156,477 |
| Cash used in operations | | (12,652,433) | (1,601,502) |
| Interest expense paid | | (77) | (60) |
| **Net cash used in operating activities** | | (12,652,510) | (1,601,562) |

The accompanying notes form an integral part of these financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

For the financial year ended 31 December 2021

| | Note | Group 2021 $ | Group 2020 $ |
|---|---|---|---|
| **Cash flows from investing activities** | | | |
| Purchase of plant and equipment | 13 | (249,997) | (1,650) |
| Purchase of intangible asset (Note A) | | (195,000) | (1,260,814) |
| Proceeds from disposal of plant and equipment | | 11,268 | – |
| Net cash outflow due to disposal of subsidiary | 15(iii) | – | (2,168) |
| Net cash inflow from disposal of an associated company | 16 | – | 1,100,000 |
| Consideration paid for acquisition of a subsidiary | 15(ii)(a) | (452,993) | – |
| Prepayment for intangible assets – development of website | | (125,000) | – |
| Repayments from an associated company | | 1,230,702 | – |
| Interest income received | | 66 | – |
| **Net cash generated from/(used in) investing activities** | | 219,046 | (164,632) |
| **Cash flows from financing activities** | | | |
| Advances from a director | 22 | 2,163,463 | 421,513 |
| Repayments to a director | 22 | (2,170,339) | (536,216) |
| Interest paid on lease liabilities | 24 | (37,130) | (6,262) |
| Repayments of lease liabilities | 24 | (144,918) | (60,470) |
| Loans from shareholders | 22 | 7,195,983 | 2,215,032 |
| Issuance of shares (Note B) | | 5,673,800 | – |
| Share issue expenses | | (271,809) | – |
| Rights issue expenses | | – | (31,000) |
| **Net cash generated from financing activities** | | 12,409,050 | 2,002,597 |
| **Net (decrease)/increase in cash and cash equivalents** | | (24,414) | 236,403 |
| Cash and cash equivalents at beginning of financial year | | 839,963 | 605,945 |
| Effect of exchange rate changes on cash and cash equivalents | | (340) | (2,385) |
| **Cash and cash equivalents at end of financial year** | | 815,209 | 839,963 |
| Note A: Purchase of intangible asset | | | |
| Aggregate cost of intangible asset (Note 14) | | 326,250 | 948,564 |
| Add: Movement in prepayments at 31 December (Note 18(i)) | | (131,250) | 312,250 |
| Net cash outflow for cost of intangible assets | | 195,000 | 1,260,814 |
| Note B: Issuance of shares | | | |
| Issue of new ordinary shares (Note 19) | | 15,084,815 | – |
| Capitalisation of amount due to shareholders (Note 22) | | (9,411,015) | – |
| Net cash inflow from issuance of shares | | 5,673,800 | – |

The accompanying notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

## 1 CORPORATE INFORMATION

The Company (Co. Reg. No. 199906220H) is incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The address of its registered office and principal of business is Harvest @ Woodlands 280 Woodlands Industrial Park E5 #10-50, Singapore 757322.

Effective from 4 February 2021, the Company's immediate and ultimate holding company is Mission Well Limited, a company incorporated in the British Virgin Islands. Mission Well Limited is wholly owned by the Executive Director of the Company.

The principal activities of the Company are those of provision of management and accounting services to its subsidiaries and including that of investment holding.

The principal activities of the subsidiaries and associated companies are shown in Notes 15 and 16 to the financial statements, respectively.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements are expressed in Singapore dollar ("$"), which is the Company's functional currency. The financial statements have been prepared in accordance with the provisions of the Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I) requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The Company's separate financial statements have been prepared on the same basis, and as permitted by the Companies Act 1967, the Company's separate statement of profit or loss and other comprehensive income is not presented.

*Use of estimates and judgements*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial year are disclosed in Note 3 to the financial statements.

The carrying amounts of cash and cash equivalents, trade and other receivables and payables (other than lease liabilities) approximate their respective fair values due to the relatively short-term maturity of these financial instruments.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.1 Basis of preparation (cont'd)

*New and revised standards*

In the current financial year, the Group has adopted all the new and revised SFRS(I) and SFRS(I) Interpretations ("SFRS(I) INT") that are relevant to its operations and effective for the current financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new/revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

*New and revised standards not yet effective*

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

### 2.2 Revenue recognition

*Sale of goods*

Revenue is recognised at a point in time when the Group satisfies a performance obligation by transferring the promised goods to the customer, which is when the customer obtains control of the goods upon delivery. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. No element of financing is deemed present as the sales are made with the credit term of 30 days, which is consistent with market practice. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The Group does not provide right of return or warranty to its customers and hence, there is no refund liability or provision for warranty made. Where there is advance billing to customer, a contract liability is recognised for the advance considerations received.

*Interest income*

Interest income is recognised using the effective interest method.

*Dividend income*

Dividend income is recognised when the Group's right to receive payment is established.

### 2.3 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of the investment, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. Subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting date as the parent company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

Intragroup balances and transactions, including income, expenses and dividends, are eliminated in full. Profits and losses resulting from intragroup transactions that are recognised in assets, such as inventory and plant and equipment, are eliminated in full.

Business combinations are accounted for using the acquisition method. The consideration transferred for the acquisition comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are recognised as expenses as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any excess of the fair value of the consideration transferred in the business combination, the amount of any non-controlling interest in the acquiree (if any) and the fair value of the Group's previously held equity interest in the acquiree (if any), over the fair value of the net identifiable assets acquired is recorded as goodwill. In instances where the latter amount exceeds the former and the measurement of all amounts has been reviewed, the excess is recognised as gain from bargain purchase in profit or loss on the date of acquisition.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (ie transactions with owners in their capacity as owners). The carrying amount of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the Company.

When a change in the Company's ownership interest in a subsidiary result in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill, non-controlling interest and other components of equity related to the subsidiary are derecognised. Amounts recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific SFRS(I).

Any retained equity interest in the previous subsidiary is remeasured at fair value at the date that control is lost. The difference between the carrying amount of the retained interest at the date control is lost, and its fair value is recognised in profit or loss.

### 2.5 Associated companies

An associated company is an entity over which the Group has significant influence but not control or joint control, over the financial and operating policies of the entity. Significant influence is presumed to exist generally when the Group holds 20% or more but not exceeding 50% of the voting power of another entity.

Investments in associated companies are accounted for in the consolidated financial statements using the equity method of accounting, less impairment losses, if any.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.5 Associated companies (cont'd)

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

Subsequent to initial recognition, the consolidated financial statements include the Group's share of the post-acquisition profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

Distributions received from associated companies are adjusted against the carrying amount of the investment. When the Group's share of losses in an associated company equals or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations or has made payments on behalf of the associated company.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associated company recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately as income in the Group's profit or loss.

Where a group entity transacts with an associate of the Group, unrealised gains are eliminated to the extent of the Group's interest in relevant associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred.

In the Company's financial statements, investments in associated companies are carried at cost less accumulated impairment loss. On disposal of investments in associated companies, the differences between the disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

### 2.6 Plant and equipment and depreciation

All plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and any impairment in value.

The cost of plant and equipment initially recognised includes its purchase price, and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised.

On disposal of a plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.6 Plant and equipment and depreciation (cont'd)

Depreciation is calculated on a straight-line basis to write off the cost of all plant and equipment over their expected useful lives. The estimated useful lives are as follows:

| | Years |
|---|---|
| Renovations | 5 |
| Computer and office equipment | 3 – 5 |
| Plants and machineries | 5 |
| Motor vehicles | 5 – 10 |
| Furniture and fixtures | 3 – 5 |

Renovation in progress in not depreciated.

The residual values, estimated useful lives and depreciation method of plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are recognised in profit or loss when the changes arise.

Fully depreciated assets are retained in the financial statements until they are no longer in use.

### 2.7 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair values as at the date of acquisition. Subsequent to initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

*Website development cost*

Costs directly attributable to the development of website are capitalised as intangible assets only when technical feasibility of the website is demonstrated, the Group has an intention and ability to complete and use the website and the costs can be measured reliably. Such costs include purchases of material and services, payroll related costs of employees directly involved in the development of the website. These costs are amortised using the straight-line method over their estimated useful lives of 5 years.

The Group applies SFRS(I) 1-36 to determine whether a website development costs is impaired and accounts for any identified impairment loss as described in Note 2.8.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.7 Intangible assets (cont'd)

*Goodwill*

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of a subsidiary, associated company or a jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associated company is described in Note 2.5.

### 2.8 Impairment of non-financial assets, excluding goodwill

At the end of each financial year, the Group assesses the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is recognised in other comprehensive income up to the amount of any previous revaluation.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A previously recognised impairment for an asset other than goodwill is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

### 2.9 Inventories

Inventories are stated at the lower of cost (on specific identification method for specific inventories) and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs, other direct costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*When a Group entity is the lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases (i.e. for leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low-value assets (e.g. leases of tablet and personal computers, small items of office equipment and telephones). For these exempted leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

*Lease liabilities*

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise fixed lease payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

The lease liabilities are presented as a separate line in the statements of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability using the effective interest method, and reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, initial direct cost, less any lease incentive received.

Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under SFRS(I) 1-37. To the extent that the cost relates to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.10 Leases (cont'd)

***When a Group entity is the lessee (cont'd)***

*Right-of-use assets (cont'd)*

Right-of-use assets are subsequently measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated on a straight-line basis over the shorter period of the lease term and useful life of the underlying asset. If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The depreciation starts at the commencement date of the lease.

The estimated useful lives are as follows:

| | Years |
|---|---|
| Office units | 1 to 3 |
| Office equipment | 3 to 5 |
| Shop units | 3 |

The right-of use assets are presented within "Plant and equipment" in the statements of financial position.

The Group applies SFRS(I) 1-36 *Impairment of Assets* to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in Note 2.8.

As a practical expedient, SFRS(I) 16 *Leases* permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease component as a single arrangement. The Group has not applied this practical expedient.

### 2.11 Income taxes

Income tax on the profit or loss for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to items recognised outside profit or loss, either in other comprehensive income or directly in equity in which the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity respectively).

Current tax is the expected tax payable or recoverable on the taxable income for the current year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable or recoverable in respect of previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, on all temporary differences at the end of the reporting period arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except where the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither the accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except where the timing of the reversal of the temporary difference can be controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.11 Income taxes (cont'd)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utlised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on currently enacted or substantively enacted tax rates at the end of the reporting period.

### 2.12 Financial assets

***Recognition and derecognition***

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

***Classification and measurement***

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost.

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

***Subsequent measurement***

*Debt instruments*

Debt instruments include cash and cash equivalents, trade and other receivables (excluding prepayments and deferred expenses). The Group's debt instruments are measured as follows:

*Amortised cost*

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.12 Financial assets (cont'd)

***Impairment***

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

***Offset***

Financial assets and liabilities are offset and the net amount presented on the statements of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

### 2.13 Cash and cash equivalents in the consolidated statement of cash flows

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents comprises of cash on hand and bank balances with financial institutions which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

### 2.14 Financial liabilities

Financial liabilities include trade and other payables. Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. Gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.15 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

### 2.16 Provisions for other liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past event, and it is probable that an outflow of economic resources will be required to settle that obligation and the amount can be estimated reliably. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Where the effect of the time value of money is material, the amount of the provision shall be discounted to present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and risks specific to the obligation.

When discounting is used, the increase in the provision due to passage of time is recognised as a finance cost in profit or loss.

### 2.17 Borrowing costs

Borrowing costs, which comprise interest and other costs incurred in connection with the borrowing of funds are recognised in the profit or loss using the effective interest method.

### 2.18 Employee benefits

*Defined contribution plans*

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute for the Singapore employees to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). Certain overseas subsidiaries have defined contribution retirement benefit plans in which employees are entitled to join upon fulfilling certain conditions. The assets of the fund may or may not be held separately from those of the entity in an independently administered fund. The entity contributes an amount equal to a fixed percentage of the salary of each participating employee.

*Employee leave entitlement*

Employee entitlements to annual leave and long-service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long-service leave as a result of services rendered by employees up to the end of the reporting period.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.18 Employee benefits (cont'd)

*Share-based compensation*

The Group grants performance bonus shares which is settled by granting ordinary shares of the Company to award directors/employees. The fair value of the director/employee services received in exchange for the grant of the performance bonus shares is recognised as an expense with a corresponding increase in the performance bonus share reserve when the vesting condition is achieved. The total amount to be recognised when the vesting condition is achieved is determined by reference to the fair value of the performance bonus shares granted on the date of grant. At the end of each reporting period, the Group revises its estimates of the number of shares under options that are expected to become exercisable on the vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the performance bonus share reserve. No expense is recognised for performance bonus shares that do not ultimately vest.

When the Company settles the performance bonus shares for the services received by its subsidiaries, there is no re-charge by the Company to the subsidiaries. The amount is recognised as an increase in the Company's investments in subsidiaries as it represented capital contribution to the subsidiaries.

When the performance bonus shares are issued, the related balance previously recognised in the performance bonus share reserve is credited to the share capital account when new ordinary shares of the Company are issued.

### 2.19 Foreign currencies

*Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements of the Group and the Company are presented in Singapore dollar, which is the Company's functional currency.

*Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except for currency translation differences on net investment in foreign operations and borrowings and other currency instruments qualifying as net investment hedges for foreign operations, which are included in the foreign currency translation reserve within equity in the consolidated financial statements. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.19 Foreign currencies (cont'd)

*Translation of Group entities' financial statements*

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency are translated into the presentation currency as follows:

(i) Assets and liabilities are translated at the closing rates at the end of the reporting period;

(ii) Income and expenses are translated at average exchange rates (unless the average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated using the exchange rates at the dates of the transactions); and

(iii) All resulting exchange differences are recognised in the foreign currency translation reserve within equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations (including monetary items that, in substance, form part of the net investment in foreign entities), and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

On disposal of a foreign group entity, the cumulative amount of the currency translation reserve relating to that particular foreign entity is reclassified from equity and recognised in profit or loss when the gain or loss on disposal is recognised.

### 2.20 Dividend

Interim dividends are recorded during the financial year in which they are declared payable.

Final dividends are recorded in the Group's financial statements in the period in which they are approved by the Company's shareholders.

### 2.21 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statements of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

### 2.22 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with other components of the Group. Operating segments are reported in a manner consistent with the internal reporting provided to the Group's chief operating decision maker for making decisions about allocating resources and assessing performance of the operating segments.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 2.23 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale and stated at the lower of carrying amount and fair value less costs to sell if their carrying amount is recovered principally through a sale transaction rather than through continuing use. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

The assets are not depreciated or amortised while they are classified as held for sale.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for sale and;

(a) represents a separate major line of business or geographical area of operations; or

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

***Critical judgements in applying the entity's accounting policies***

In the process of applying the Group's accounting policies, which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt in the subsequent paragraphs).

*3.1 Going concern assumption*

For the financial year ended 31 December 2021, the Group incurred a total loss of $6,322,567 (2020: $4,123,785) and a total comprehensive loss of $6,519,831 (2020: $3,095,349), and net cash used in operating activities of $12,652,510 (2020: $1,601,562).The Company incurred a total comprehensive loss of $15,724,560 (2020: $3,429,535).

The Group and the Company reported net assets of $9,129,197 (2020: $836,022) and net liabilities of $1,182,518 (2020: $270,964) respectively as at the end of the financial year. The outbreak of the COVID-19 pandemic and the measures adopted by the Singapore and Hong Kong Government to mitigate the spread of the virus have negatively impacted the Group's financial performance during the financial year and also its liquidity position.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

***Critical judgements in applying the entity's accounting policies (cont'd)***

*3.1 Going concern assumption (cont'd)*

Management continues to have a reasonable expectation that the Group has adequate resources to continue its operation for at least the next 12 months from the date of the authorisation of the financial statements and that the going concern basis of preparation of these financial statements remains appropriate after taking into consideration the following factors:

i) The Group has net current assets of $8,648,074 and net asset of $9,129,197 as at 31 December 2021;

ii) On 6 May 2022, the Group announced that the Company has entered into 3 conditional placement agreements with (a) Mission Well Limited, the immediate and ultimate holding company, (b) Ms Zhou Qilin, a substantial shareholder of the Company, and (c) Ms Zheng Zeli, a substantial shareholder of Watches.com Limited. (see Note 32 (v)). Upon the completion of the placements, the Company would raise a further fund of $15 million. The proposed 3 conditional placement agreements are subject to members' approval during the extraordinary general meeting to be held by the Company on 25 June 2022.

iii) Management will continue to evaluate various strategies to obtain alternative sources of finance; and

iv) Management will continue to monitor the costs of the Group closely and seek to improve the operating performance and cash flows of the Group. Management has assessed that the Group will have sufficient cash flows to satisfy its working capital requirements for the next 12 months from the date of the financial statements and to enable the Group to meet its obligations as and when they fall due.

Based on the above factors, the financial statements have been prepared on a going concern basis.

*3.2 Investment in associated company*

As disclosed in Note 16 to the financial statements, on 13 April 2018, the Group has entered into a joint venture agreement with its Executive Director, who is also the controlling shareholder of the Company, to respectively hold 49% and 51% stake in Strong System Ltd (the "investee"), a limited liability company incorporated in Hong Kong. The principal activities of the investee are engaging in the trading of watches and investment holding. The Group recorded the investment as an associated company as the Group does not have power over the investee. However, the appointed director who represents the Company in the board of the investee is able to exercise its significant influence in the investee. The Executive Director exercises the voting rights solely for his own interest as he will abstain from all decisions made by the Group in matters relating to the investee. Consequently, this investment has been recorded as an associated company according to *SFRS(I) 1-28 Investments in Associates and Joint Ventures*.

***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

*3.3 Net realisable value of inventories*

Inventories are stated at the lower of cost and net realisable value. The Group primarily estimates the net realisable value based on the subsequent selling price less selling expenses and provides for obsolete inventories based on related pricing, estimated future demand and inventories expiration date.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

***Key sources of estimation uncertainty (cont'd)***

*3.3 Net realisable value of inventories (cont'd)*

In determining the obsolete inventories, the Group considers recent sales activities, ageing analysis and expiration date of the inventories. Factors beyond its control, such as future demand levels, technological advances could change from period to period.

In general, such an evaluation process requires significant judgement and its results may materially affect the carrying value of inventories at the end of the reporting period. Possible changes in these estimates could result in revisions to the carrying value of the inventories. The carrying value of inventories at the end of the financial year is disclosed in Note 17.

*3.4 Calculation of loss allowance*

Management determines the expected credit losses ("ECL") of trade receivables by applying the simplified approach and using the provision matrix to measure the lifetime ECL for trade receivables. The Group categorises its trade receivables by its past due status and segregates debtors regarded as credit-impaired where one or more credit impairment events have occurred. The ECL rates for each category of debtors are estimated based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

When measuring ECL of other receivables, the Group uses reasonable and supportable forward-looking information, which is based on assumptions and forecasts of future economic conditions with consideration on the impact of COVID-19 pandemic and how these conditions will affect the Group's ECL assessment. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL of other receivables. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

As the calculation of loss allowance on receivables and loans is subject to assumptions and forecasts, any changes to these estimations will affect the amounts of loss allowance recognised and the carrying amounts of receivables and loans. Details of ECL measurement and carrying values of trade receivables and other receivables at the end of the financial year are disclosed in Notes 18 and 28 respectively.

*3.5 Impairment of investments in subsidiaries and associated companies*

The Company reviews the investments in subsidiaries and associated companies at the reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the impairment loss. Fair value less cost to sell calculation is based on observable market prices or market valuations less incremental costs for disposing asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Company's investments in subsidiaries and associated companies as at the end of the financial year are disclosed in Notes 15 and 16, respectively.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

**Key sources of estimation uncertainty (cont'd)**

*3.6 Impairment of non-financial assets*

The Group assesses whether there are any indicators for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment where there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

When value in use calculations is undertaken, management is required to estimate the expected future cash flows from the asset or cash-generating unit and a suitable discount rate, in order to determine the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment and the carrying amount of the website development cost, are given in Note 14 to the financial statements. Details of the impairment assessment and the carrying values of the Group's goodwill at the end of the reporting period are disclosed in Note 14. Any changes in the assumptions made and discount rate applied could affect the impairment assessment.

## 4 REVENUE

The following table provides a disaggregation disclosure of the Group's revenue from continuing operations by primary geographical market, major product lines and timing of revenue recognition.

| | Luxury goods<br>$ | Films and spare parts<br>$ | Chemical and consumables<br>$ | Total<br>$ |
|---|---|---|---|---|
| **2021** | | | | |
| **Principal geographical markets** | | | | |
| Asia Pacific, excluding PRC | 49,973 | 339,922 | 208,279 | 598,174 |
| People's Republic of China ('PRC') | 22,740,421 | – | – | 22,740,421 |
| | 22,790,394 | 339,922 | 208,279 | 23,338,595 |
| **2020** | | | | |
| **Principal geographical markets** | | | | |
| Asia Pacific, excluding PRC | – | 1,448,703 | 167,437 | 1,616,140 |
| People's Republic of China ('PRC') | 1,641,710 | – | – | 1,641,710 |
| | 1,641,710 | 1,448,703 | 167,437 | 3,257,850 |

The Group's revenue is based on point in time. The customers are retail consumers and corporate customers.

## 5 OTHER OPERATING INCOME

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Government grant income (Note A) | 56,937 | 135,427 |
| Gain on disposal of plant and equipment | 2,940 | – |
| Gain on lease termination | 895 | – |
| Foreign currency exchange adjustment gains, net | 406,814 | – |
| Interest income | 66 | – |
| Rental income (Note 26(a)) | 42,445 | – |
| Gain on disposal on investment in an associated company (Note 16) | – | 26,416 |
| Rent concessions | – | 7,675 |
| Others | 13,002 | 93 |
| | 523,099 | 169,611 |

Note A:

Within the government grant income is $16,050 (2020: $133,420) that was recognised during the current financial year arising from Jobs Support Scheme in Singapore and Employment Support Scheme of the Anti-epidemic Fund in Hong Kong. The purpose of both government grants is to relief employers of the employee wages and retain employees during the period of economic uncertainty.

*Jobs Support Scheme ("JSS")*

The Group recognised $16,050 (2020: $94,994) of government grant income under JSS received by the Group's Singapore entities during the financial year. The JSS is a Covid-19 business support measures introduced by the Singapore government.

*Employment Support Scheme of the Anti-epidemic Fund*

Wage subsidies of $nil (2020: $38,426) was also recognised during the financial year by the Group's Hong Kong entity under the Employment Support Scheme of the Anti-epidemic Fund as established by the Government of the Hong Kong Special Administrative Region. Under the terms of the grant, the Group's Hong Kong entity is required to undertake not to make redundancies during the subsidy period of June to November 2021 and to spend all the funding on paying wages to its employees.

## 6 STAFF COSTS

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| Staff costs (including directors' remuneration): | | |
| Salaries, bonuses and others | 2,865,526 | 1,998,714 |
| Contribution to defined contribution plans | 92,874 | 75,156 |
| | 2,958,400 | 2,073,870 |
| Representing staff costs charged to: | | |
| Selling and distribution expenses | 88,592 | 201,711 |
| Administrative expenses | 2,869,808 | 1,872,159 |
| | 2,958,400 | 2,073,870 |

## 7 OTHER OPERATING EXPENSES

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| Foreign currency exchange adjustment losses, net | – | 202,156 |
| Write down of inventories | 182,815 | 153,790 |
| Inventories written off | 645 | 24,786 |
| Impairment losses of plant and equipment (Note 13) | 183,911 | – |
| Impairment losses of website development costs (Note 14(a)) | 1,274,814 | – |
| Impairment losses of goodwill (Note 14(b)) | 1,062,109 | – |
| Impairment losses of prepayments (Note 18(i)) | 181,000 | – |
| | 2,885,294 | 380,732 |

## 8 FINANCE COSTS

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| Interest expense on: | | |
| - Lease liabilities (Note 24) | 37,130 | 6,262 |
| - Bank overdrafts | – | 60 |
| Late payment interest | 77 | – |
| | 37,207 | 6,322 |

## 9 LOSS BEFORE TAX

In addition to the transactions disclosed elsewhere in the notes to the financial statements, the loss before tax is arrived at after charging the following:

| | Note | Group 2021 $ | Group 2020 $ |
|---|---|---|---|
| Cost of inventories included in cost of sales | | 22,572,466 | 2,877,415 |
| Audit fees payable to: | | | |
| - auditor of the Company | | 103,500 | 63,000 |
| - other auditors* | | 27,061 | 11,919 |
| Non-audit fees payable to: | | | |
| - auditor of the Company | | – | 5,000 |
| - other auditors* | | 1,400 | 1,400 |
| Depreciation of plant and equipment | 13 | 153,294 | 65,948 |
| Legal and professional fees | | 410,089 | 211,457 |
| Lease expenses – Short term leases | 24 | 368,437 | 155,554 |

* Include independent member firms of the Baker Tilly International network.

## 10 TAX EXPENSE

The income tax expense on the results of the financial year differs from the amount of income tax determined by applying the Singapore statutory rate of income tax to loss before tax due to the following factors:

| | Group 2021 $ | Group 2020 $ |
|---|---|---|
| Loss before tax from: | | |
| Continuing operations | (6,322,567) | (3,327,974) |
| Discontinued operations | – | (795,811) |
| | (6,322,567) | (4,123,785) |
| Tax calculated at a tax rate of 17% (2020: 17%) | (1,074,837) | (701,043) |
| Effect of different tax rates in other countries | (24,236) | 9,442 |
| Effect of results of equity-accounted investees presented net of tax | – | 9,215 |
| Income not subject to tax | (84,535) | (40,994) |
| Expenses not deductible for tax purposes | 572,034 | 270,693 |
| Deferred tax asset not recognised | 611,574 | 452,687 |
| | – | – |

## 10 TAX EXPENSE (CONT'D)

At the end of the financial year, the Group has unrecognised tax losses of approximately $15,081,000 (2020: $12,014,000), that are available for carry forward to offset against future taxable income of the companies in which the tax losses arose, subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. Deferred tax asset of approximately $2,517,000 (2020: $2,001,000) has not been recognised in respect of these tax losses as it is not probable that future taxable profit will be available against when these unrecognised tax losses can be utilised.

Included in expenses not deductible for tax purposes mainly comprise of allowance for impairment loss on intangible asset of $2,336,923, allowance for impairment loss on plant and equipment of $183,911 and allowance for impairment loss on prepayments of $181,000 (2020 : loss on disposal of subsidiary of $835,063 and impairment loss of receivable from an associated company of $500,000).

The unrecognised tax losses for the Singapore and Hong Kong entities do not expire under current tax legislation.

Temporary differences arising in connection with interests in subsidiaries and associates are insignificant.

## 11 DISCONTINUED OPERATIONS

In 2019, the Group planned for the following disposal of subsidiaries:

a) On 19 December 2019, the Group entered into a sale and purchase agreement with Christian Kwok-Leun Yau Heilesen, who is the Executive Director and the controlling shareholder of the Company for the sale of its entire equity interest in subsidiary, Luxury Watch Trading Limited ('LW') at a consideration of $0.17 (Equivalent to HKD1) payable in cash on completion date.

b) On 23 December 2019, the Group entered into a sale and purchase agreement with a third party for the sale of its entire equity interest in subsidiary, Switech Systems & Marketing Pte Ltd ('SW') at a consideration of $1, payable in cash on the date when the share sale and purchase agreement is signed.

The entire assets and liabilities relating to LW and SW have been presented as disposal group classified as held-for-sale in the consolidated statement of financial position of the Group at 31 December 2019, and the entire financial performance of LW and SW were presented in a single amount separately on the consolidated income statement of the Group as "Discontinued Operations".

The disposal of SW and LW are completed on 14 September 2020 and 30 October 2020 respectively (Note 15(iii)).

In addition to LW and SW, for the financial year ended 31 December 2020 and 31 December 2019, the entire financial performance of the subsidiaries, Sansim Cosmetics (H.K.) Ltd ('Sansim'), FBT HK Limited ('FBT') and Vashion Assets Management Limited ('VAM') were presented as "Discontinued Operations". These subsidiaries were formerly engaged in trading or wholesale of garments and cosmetics products or provision of consultancy services. These subsidiaries have either ceased operations or remained inactive since prior years and have remained dormant in the Group. FBT has been liquidated during the financial year ended 31 December 2019 and management have commenced the process of liquidation for Sansim and VAM.

## 11 DISCONTINUED OPERATIONS (CONT'D)

The analysis of the loss from discontinued operations in 2020 are as follows:

| | Group 2020 $ |
|---|---|
| Revenue | – |
| Depreciation | (12,162) |
| Other expenses | (2,025) |
| Loss before tax from discontinued operations | (14,187) |
| Loss on disposal of investment in subsidiaries | (781,624) |
| | (795,811) |
| Income tax expense | – |
| Total loss from discontinued operations, net of tax | (795,811) |

## 12 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to equity holders of the Company is based on the following data:

| | Continued operations | | Dicontinued operations | | Total | |
|---|---|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Net loss attributable to equity holders of the Company ($) | (6,322,567) | (3,327,974) | – | (795,811) | (6,322,567) | (4,123,785) |
| Weighted average number of ordinary shares outstanding for basic anddiluted loss per share | 2,764,751,652 | 299,843,943 | – | 299,843,943 | 2,764,751,652 | 299,843,943 |
| Basic and diluted loss per share (cents per share) | (0.23) | (1.11) | – | (0.27) | (0.23) | (1.38) |

Basic and diluted loss per share amounts is calculated by dividing loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

For the purposes of calculating diluted loss per share, loss attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive instruments. Basic and diluted loss per share are the same for the financial years 31 December 2021 and 31 December 2020 as the Group incurred a loss for both years. Warrants and bonus element arising from the issuance of rights shares during the year and after year end are anti-dilutive.

## 13 PLANT AND EQUIPMENT

| | Renovations $ | Computer and office equipment $ | Plants and machineries $ | Motor vehicles $ | Furniture and fittings $ | Office units $ | Shop units $ | Renovation in progress $ | Total $ |
|---|---|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | | | |
| **2021** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1.1.2021 | 43,649 | 54,245 | 14,400 | 78,641 | 34,437 | 224,833 | – | – | 450,205 |
| Acquisition of subsidiaries (Note 15(ii)(a)) | – | – | – | – | 86,832 | – | – | – | 86,832 |
| Additions | 55,656 | 13,439 | – | 156,466 | 35,945 | 35,986 | 1,055,502 | 239,490 | 1,592,484 |
| Disposals | (20,696) | (39,873) | (14,400) | (77,962) | (7,443) | (170,289) | – | – | (330,663) |
| At 31.12.2021 | 78,609 | 27,811 | – | 157,145 | 149,771 | 90,530 | 1,055,502 | 239,490 | 1,798,858 |
| **Accumulated depreciation and impairment loss** | | | | | | | | | |
| At 1.1.2021 | 43,649 | 53,564 | 14,400 | 68,926 | 32,952 | 123,357 | – | – | 336,848 |
| Depreciation charge | – | 2,491 | – | 19,589 | 330 | 42,925 | 87,959 | – | 153,294 |
| Disposals | (20,696) | (39,873) | (14,400) | (69,634) | (7,443) | (111,738) | – | – | (263,784) |
| Exchange differences | (1,709) | (9) | – | 20 | (3,769) | – | – | – | (5,467) |
| Impairment loss | 57,365 | – | – | – | 126,546 | – | – | – | 183,911 |
| At 31.12.2021 | 78,609 | 16,173 | – | 18,901 | 148,616 | 54,544 | 87,959 | – | 404,802 |
| Representing: | | | | | | | | | |
| Accumulated depreciation | 22,953 | 16,173 | – | 18,901 | 25,839 | 54,544 | 87,959 | – | 226,369 |
| Accumulated impairment loss | 55,656 | – | – | – | 122,777 | – | – | – | 178,433 |
| | 78,609 | 16,173 | – | 18,901 | 148,616 | 54,544 | 87,959 | – | 404,802 |
| **Net carrying value** | | | | | | | | | |
| At 31.12.2021 | – | 11,638 | – | 138,244 | 1,155 | 35,986 | 967,543 | 239,490 | 1,394,056 |

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13 PLANT AND EQUIPMENT (CONT'D)

| | Renovations $ | Computer and office equipment $ | Plants and machineries $ | Motor vehicles $ | Furniture and fittings $ | Office units $ | Total $ |
|---|---|---|---|---|---|---|---|
| **Group** | | | | | | | |
| **2020** | | | | | | | |
| **Cost** | | | | | | | |
| At 1.1.2020 | 43,649 | 54,245 | 14,400 | 78,641 | 32,787 | 184,090 | 407,812 |
| Additions | – | – | – | – | 1,650 | 40,743 | 42,393 |
| At 31.12.2020 | 43,649 | 54,245 | 14,400 | 78,641 | 34,437 | 224,833 | 450,205 |
| **Accumulated depreciation** | | | | | | | |
| At 1.1.2020 | 43,649 | 51,277 | 14,400 | 66,150 | 32,787 | 62,637 | 270,900 |
| Depreciation charge | – | 2,287 | – | 2,776 | 165 | 60,720 | 65,948 |
| At 31.12.2020 | 43,649 | 53,564 | 14,400 | 68,926 | 32,952 | 123,357 | 336,848 |
| **Net carrying value** | | | | | | | |
| **At 31.12.2020** | – | 681 | – | 9,715 | 1,485 | 101,476 | 113,357 |

| | Renovations $ | Computer and office equipment $ | Furniture and fittings $ | Office units $ | Total $ |
|---|---|---|---|---|---|
| **Company** | | | | | |
| **2021** | | | | | |
| **Cost** | | | | | |
| At 1.1.2021 | 22,953 | 14,038 | 28,495 | 54,544 | 120,030 |
| Additions | – | 4,400 | – | 35,986 | 40,386 |
| Disposal | – | (11,806) | (3,151) | – | (14,957) |
| At 31.12.2021 | 22,953 | 6,632 | 25,344 | 90,530 | 145,459 |
| **Accumulated depreciation** | | | | | |
| At 1.1.2021 | 22,953 | 14,038 | 28,495 | 36,546 | 102,032 |
| Depreciation charge | – | 660 | – | 17,998 | 18,658 |
| Disposal | – | (11,806) | (3,151) | – | (14,957) |
| At 31.12.2021 | 22,953 | 2,892 | 25,344 | 54,544 | 105,733 |
| **Net carrying value** | | | | | |
| **At 31.12.2021** | – | 3,740 | – | 35,986 | 39,726 |

## 13 PLANT AND EQUIPMENT (CONT'D)

| | Renovations | Computer and office equipment | Furniture and fittings | Office units | Total |
|---|---|---|---|---|---|
| | $ | $ | $ | $ | $ |
| **Company** | | | | | |
| 2020 | | | | | |
| At 1.1.2020 and 31.12.2020 | 22,953 | 14,038 | 28,495 | 54,544 | 120,030 |
| | | | | | |
| Accumulated depreciation | | | | | |
| At 1.1.2020 | 22,953 | 14,038 | 28,495 | 18,558 | 84,044 |
| Depreciation charge | – | – | – | 17,988 | 17,988 |
| At 31.12.2020 | 22,953 | 14,038 | 28,495 | 36,546 | 102,032 |
| | | | | | |
| Net carrying value | | | | | |
| At 31.12.2020 | – | – | – | 17,998 | 17,998 |

a) Included in plant and equipment of the Group and the Company are right-of-use assets of $1,141,300 and $35,986 (2020: $101,476 and $17,998), respectively (Note 24).

b) Non-cash transactions

| | Group 2021 | Group 2020 |
|---|---|---|
| | $ | $ |
| Aggregate cost of plant and equipment acquired | 1,592,484 | 42,393 |
| Less: Additions to right-of-use assets (Note 24) | (1,190,196) | (40,743) |
| Less: Amount included in provision (Note 25) | (38,790) | – |
| Less: Amount included in accruals | (113,501) | – |
| Net cash outflow for purchase of plant and equipment | 249,997 | 1,650 |

c) Based on management's assessment, an impairment loss of $183,911 (2020: $nil) has been made to the plant and equipment of a subsidiary (see Note 14(b)).

## 14 INTANGIBLE ASSETS

| | Group 2021 | Group 2020 | Company 2021 | Company 2020 |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Website development costs (Note (a)) | – | 948,564 | – | 948,564 |
| Goodwill arising on business combination (Note (b)) | – | – | – | – |
| | – | 948,564 | – | 948,564 |

## 14 INTANGIBLE ASSETS (CONT'D)

(a) Website development costs

| | Group and Company | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| **Cost** | | |
| Balance at beginning of financial year | 948,564 | – |
| Addition | 326,250 | 948,564 |
| Balance at end of financial year | 1,274,814 | 948,564 |
| **Accumulated impairment losses** | | |
| Balance at beginning of financial year | – | – |
| Impairment charge | 1,274,814 | – |
| Balance at end of financial year | 1,274,814 | – |
| **Net carrying value** | | |
| Balance at end of financial year | – | 948,564 |

In 2020, the Company entered into an agreement with an external vendor to develop a custom design and interactive features of the Group's virtual platform that would generate future economic benefits upon commercialisation (the "website project"), and the directors have approved to invest up to $2 million in this website development project. Website development costs have a finite useful life, over which the assets are to be amortised upon commercialisation. The amortisation period for the Group's website development costs is 5 years. No amortisation is charged as at 31 December 2021 and 31 December 2020 as the website was still under development stage.

During the current financial year, there were no further developments to the website project and the management has put the website project on hold due to business strategy reasons. Management performed an impairment assessment and determined the recoverable amount of the website development costs based on value-in-use calculation using cash flows projections covering a period of five years. An impairment loss of $1,274,814 (2020: $nil) was recognised in the Group's and the Company's financial statements to write down the carrying amount to the recoverable amount of $nil (2020 : $948,564).

*Key assumptions used in value-in-use calculation*

The key assumptions for the value-in-use calculations are those regarding the number of subscribers, subscription price, expected operational costs and discount rate. The number of subscribers and subscription price are estimated based on management judgement after taking into consideration the number of subscribers and subscription prices set by various competitors of similar nature. Expected operational costs are based on management's assessment of future trends and development in the market. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the website development costs.

The pre-tax rate used to discount the projected cash flows from the website development costs is 14.34% (2020: 14.52%).

## 14 INTANGIBLE ASSETS (CONT'D)

(b) Goodwill arising on business combination

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| **Cost** | | |
| Balance at beginning of financial year | – | – |
| Acquisition of subsidiary (Note 15(ii)(a)) | 1,062,109 | – |
| Balance at end of financial year | 1,062,109 | – |
| **Accumulated impairment losses** | | |
| Balance at beginning of financial year | – | – |
| Impairment charge | 1,062,109 | – |
| Balance at end of financial year | 1,062,109 | – |
| **Net carrying value** | | |
| Balance at end of financial year | – | – |

*Impairment test for goodwill*

Goodwill acquired in a business combination is allocated, to the cash generating units (CGUs) that are expected to benefit from that business combination. Before recognition of impairment losses, the carrying amount of goodwill had been allocated as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| HB 2021 ApS | 1,062,109 | – |

## 14 INTANGIBLE ASSETS (CONT'D)

(b) Goodwill arising on business combination (cont'd)

*Key assumptions used in value-in-use calculation*

The recoverable amount of the CGU is determined from value-in-use calculations. The key assumptions for the value-in-use calculation are those regarding the discount rates, growth rates, gross profit margin and direct costs during the period. Management estimates discount rate using pre-tax rate that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Gross profit margin and direct costs are based on management's assessment of future trends and developments in the market.

The Group's value-in-use calculations used cash flow forecasts derived from the most recent financial budgets approved by management covering a 10-year period as the CGU is a start-up where the time taken to reach steady state is longer than a more established business. Revenue growth was projected taking into account the estimated sales volume and price growth for the next ten years.

Cash flows beyond the ten-year period were extrapolated using an estimated terminal year growth rate of 2%. This rate does not exceed the average long-term growth rate for the relevant markets.

The pre-tax rate used to discount the forecast cash flows is 16.4%.

At 31 December 2021, an impairment loss of $1,062,109 was recognised to write down the goodwill to its recoverable amount of $nil. In addition, based on the cash flow forecasts, management also made an impairment loss of $183,911 to plant and equipment of HB 2021 ApS (Note 13).

Management believes that the change in the estimated recoverable amount arising from any reasonably possible change to the key assumptions applied would not cause the recoverable amount to be significantly higher than the carrying amount of the goodwill and would not significantly affect the impairment loss recognised during the financial year.

## 15 INVESTMENTS IN SUBSIDIARIES

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| **Unquoted equity shares, at cost** | | |
| Balance at beginning of financial year | 2,706,854 | 11,337,817 |
| Acquisition during financial year | 133,424 | – |
| Disposal of subsidiaries | – | (8,630,963) |
| | 2,840,278 | 2,706,854 |
| Less: Allowance for impairment losses | (2,830,063) | (2,705,240) |
| Balance at end of financial year | 10,215 | 1,614 |

## 15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Movements in allowance for impairment losses during the financial year are as follows:

| | Company | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Balance at beginning of financial year | 2,705,240 | 10,034,803 |
| Addition | 124,823 | 1,301,400 |
| Disposal of subsidiaries | – | (8,630,963) |
| Balance at end of financial year | 2,830,063 | 2,705,240 |

Company Level – Impairment review of investment in subsidiaries

During the financial year, management performed an impairment test for the investment in Korea Watch Co., Ltd ("KW") as the net asset of this subsidiary is lower than the cost of investment. An impairment loss of $124,823 was recognised for the year ended 31 December 2021 to write down this subsidiary to its recoverable amount of $nil. The recoverable amount of the investment in KW has been determined based on a value in use calculation using cash flow projections from forecasts approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five-year period are 9.5% and 2.1% respectively.

Details of the Company's subsidiaries at 31 December 2021 and 31 December 2020 are as follows:

| Name of subsidiary and independent auditors | Principal activities | Country of incorporation | Effective equity holding | |
|---|---|---|---|---|
| | | | 2021 | 2020 |
| | | | % | % |
| ***Held by the Company*** | | | | |
| Hi-Tech Distribution Pte. Ltd. (a) | Distributor of equipment and consumable materials for the electronic industry | Singapore | 100 | 100 |
| Incredible Trading Limited (b) (Baker Tilly Hong Kong Limited) | Investment holding company and retail and trading of new and used luxury goods | Hong Kong | 100 | 100 |
| Incredible Finance Limited (c) | Loan financing business | Hong Kong | 100 | 100 |
| Incredible Watch & Jewellery Pte. Ltd. (a) (i) | Trading of luxury goods | Singapore | 100 | – |
| Korea Watch Co., Ltd (c) (i) | Trading of luxury goods | Korea | 100 | – |

## 15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the Company's subsidiaries at 31 December 2021 and 31 December 2020 are as follows: (cont'd)

| Name of subsidiary and independent auditors | Principal activities | Country of incorporation | Effective equity holding 2021 % | Effective equity holding 2020 % |
|---|---|---|---|---|
| ***Held by the Company*** | | | | |
| Central Capital ApS [b] [ii] (Baker Tilly Denmark) | Investment holding company | Denmark | 100 | – |
| ***Held by Hi-Tech Distribution Pte Ltd*** | | | | |
| Chemitec Industrial Pte. Ltd. [a] | Distributor of specialty chemical products and consumable materials for the electronic industry | Singapore | 100 | 100 |
| ***Held by Incredible Trading Limited*** | | | | |
| Sansim Cosmetics (H.K.) Limited [c] (Dissolved on 7 January 2022) | Dormant | Hong Kong | 100 | 100 |
| ***Held by Central Capital ApS*** | | | | |
| HB 2021 ApS [b] [ii] (Baker Tilly Denmark) | Trading of luxury goods | Denmark | 100 | – |

(a) Audited by Baker Tilly TFW LLP
(b) Audited by an independent overseas member firm of Baker Tilly International. Their names are indicated above.
(c) Not audited, as it is not material and not required to be audited under the relevant laws and regulations of its country of incorporation.

i) Incorporation of subsidiaries

*Incredible Watch & Jewellery Pte. Ltd. ("IWJ")*

On 18 March 2021, the Group incorporated a wholly owned subsidiary, IWJ in Singapore for a consideration of $1. The principal activities of the company will be trading of luxury goods. The company has not commenced business as at the end of the financial year and the date of this report.

*Korea Watch Co., Ltd ("KW")*

On 11 March 2021, the Group incorporated a wholly owned subsidiary, KW in Korea for a consideration of KRW100,000,000 (equivalent to $124,823). The principal activities of the company is trading of luxury goods.

## 15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

ii) Acquisition of subsidiaries

*Central Capital ApS ("CC")*

On 28 May 2021, the Group completed the acquisition of entire issued share capital in CC from the Executive Director, Christian Kwok-Leun Yau Heilesen at an agreed consideration of DKK40,000 (equivalent to approximately $8,600). Following the completion of acquisition, CC became a wholly-owned subsidiary of the Company. CC is an inactive investment holding company at date of acquisition and at end of the financial year.

*HB 2021 ApS ("HB2021")*

On 29 July 2021, the Group completed the acquisition of entire issued share capital in HB2021 via its wholly owned subsidiary, CC at an agreed consideration of DKK5,200,000 (equivalent to $1,070,709). Following the completion of acquisition, HB became a wholly-owned subsidiary of CC. HB2021 is engaged in the retail and trading of luxury goods.

(a) *The fair value of the identifiable assets and liabilities of HB2021 acquired as at the completion date of acquisition were:*

| | **2021**<br>**$** |
|---|---|
| Plant and equipment | 86,832 |
| Other receivables | 151,395 |
| | 238,227 |
| Other payables | 229,627 |
| Net identifiable assets acquired | 8,600 |
| Goodwill (Note 14(b)) | 1,062,109 |
| Total purchase consideration | 1,070,709 |
| *Effect of the acquisition of the subsidiary on cash flows* | |
| Total purchase consideration | 1,070,709 |
| Less: Deferred cash consideration (Note b) | (617,716) |
| Consideration settled in cash | 452,993 |
| Less: Cash and bank balances of the subsidiary acquired | – |
| Acquisition of a subsidiary, net of cash acquired | 452,993 |

## 15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

ii) Acquisition of subsidiaries (cont'd)

(b) Deferred cash consideration

The total agreed purchase consideration of DKK5,200,000 ($1,070,709 equivalent) is settled as follow:

(a) Cash of DKK1,200,000 ($247,000 equivalent) was paid upon the completion of acquisition.

(b) 7 monthly instalments of DKK200,000 ($41,000 equivalent) following the completion of acquisition. The instalment payments do not bear any interest. The Company has paid 5 instalments totalled DKK1,000,000 ($206,000 equivalent) before the end of financial year. The remaining 2 instalments totalling DKK400,000 ($82,362 equivalent) has been included in deferred cash consideration in trade and other payable (Note 22). The fair value is a reasonable approximation of the carrying amount due to its short-term nature and where the effect of discounting is immaterial. The remaining 2 instalments have been paid subsequent to the end of the financial year.

(c) Issuance of a promissory note of DKK2,600,000 ($535,354 equivalent) to the previous two owners of HB. The promissory note was issued on 27 July 2021, non-interest bearing and repayable in full upon the mature date on 30 June 2022. The payable amount of this promissory note of $535,354 has been included in deferred cash consideration in trade and other payable (Note 22). The fair value is a reasonable approximation of the carrying amount due to its short-term nature and the effect of discounting is immaterial.

(c) *Goodwill*

The goodwill arising from the acquisition of HB2021 of $1,062,109 is included in intangible asset (Note 14(b)) and it is attributable to new business opportunities expected to be provided to the Group.

iii) Disposal of subsidiaries

*Switech Systems & Marketing Pte Ltd ("SW")*

On 14 September 2020, the Group completed the disposal of SW, a wholly-owned subsidiary to a third party. The disposal consideration received was $1. The completion of the disposal resulted in a gain on disposal of $53,439 to the Group and included in result of loss from discontinued operations. Upon the completion of disposal, SW ceased to be a subsidiary of the Group.

*Luxury Watch Trading Limited ("LW")*

On 30 October 2020, the Group completed the disposal of LW, a wholly-owned subsidiary to a third party. The consideration amount was HKD1. The completion of disposal resulted in a loss of disposal of $835,063 to the Group and included in result of loss from discontinued operations. Following the completion, LW ceased to be a subsidiary of the Group.

## 15 INVESTMENTS IN SUBSIDIARIES (CONT'D)

iii) Disposal of subsidiaries (cont'd)

The assets and liabilities of SW and LW as at the completion date of disposal were as follows:

| | Group | |
|---|---|---|
| | 2020 | |
| | SW | LW |
| | $ | $ |
| ***Assets*** | | |
| Plant and equipment | 367 | 31,539 |
| Other receivables | – | 945 |
| Cash and cash equivalents | 2,169 | – |
| **Total assets** | 2,536 | 32,484 |
| ***Liabilities*** | | |
| Other payables and accruals | (55,974) | (58,227) |
| **Net liabilities** | (53,438) | (25,743) |
| **(Loss)/Gain on disposal of subsidiary** | | |
| Consideration received, satisfied in cash | (1) | –* |
| Net liabilities | (53,438) | (25,743) |
| Reclassification of cumulative translation reserve | – | 860,806 |
| (Loss)/Gain from disposal of subsidiary | (53,439) | 835,063 |
| **Net cash outflow due to disposal of subsidiary** | (2,168) | – |

* HKD 1

## 16 INVESTMENTS IN ASSOCIATED COMPANIES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $ | $ | $ | $ |
| Balance at beginning of financial year | – | 1,162,097 | 817 | 1,100,817 |
| Group's share of post-acquisition reserves | – | (54,208) | – | – |
| Currency translation difference arising from translation of financial statements of foreign associated companies included in other comprehensive loss | – | (12,589) | – | – |
| Disposal during the financial year | – | (1,095,300) | – | (1,100,000) |
| Balance at end of financial year | – | – | 817 | 817 |

## 16 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Summarised financial information for Strong System Limited based on its financial statements (not adjusted for the Group's share of these amounts) and a reconciliation to the carrying amount of the investment in the consolidated financial statements are as follows:

| | **Strong System Limited Subgroup** | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| Revenue | 2,690,289 | 9,191,406 |
| Loss after tax | (741,214) | (200,668) |
| Other comprehensive income | – | – |
| Total comprehensive loss | (741,214) | (200,668) |
| Non-current assets | 499,696 | 202,074 |
| Current assets | 76,682 | 3,087,130 |
| Non-current liabilities | (1,214,007) | (1,739,330) |
| Current liabilities | (528,046) | (1,972,994) |
| Net liabilities | (1,165,675) | (423,120) |
| Group's share of net liabilities based on proportion of ownership interest | (571,181) | (207,329) |

The Group has not recognised its share of loss of Strong System Limited totalling $363,195 (2020: $98,327) during the financial year because the Group's cumulative share of losses at the end of reporting date has exceeded its interest in this associated company and the Group has no obligation in respect of these losses. The Group's cumulative accumulated losses at the end of the financial year in respect of this associated company not recognised were $572,789 (2020: $209,594).

The following information relates to associated companies of the Group, which in the opinion of the management are material to the Group:

| **Name of associated company** | **Principal activities** | **Country of incorporation** | **Effective equity holding 2021 %** | **Effective equity holding 2020 %** |
|---|---|---|---|---|
| ***Held by the Company*** | | | | |
| Strong System Limited [(a)(b)] | Trading of watches and investment holding | Hong Kong | 49 | 49 |
| ***Held by Strong System Limited*** | | | | |
| Empire Top Limited [(c)] | Rental of property | Hong Kong | 49 | 49 |

(a) Audited by M. Y. Chan & Company, Hong Kong.
(b) Mr Christian Kwok-Leun Yau Heilesen, the Executive Director of the Company, holds 51% of the equity interest in Strong System Limited. (Also see note 3.2)
(c) Not required to be audited under the laws of country of incorporation

## 16 INVESTMENTS IN ASSOCIATED COMPANIES (CONT'D)

Movements in allowance for impairment losses during the financial year are as follows:

| | Company | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Balance at beginning of financial year | – | 180,909 |
| Reversal of allowance upon disposal of an associated company (Note A) | – | (180,909) |
| Balance at end of financial year | – | – |

Note A: On 8 January 2020, the Group entered into a sale and purchase agreement to dispose of its entire equity interest in an associate, PT. Louis Gianni ('PTLG') at an agreed consideration of $1,100,000 (equivalent to IDR11,336,699) to a third party. The disposal was completed on 29 May 2020 and the Group's gain on disposal amounted to $26,416 and included in other operating income (Note 5).

## 17 INVENTORIES

| | Group | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| Consumables and parts | 68,529 | 128,959 |
| Trading inventories | 5,588,751 | 391,025 |
| | 5,657,280 | 519,984 |

In 2021, the Group had recognised a reversal of $90,469 (2020: $nil) being part of an inventory write down made in 2020, as the inventories were sold above the carrying amounts in 2021. The reversal was included in cost of sales.

On 11 May 2022, HB2021 entered into a jewellery purchase agreement to sell the specific jewellery included in trading inventories valued at DKK3,336,377 (equivalent to $686,980) for a consideration of DKK2,474,965 (equivalent to $509,610). Accordingly, management has written-down the carrying amount of these specific inventories as at 31 December 2021 by DKK861,412 (equivalent to $182,815). The write down of inventories of $182,815 is included in other operating expenses (Note 7).

## 18 TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$** | **$** | **$** | **$** |
| Trade receivables - third parties | 5,554,035 | 219,721 | 536,344 | 93,150 |
| Refundable deposits | 157,682 | 29,770 | 18,310 | 18,310 |
| Prepayments (i) | 400,207 | 473,439 | 187,772 | 470,848 |
| Other receivables - third parties | 149,786 | 88,552 | 8,590 | 85,666 |
| Loan to a subsidiary (ii) | – | – | 23,444,584 | 12,521,802 |
| Amounts due from an associated company (iii) | 473,440 | 1,670,900 | 473,440 | 1,670,900 |
| Amounts due from subsidiaries (iii) | – | – | 1,510,980 | – |
| | 1,181,115 | 2,262,661 | 25,643,676 | 14,767,526 |
| Less: Loss allowance on loan to a subsidiary (Note 28(b)) | – | – | (23,444,584) | (12,521,802) |
| Less: Loss allowance on amounts due from an associated company (Note 28(b)) | (473,440) | (500,000) | (473,440) | (500,000) |
| Less: Loss allowance on amounts due from subsidiaries (Note 28(b)) | – | – | (1,510,980) | – |
| Less: Impairment loss on prepayments (i) | (181,000) | – | (181,000) | – |
| | 526,675 | 1,762,661 | 33,672 | 1,745,724 |
| Total | 6,080,710 | 1,982,382 | 570,016 | 1,838,874 |

(i) Included in prepayments of the Group and the Company is an amount of $181,000 (2020: $312,250) related to advances made for the website development costs (Note 14). The advance payment of $181,000 has been impaired during the current financial year.

(ii) Loan to a subsidiary is non-trade in nature, unsecured, bear interest at 3.50% (2020: 3.50%) per annum and repayable within the next twelve months.

(iii) The amounts due from an associated company and subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

## 19 SHARE CAPITAL

| | Group and Company | | | |
|---|---|---|---|---|
| | 2021<br>Number of Issued shares | 2020<br>Issued shares capital<br>$ | 2021<br>Number of Issued shares | 2020<br>Issued shares capital<br>$ |
| Balance at beginning of financial year | 299,843,943 | 38,852,217 | 299,843,943 | 38,852,217 |
| Issuance of shares | 2,693,688,602 | 15,084,815 | – | – |
| Cost of shares issuance | – | (271,809) | – | – |
| Balance at end of financial year | 2,993,532,545 | 53,665,223 | 299,843,943 | 38,852,217 |

All issued shares are fully paid ordinary shares with no par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

On 1 February 2021, the Group announced that 2,998,439,430 Rights Shares were available for subscription under the Rights cum Warrants issue as at the record date on 8 January 2021. As at the closing date on 27 January 2021, an application for a total of 2,693,670,727 Rights Shares amounting to $15,084,556 were received. The Group issued 2,693,670,727 Rights Shares and 2,693,670,727 Warrants on 2 Febuary 2021 and 3 Febuary 2021 respectively. Following the allotment and issue of Rights Shares, the number of issued ordinary shares has been increased from 299,843,943 shares to 2,993,514,670 shares.

The issuance of Rights Shares included a capitalisation of shareholder loans from Mission Well and Go Best of $9,411,015 (Note 22) and net proceeds amounted to $5,673,541 which was credited to the Group on 4 February 2021.

On 4 February 2021, the Company announced that there is an adjustment to the outstanding 2018 Warrants and the exercise price of the 2018 Warrants ("2018 Warrants Adjustment"). In aggregate, the outstanding 2018 Warrants increased from 135,793,193 to 186,715,555 outstanding adjusted 2018 Warrants post-Rights cum Warrants issue at the ratio of 1.375:1. This 2018 Warrant Adjustment also gave rise to an adjustment to the exercise price from $0.02 to the new exercise price of $0.0145.

On 11 March 2021, the Company announced that 17,875 units of 2018 Warrants have been exercised at the exercise price of $0.0145 for each new ordinary share amounting to $259. The remaining 186,697,680 outstanding 2018 Warrants have expired on 11 March 2021.

Following the allotment and issuance of 17,875 new ordinary share, the issued share capital of the Company is further increased from 2,993,514,670 ordinary shares to 2,993,532,545 ordinary shares by way of allotment and issue of 17,875 with effect from 15 March 2021.

## 20 PERFORMANCE BONUS SHARE RESERVE

On 6 September 2017, a share incentive scheme known as the Incredible Performance Share Plan ("Incredible PSP") was approved by the shareholders at an Extraordinary General Meeting. Under the Incredible PSP, the eligible person ("Participant") will be awarded fully paid shares of the Company at the absolute discretion of the Remuneration Committee, which shall take into account criteria such as, inter alia, as the rank and responsibilities, performance, years of service, potential for future development of the Participant, contribution to success of the Group and the extent of effort and resourcefulness with which the performance target(s) may be achieved within the performance period. The Incredible PSP shall continue in force at the discretion of the Remuneration Committee, subject to a maximum period of 10 years commencing on the date on which the Incredible PSP is adopted.

As at 31 December 2021 and 31 December 2020, no shares were awarded to the participants under the Incredible PSP.

## 21 FOREIGN CURRENCY TRANSLATION RESERVE

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| Balance at beginning of financial year – (debit) | (517,868) | (1,546,304) |
| Exchange difference on translation of foreign operations | (197,264) | 203,336 |
| Currency translation differences arising from translation of financial statements of foreign associated company | – | (12,589) |
| Reclassification of foreign currency translation reserve to profitor loss upon disposal of subsidiaries | – | 860,806 |
| Reclassification of foreign currency translation reserve to profit or loss upon disposal of an associated company | – | (23,117) |
| Balance at end of financial year – (debit) | (715,132) | (517,868) |

The foreign currency translation reserve accumulates all foreign exchange differences arising from the translation of financial statements of entities that are denominated in currencies other than the presentation currency of the consolidated financial statements.

## 22 TRADE AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | $ | $ | $ | $ |
| Trade payables – third parties | 139,956 | 37,293 | – | – |
| GST payables | – | 3,546 | – | – |
| | 139,956 | 40,839 | – | – |
| Other payables | 1,068,611 | 565,167 | 182,437 | 245,236 |
| Accrued operating expenses | 584,283 | 137,842 | 98,842 | 47,800 |
| Accrued remuneration for former directors of the Company | 110,275 | 110,275 | 110,275 | 110,275 |
| Accrued remuneration for directors of the Company | 1,092,317 | 365,855 | 1,030,000 | 103,250 |
| Amount due to a director (Note B) | 19,476 | 26,352 | – | – |
| Amount due to shareholders (Note A) | – | 2,215,032 | – | 2,215,032 |
| Amount due to subsidiaries (Note B) | – | – | 424,662 | 379,360 |
| Deferred cash consideration (Note 15(ii)(b)) | 617,716 | – | – | – |
| | 3,492,678 | 3,420,523 | 1,846,216 | 3,100,953 |
| | 3,632,634 | 3,461,362 | 1,846,216 | 3,100,953 |

Note A:

On 22 September 2020, the Company entered into the following loan agreements:

i. A loan agreement ("Mission Well Loan Agreement") with Mission Well Limited ("Mission Well"), who is a controlling shareholder of the Company, for an unsecured, interest free loan facility of up to an aggregate principal amount of $9,101,475. As at 31 December 2020, an amount of $1,905,492 has been drawn down. The remaining amount of $7,195,983 has been drawn down in January 2021.

ii. A loan agreement ("Go Best Loan Agreement") with Go Best Holdings Limited ("Go Best"), who is a shareholder of the Company, for an unsecured, interest free loan facility of up to an aggregate principal amount of $309,540. As at 31 December 2020, an amount of $309,540 has been drawn down.

On 1 February 2021, the total loan drawn down of $9,411,015 was converted into 1,680,538,325 issued share capital of the Company as part of the undertaken Rights Shares subscription amount of approximately $9.4 million that was set off against an equivalent amount of the principal amount drawn down and due and owing by the Company to Mission Well under the Mission Well Loan Agreement and Go Best under the Go Best Loan Agreement.

Note B:

The amount due to a director and amount due to subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

## 22 TRADE AND OTHER PAYABLES (CONT'D)

*Reconciliation of movement of liabilities to cash flows arising from financing activities:*

| | Amount due to shareholders | Amount due to a director | Total |
|---|---|---|---|
| | $ | $ | $ |
| **Group** | | | |
| Balance at 1 January 2020 | – | 141,055 | 141,055 |
| Changes from financing cash flows: | | | |
| - Proceeds | 2,215,032 | 421,513 | 2,636,545 |
| - Repayment | – | (536,216) | (536,216) |
| Balance at 31 December 2020 | 2,215,032 | 26,352 | 2,241,384 |
| Changes from financing cash flows: | | | |
| - Proceeds | 7,195,983 | 2,163,463 | 9,359,446 |
| - Repayment | – | (2,170,339) | (2,170,339) |
| Non-cash transaction: | | | |
| - Capitalised as share capital | (9,411,015) | – | (9,411,015) |
| Balance at 31 December 2021 | – | 19,476 | 19,476 |

## 23 CONTRACT LIABILITIES

Contract liabilities relate to advance considerations received from customers. Contract liabilities are recognised as revenue as or when the Group satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities from contracts with customers.

| | Group | | |
|---|---|---|---|
| | **2021** | **2020** | **1.1.2020** |
| | $ | $ | $ |
| Contract liabilities | 53,936 | – | – |

## 24 LEASE LIABILITIES

### *(a) The Group as a lessee*

*Nature of the Group's leasing activities*

The Group leases office units from non-related parties. The leases have an average tenure of between 1 to 3 years. For lease with contractual term of 1 year, the Group has accounted for it as short-term lease and has elected not to recognise right-of-use asset and lease liabilities for this lease.

Information about leases for which the Group is a lessee is presented below:

*Amounts recognised in Statements of Financial Position*

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$** | **$** | **$** | **$** |
| *Carrying amount of right-of-use assets which are classified within plant and equipment* | | | | |
| Office units | 35,986 | 101,476 | 35,986 | 17,998 |
| Motor vehicle | 137,771 | – | – | – |
| Shop units | 967,543 | – | – | – |
| | 1,141,300 | 101,476 | 35,986 | 17,998 |
| *Carrying amount of lease liabilities* | | | | |
| Current | 218,555 | 64,404 | – | – |
| Non-current | 874,143 | 42,462 | – | – |
| | 1,092,698 | 106,866 | – | – |
| Additions to right-of-use assets | 1,190,196 | 40,743 | 35,986 | 40,743 |

## 24 LEASE LIABILITIES (CONT'D)

### *(a) The Group as a lessee (cont'd)*

*Amounts recognised in Consolidated Statements of Profit or Loss and Other Comprehensive Income*

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| *Depreciation charge for the year* | | |
| Office units | 42,925 | 60,720 |
| Office equipment | 680 | 1,507 |
| Motor vehicle | 18,176 | – |
| Shop units | 87,959 | – |
| Total | 149,740 | 62,227 |
| *Lease expense not included in the measurement of lease liabilities* | | |
| Lease expense - short term leases (Note 9) | 368,437 | 155,554 |
| Rent concession (Note 5) | – | 7,675 |
| Interest expense on lease liabilities (Note 8) | 37,130 | 6,262 |

Total cash flow for leases amounted to $550,485 (2020: $222,286).

*Reconciliation of movements of lease liabilities to cash flows arising from financing activities*

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| Balance at 1 January | 106,866 | 126,593 |
| Changes from financing cash flows: | | |
| - Payments | (144,918) | (60,470) |
| - Interest paid | (37,130) | (6,262) |
| Non-cash changes: | | |
| - Interest expense | 37,130 | 6,262 |
| - Additions of new leases | 1,190,196 | 40,743 |
| - Derecognition of lease liabilities due to lease termination | (59,446) | – |
| Balance at 31 December | 1,092,698 | 106,866 |

## 24 LEASE LIABILITIES (CONT'D)

*(b) The Group as a lessor*

**Nature of the Group's leasing activities - Group as a lessor**

*Subleases – classified as operating leases*

The Group leases shop space under a head lease arrangement and subleases the shop space to related party as an intermediate lessor for monthly lease payment. The sublease has no contractual term and is cancellable by either party by giving three months notice period. The sublease commences on 1 September 2021 at monthly lease payment of DKK50,000 (equivalent to $10,611). Income from subleasing recognised during the financial year was $42,445 (2020: $nil) and this is disclosed as rental income in Note 5.

## 25 PROVISION

The provision for reinstatement costs represents the present value of management's best estimate of the future outflow of economic benefits that will be required to (reinstate leased property to its original state). The estimate has been made on the basis of quotes obtained from external contractors. The unexpired term of the leases range from 3 to 6 years. The unwinding of discount is not significant.

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| Balance at beginning of financial year | – | – |
| Provision made | 38,790 | – |
| Balance at end of financial year | 38,790 | – |

## 26 RELATED PARTY TRANSACTIONS

a) In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related party, who is not member of the Group during the financial year on terms agreed by the parties concerned:

| | Group | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| Rental expenses paid to an associated company | 102,776 | 105,742 |
| Rental expenses paid to a company whereby the company is owned by the Executive Director of the Company | 41,499 | 49,812 |
| Rental income from a company whereby the company is owned by the Executive Director of the Company | 42,445 | – |
| Payments made on behalf by the Executive Director for the Group's inventory purchases | 2,154,863 | 421,513 |
| Acquisition of subsidiary from the Executive Director (Note 15(ii)) | 8,600 | – |
| Salaries paid to related parties [(1)] | 405,860 | 453,115 |

(1) Related parties refer to two employees who were immediate family members of the Executive Director whose remuneration exceeded $100,000.

b) Key management personnel include the directors and those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly. Compensation of directors and other key management personnel of the Group:

| | Group | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| Key management personnel compensation: | | |
| *Directors of the Company* | | |
| - Salaries, bonuses and others | 1,615,580 | 682,417 |
| - Contribution to defined contribution plans | 9,337 | 8,806 |
| - Directors' fees | 123,372 | 120,000 |
| *Other key management personnel* | | |
| - Salaries, bonuses and others | 222,347 | 704,731 |
| - Contribution to defined contribution plans | 10,030 | 15,404 |
| | 1,980,666 | 1,531,358 |

Total key management personnel compensation is analysed as follows:

| | Group | |
|---|---|---|
| | 2021<br>$ | 2020<br>$ |
| Salaries, bonuses and others | 1,837,927 | 1,387,148 |
| Contribution to defined contribution plans | 19,367 | 24,210 |
| Directors' fees | 123,372 | 120,000 |
| | 1,980,666 | 1,531,358 |

## 27 CAPITAL COMMITMENTS

Capital commitments not provided for in the financial statements:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| Capital commitments in respect of plant and equipment | 118,476 | – |
| Capital commitments in respect of intangible asset | | |
| – development of website | 625,000 | – |

## 28 FINANCIAL INSTRUMENTS

**(a) Categories of financial instruments**

Financial instruments at their carrying amount at the end of the financial year are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **$** | **$** | **$** | **$** |
| *Financial assets* | | | | |
| At amortised cost | 6,547,734 | 2,266,166 | 600,505 | 1,307,408 |
| *Financial liabilities* | | | | |
| At amortised cost | 4,725,332 | 3,564,682 | 1,846,216 | 3,100,953 |

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management

The Group and Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management strategy is to minimise the effects of these risks by continually monitoring the financial risk management process to ensure that an appropriate balance between risk and control is achieved. The Board of Directors is responsible for setting the objectives and policies implemented to mitigate the risk exposures. The Group has not used any derivatives or other instruments for hedging purposes.

The directors provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk. Such written policies are reviewed annually.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

***Foreign exchange risk***

Foreign currency risk occurs as a result of the Group's transactions that are not denominated in their respective functional currencies. These transactions arise from the Group's ordinary course of business. The Group transacts business in various currencies and as result, is largely exposed to movements in exchange rates of United States Dollar ('USD'), Hong Kong Dollar ('HKD'), Pound Sterling ('GBP') and Danish Krone ('DKK').

The Group manages its foreign exchange exposure by a policy of matching, as far as possible, receipts and payments in each individual currency. At the end of the financial year, the Group and Company have the following financial assets and financial liabilities denominated in foreign currencies based on information provided to key management:

| | **Denominated in** | | | | |
|---|---|---|---|---|---|
| | **USD** | **HKD** | **SGD** | **GBP** | **DKK** |
| | **$** | **$** | **$** | **$** | **$** |
| **Group** | | | | | |
| **2021** | | | | | |
| Trade and other receivables | 43,667 | – | – | – | – |
| Cash and cash equivalents | 523,869 | – | – | – | – |
| Intra-group receivables | – | 543,934 | – | – | 2,687,712 |
| Trade and other payables | (10,163) | – | – | (21,339) | – |
| Intra-group payables | – | (540,494) | (23,414,992) | – | (2,677,597) |
| **Net financial assets/ (liabilities) denominated in foreign currencies** | 557,373 | 3,440 | (23,414,992) | (21,339) | 10,115 |
| 2020 | | | | | |
| Trade and other receivables | 91,466 | 1,170,900 | – | – | – |
| Cash and cash equivalents | 687,218 | – | – | – | – |
| Intra-group receivables | – | – | – | – | – |
| Trade and other payables | (766,818) | (533,665) | – | (37,293) | – |
| Intra-group payables | – | – | (12,497,317) | – | – |
| Net financial assets/(liabilities) denominated in foreign currencies | 11,866 | 637,235 | (12,497,317) | (37,293) | – |

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management (cont'd)

***Foreign exchange risk (cont'd)***

| | Denominated in | |
|---|---|---|
| | USD | HKD |
| | $ | $ |
| **Company** | | |
| **2021** | | |
| Cash and cash equivalents | 12,586 | – |
| **Net financial assets denominated in foreign currencies** | 12,586 | – |
| 2020 | | |
| Trade and other receivables | – | 1,170,900 |
| Cash and cash equivalents | 1,798 | – |
| Trade and other payables | (766,818) | (533,665) |
| Net financial (liabilities)/assets denominated in foreign currencies | (765,020) | 637,235 |

The following table demonstrates the sensitivity to a reasonably possible change in USD, HKD and GBP exchange rates against the respective functional currencies of the Group's subsidiaries and the Company, with all other variables held constant, of the Group's and the Company's loss before tax:

| | Increase/(decrease) in loss before tax | |
|---|---|---|
| | 2021 | 2020 |
| | $ | $ |
| **Group** | | |
| USD/SGD | | |
| - strengthened 10% (2020: 10%) | (55,737) | (1,187) |
| - weakened 10% (2020: 10%) | 55,737 | 1,187 |
| HKD/SGD | | |
| - strengthened 10% (2020: 10%) | (344) | (63,724) |
| - weakened 10% (2020: 10%) | 344 | 63,724 |
| SGD/HKD | | |
| - strengthened 10% (2020: 10%) | 2,341,499 | 1,249,732 |
| - weakened 10% (2020: 10%) | (2,341,499) | (1,249,732) |
| GBP/SGD | | |
| - strengthened 10% (2020: 10%) | 2,134 | 3,729 |
| - weakened 10% (2020: 10%) | (2,134) | (3,729) |
| DKK/SGD | | |
| - strengthened 10% (2020: 10%) | (1,012) | – |
| - weakened 10% (2020: 10%) | 1,012 | – |

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management (cont'd)

***Foreign exchange risk (cont'd)***

| | Increase/(decrease) in loss before tax | |
|---|---|---|
| | **2021** | **2020** |
| | **$** | **$** |
| **Company** | | |
| USD/SGD | | |
| - strengthened 10% (2020: 10%) | (1,259) | 76,502 |
| - weakened 10% (2020: 10%) | 1,259 | (76,502) |
| HKD/SGD | | |
| - strengthened 10% (2020: 10%) | – | (63,724) |
| - weakened 10% (2020: 10%) | – | 63,724 |

***Interest rate risk***

The Group's and the Company's exposure to interest rate risk is minimal as the impacts of interest rate fluctuations on the Group's and the Company's interest bearing assets and liabilities are not significant.

***Credit risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group minimises credit risk by dealing exclusively with high credit rating counterparties. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group performs ongoing credit evaluation of its counterparties' financial condition and generally do not require a collateral.

The Group and Company do not have significant credit exposure except that the Group's and Company's trade receivables comprise 1 debtor (2020: 1 debtor) and 1 debtor (2020: 1 debtor) that individually represented 95% (2020: 42%) and 100% (2020: 100%) of the trade receivables respectively. The Company has no significant concentration of credit risk except for the receivables from subsidiaries and an associated company as disclosed in Note 18.

As the Group and Company do not hold any collateral, the maximum exposure to credit risk is the carrying amount of each class of financial instruments presented on the statement of financial position.

To minimise credit risk, the Group and Company has developed and maintained the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The Group considers available reasonable and supportive forward-looking information which includes internal credit rating, external credit rating, actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations, actual or expected significant changes in the operating results of the debtor, significant increases in credit risk on other financial instruments of the same debtor and significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the group and changes in the operating results of the debtor.

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management (cont'd)

***Credit risk (cont'd)***

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

| Description of evaluation of financial assets | Basis for recognition and measurement of ECL |
|---|---|
| Counterparty has a low risk of default and does not have any past due amounts | 12-month ECL |
| Contractual payments are less than 30 days past due or where there has been a significant increase in credit risk since initial recognition | Lifetime ECL – not credit-impaired |
| Contractual payments are more than 90 days past due or there is evidence of credit impairment | Lifetime ECL – credit-impaired |
| There is evidence indicating that the Company has no reasonable expectation of recovery of payments such as when the debtor has been placed under liquidation or has entered into bankruptcy proceedings | Write-off |

*Significant increase in credit risk*

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information such as future economic and industry outlook, that is available without undue cost or effort.

In particular, when assessing whether credit risk has increased significantly since initial recognition, the Group considers the following:

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management (cont'd)

***Credit risk (cont'd)***

*Significant increase in credit risk (cont'd)*

Regardless of the evaluation of the above factors, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if it has an internal or external credit rating of "investment grade" as per globally understood definition, or the financial asset has a low risk of default; the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

*Definition of default*

The Group has determined the default events on a financial asset to be when there is evidence that the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or the financial asset is more than 365 days past due.

The Group considers the above as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 365 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

*Credit-impaired financial assets*

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred, such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

*Estimation techniques and significant assumptions*

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management (cont'd)

***Credit risk (cont'd)***

*Estimation techniques and significant assumptions (cont'd)*

Movements in credit loss allowance are as follows:

| | Amount due from an associated company 2021 $ | Amount due from an associated company 2020 $ |
|---|---|---|
| **Group** | | |
| Balance at 1 January | 500,000 | – |
| *(Reversal)/Additions* | | |
| Lifetime ECL | | |
| - Significant increase in credit risk | (26,560) | 500,000 |
| | (26,560) | 500,000 |
| Balance at 31 December (Note 18) | 473,440 | 500,000 |

| | Amounts due from an associated company $ | Amounts due from subsidiaries $ | Loan to subsidiaries $ | Total $ |
|---|---|---|---|---|
| **Company** | | | | |
| **2021** | | | | |
| Balance at 1 January 2021 | 500,000 | – | 12,521,802 | 13,021,802 |
| *Additions/(Reversal)* | | | | |
| Lifetime ECL | | | | |
| - Significant increase in credit risk | (26,560) | – | – | (26,560) |
| - Credit impaired | – | 1,510,980 | 10,922,782 | 12,433,762 |
| | (26,560) | 1,510,980 | 10,922,782 | 12,407,202 |
| Balance at 31 December 2021 (Note 18) | 473,440 | 1,510,980 | 23,444,584 | 25,429,004 |
| 2020 | | | | |
| Balance at 1 January 2020 | – | – | 11,474,357 | 11,474,357 |
| *Additions* | | | | |
| Lifetime ECL | | | | |
| - Significant increase in credit risk | 500,000 | – | – | 500,000 |
| - Credit impaired | – | – | 1,047,445 | 1,047,445 |
| | 500,000 | – | 1,047,445 | 1,547,445 |
| Balance at 31 December 2020 (Note 18) | 500,000 | – | 12,521,802 | 13,021,802 |

None of the amount due from subsidiaries or loan to a subsidiary that have been written off is subject to enforcement activities.

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management (cont'd)

***Credit risk (cont'd)***

*Trade receivables*

The Group and the Company have applied the simplified approach to measure the lifetime expected credit loss allowance for trade receivables.

The Group and the Company estimate the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions.

The Group has recognised 100% loss allowance against trade receivables over 365 days past due because historical experience has indicated that these trade receivables are generally not recoverable.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

*Credit quality of financial assets*

The table below details the credit quality of the Group's and the Company's financial assets:

| **Group 2021** | **12-month or lifetime ECL** | **Gross carrying amount $** | **Loss allowance $** | **Net carrying amount $** |
|---|---|---|---|---|
| Trade receivables | Lifetime | 5,554,035 | – | 5,554,035 |
| Other receivables | 12-month (Exposure limited) | 178,490 | – | 178,490 |
| Due from an associated company (non-trade) | Lifetime | 473,440 | (473,440) | – |
| Cash and cash equivalents | Not applicable (Exposure limited) | 815,209 | – | 815,209 |

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management (cont'd)

***Credit risk (cont'd)***

*Credit quality of financial assets (cont'd)*

The table below details the credit quality of the Group's and the Company's financial assets (cont'd):

| Group<br>2020 | 12-month<br>or lifetime ECL | Gross carrying<br>amount<br>$ | Loss allowance<br>$ | Net carrying<br>amount<br>$ |
|---|---|---|---|---|
| Trade receivables | Lifetime | 219,721 | – | 219,721 |
| Other receivables | 12-month<br>(Exposure<br>limited) | 118,322 | – | 118,322 |
| Due from an associated company (non-trade) | Lifetime | 1,670,900 | (500,000) | 1,170,900 |
| Cash and cash equivalents | Not applicable<br>(Exposure<br>limited) | 839,963 | – | 839,963 |

| Company<br>2021 | 12-month<br>or lifetime ECL | Gross carrying<br>amount<br>$ | Loss<br>allowance<br>$ | Net carrying<br>amount<br>$ |
|---|---|---|---|---|
| Trade receivables | 12-month | 536,344 | – | 536,344 |
| Other receivables | 12-month<br>(Exposure<br>limited) | 21,236 | – | 21,236 |
| Due from an associated company (non-trade) | Lifetime | 473,440 | (473,440) | – |
| Loan to a subsidiary | Lifetime | 23,444,584 | (23,444,584) | – |
| Amounts due from subsidiaries | Lifetime | 1,510,980 | (1,510,980) | – |
| Cash and cash equivalents | Not applicable<br>(Exposure<br>limited) | 42,924 | – | 42,924 |

## 28 FINANCIAL INSTRUMENTS (CONT'D)

### (b) Financial risks management (cont'd)

***Credit risk (cont'd)***

*Credit quality of financial assets (cont'd)*

The table below details the credit quality of the Group's and the Company's financial assets (cont'd):

| Company<br>2020 | 12-month<br>or lifetime ECL | Gross carrying amount<br>$ | Loss allowance<br>$ | Net carrying amount<br>$ |
|---|---|---|---|---|
| Trade receivables | 12-month | 93,150 | – | 93,150 |
| Other receivables | 12-month (Exposure limited) | 21,236 | – | 21,236 |
| Due from an associated company (non-trade) | Lifetime | 1,670,900 | (500,000) | 1,170,900 |
| Loan to a subsidiary | Lifetime | 12,521,802 | (12,521,802) | – |
| Cash and cash equivalents | Not applicable (Exposure limited) | 22,122 | – | 22,122 |

The credit loss exposure for cash and cash equivalents is immaterial as at 31 December 2021 and 31 December 2020.

***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of the financial assets and liabilities.

The Group and the Company monitor its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows. For the current financial year, the Group has net cash outflow from its operations. Notwithstanding this, management ensure the Group and the Company have sufficient cash resources on demand to meet expected operational expenses including the servicing of financial obligations.

The table below summarises the maturity profile of the Group's and the Company's non-derivative financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

## 28 FINANCIAL INSTRUMENTS (CONT'D)

**(b) Financial risks management (cont'd)**

***Liquidity risk (cont'd)***

| | 2021 | | | | 2020 | | |
|---|---|---|---|---|---|---|---|
| | Within 1 year | Within 2 to 5 years | More than 5 years | Total | Within 1 year | Within 2 to 5 years | Total |
| | $ | $ | $ | $ | $ | $ | $ |
| **Group** | | | | | | | |
| Trade and other payables | 3,632,634 | – | – | 3,632,634 | 3,457,816 | – | 3,457,816 |
| Lease liabilities | 280,378 | 995,371 | 1,852 | 1,277,601 | 66,731 | 44,035 | 110,766 |
| **Company** | | | | | | | |
| Trade and other payables | 1,846,216 | – | – | 1,846,216 | 3,100,953 | – | 3,100,953 |

## 29 FAIR VALUE OF ASSETS AND LIABILITIES

The carrying amount of the Group's and Company's financial assets and financial liabilities with a maturity of less than one year, which are primarily trade and other receivables and payables, due from/(to) subsidiaries, loans to subsidiaries, due from an associated company and borrowings is a reasonable approximation of fair value because of their relatively short term period of maturity.

The fair value of financial liability is approximate to its carrying value as the effect of discounting is immaterial.

## 30 SEGMENT INFORMATION

The Group is organised into business units based on its products and services for management purposes because they require different technology and marketing strategies. The operations in each of the Group's reportable segments are as follows:

Segment 1 : Retail of luxury goods ("Luxury goods")
Segment 2 : Distribution of specialty chemical products, consumable material, films and spare parts for electronic industry ("Distribution")
Segment 3*: Switchgear design and assembly
Segment 4*: Wholesale/Retail business in garments and cosmetic products ("Wholesale/Retail business")

* The segments have been discontinued since prior financial year (Note 11).

Other operations include investment holding companies. None of these segments meet any of the quantitative thresholds for determining reportable segments in 2021 or 2020.

# NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

## 30 SEGMENT INFORMATION (CONT'D)

The segment information provided to management for the reportable segments are as follows:

| | Luxury Goods<br>$ | Distribution<br>$ | Other<br>$ | Elimination<br>$ | Group<br>$ |
|---|---|---|---|---|---|
| **2021** | | | | | |
| Segment revenue | 22,790,394 | 548,201 | – | – | 23,338,595 |
| Segment profit/(loss) | (1,767,433) | (240,886) | (15,772,877) | 11,495,836 | (6,285,360) |
| JSS grant income | – | 16,050 | – | – | 16,050 |
| Depreciation | (107,286) | (27,350) | (18,658) | – | (153,294) |
| Reversal of inventory write down | – | 90,469 | – | – | 90,469 |
| Inventories written off | – | (645) | – | – | (645) |
| Write down of inventories | 182,815 | – | – | – | 182,815 |
| Impairment losses on amount due from subsidiary | – | – | (12,433,762) | 12,433,762 | – |
| Reversal of impairment losses on amount due from an associated company | – | – | 26,560 | – | 26,560 |
| Impairment losses on investment in subsidiary | – | – | (124,823) | 124,823 | – |
| Impairment losses of prepayments | – | – | (181,000) | – | (181,000) |
| Impairment losses of goodwill | (1,062,109) | – | – | – | (1,062,109) |
| Impairment losses of website development costs | – | – | (1,274,814) | – | (1,274,814) |
| Impairment losses of plant and equipment | (183,911) | – | – | – | (183,911) |
| Segment assets | 12,272,861 | 1,553,114 | 1,736,731 | (1,615,451) | 13,947,255 |
| *Segment assets includes:* | | | | | |
| Investment in associated companies | – | – | 817 | (817) | – |
| Additions to non-current assets | 1,638,432 | 499 | 366,636 | – | 2,005,567 |
| Segment liabilities | 26,831,397 | 177,975 | 3,002,053 | (25,193,367) | 4,818,058 |

## 30 SEGMENT INFORMATION (CONT'D)

The segment information provided to management for the reportable segments are as follows (cont'd):

| | Luxury Goods<br>$ | Distribution<br>$ | Switchgear Design and assembly (Discontinued)<br>$ | Wholesale/ Retail business (Discontinued)<br>$ | Other<br>$ | Elimination<br>$ | Group<br>$ |
|---|---|---|---|---|---|---|---|
| **2020** | | | | | | | |
| Segment revenue | 1,641,710 | 1,616,140 | – | – | – | – | 3,257,850 |
| Segment profit/(loss) | (1,836,595) | (326,160) | (2,172) | (12,015) | (4,289,366) | 2,348,845 | (4,117,463) |
| JSS grant income | – | 78,894 | – | – | 16,100 | – | 94,994 |
| Employment support scheme | 38,426 | – | – | – | – | – | 38,426 |
| Depreciation | – | (47,960) | (147) | (12,015) | (17,988) | – | (78,110) |
| Inventories written off | – | (24,786) | – | – | – | – | (24,786) |
| Loss on disposal of investment in subsidiaries and associated company | – | – | – | – | (755,208) | – | (755,208) |
| Share of loss of an associated company | – | – | – | – | (54,208) | – | (54,208) |
| Write down of inventories | – | (153,790) | – | – | – | – | (153,790) |
| Impairment losses on amount due from subsidiary | – | – | – | – | (1,047,445) | 1,047,445 | – |
| Impairment losses on amount due from an associated company | | | | | (500,000) | – | (500,000) |
| Impairment losses on investment in subsidiary | – | – | – | – | (1,301,400) | 1,301,400 | – |
| Segment assets | 396,545 | 1,914,250 | – | – | 3,902,373 | (1,808,918) | 4,404,250 |
| *Segment assets includes:* | | | | | | | |
| Investment in associated companies | – | – | – | – | 817 | (817) | – |
| Additions to non-current assets | – | 42,393 | – | – | 948,564 | – | 990,957 |
| Segment liabilities | 13,095,398 | 296,194 | – | – | 3,148,701 | (12,972,065) | 3,568,228 |

*Segment results*

Performance of each segment is evaluated based on segment profit or loss which is measured differently from the net profit or loss before tax in the consolidated financial statements. Finance costs are not allocated to segments as Group financing is managed on a group basis.

## 30 SEGMENT INFORMATION (CONT'D)

*Segment results (cont'd)*

A reconciliation of segment loss to the consolidated loss before tax is as follows:

| | 2021<br>$ | 2020<br>$ |
|---|---|---|
| Segment loss | (6,285,360) | (4,117,463) |
| Finance costs | (37,207) | (6,322) |
| Loss for the year | (6,322,567) | (4,123,785) |

*Segment assets*

The amounts provided to management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments based on the operations of the segments.

*Segment liabilities*

The amounts provided to management with respect to total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments.

*Geographical information*

The Group's business segments operate in two main geographic areas:

- Singapore - The Company is headquartered and has operations in Singapore. The operations in this area include investment holding, provision of administrative and management service, distribution of specialty chemical products and consumable material for the electronic industry and switchgear design and assembly services.

- People's Republic of China ("PRC") - The operations in this area include investment holding and sale of luxury goods in Hong Kong.

| | Revenue | | Non-current assets | |
|---|---|---|---|---|
| | 2021<br>$ | 2020<br>$ | 2021<br>$ | 2020<br>$ |
| Singapore | 583,616 | 1,616,140 | 1,254,977 | 1,061,921 |
| PRC | 22,740,421 | 1,641,710 | 137,771 | – |
| Korea | 14,558 | – | 1,308 | – |
| | 23,338,595 | 3,257,850 | 1,394,056 | 1,061,921 |

## 30 SEGMENT INFORMATION (CONT'D)

*Information about major customers*

Revenue is derived from three external customers (2020: one external customer) that contributes more than 10% of the Group revenue and are attributable to the segments as detailed below:

| | | Group | |
|---|---|---|---|
| | | **2021** | **2020** |
| | **Attributable segments** | **$** | **$** |
| Customer 1 | Luxury Goods Segment | 15,656,981 | 283,762 |
| Customer 2 | Luxury Goods Segment | 3,333,875 | – |
| Customer 3 | Luxury Goods Segment | 3,306,206 | 61,376 |
| Customer 4 | Distribution Segment | 24,919 | 1,234,590 |
| | | 22,321,981 | 1,579,728 |

## 31 CAPITAL MANAGEMENT

The objective when managing capital are to safeguard the reporting entity's ability to continue as a going concern, so that it can continue to provide returns for owners and benefits for other stakeholders, and to provide an adequate return to owners by pricing the sales commensurately with the level of risk. The management sets the amount of capital to meet its requirements and the risk taken. There were no changes in the approach to capital management during the reporting year. The management manages the capital structure and makes adjustments to it where necessary or possible in the light of changes in conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the management may adjust the amount of dividends paid to owners, return capital to owners, issue new shares, or sell assets to reduce debt. Adjusted capital comprises all components of equity (that is, share capital and reserves).

The Group and the Company do not have any external borrowings. The debt-to-adjusted capital ratio therefore does not provide a meaningful indicator of the risk of borrowings.

The Group and the Company are not subject to any externally imposed capital requirements for the financial years ended 31 December 2021 and 31 December 2020.

## 32 SUBSEQUENT EVENTS

(i) On 7 January 2022, the Group dissolved a wholly-owned subsidiary, Sansim Cosmetics (H.K.) Limited, a company that has been dormant since 2016. The transaction is not expected to have any material impact on the net tangible assets or earnings per share of the Group for the financial year ending 31 December 2022.

(ii) On 4 March 2022, the Group completed the acquisition of 100% equity interest in Billion Credit Financial Company Limited ("Billion"), a company incorporated in Hong Kong which is engaged in the business of money-lending mainly to individuals who provide assets as collateral. Prior to the acquisition, Billion is wholly-owned by Great Winner Holdings Limited which is wholly owned by the Executive Director, Christian Kwok-Leun Yau Heilesen. The agreed consideration of HK$5.8 million (equivalent to $1 million) is payable in a form of a promissory note with 8% interest per annum, and the maturity date of the promissory note is 30 September 2022. The promissory note is subsequently transferred to the immediate and ultimate holding company, Mission Well Limited.

On 31 May 2022, Mission Well Limited has undertaken not to demand the repayment of the promissory note upon maturity and the repayment term will be extended for one more year from the original maturity date. There are no changes to the remaining terms and conditions of the promissory note.

Billion became a wholly-owned subsidiary of the Company upon the completion of the acquisition. The Company is currently evaluating the appropriate accounting treatment for this acquisition for the financial year ending 31 December 2022.

(iii) On 22 March 2022, the Group completed the acquisition of 42% equity interest in Golden Ultra Limited ("Golden Ultra"), a company incorporated in British Virgin Island which is engaged in the business of investment holding. Prior to the acquisition, Golden Ultra is wholly owned by the Executive Director, Christian Kwok-Leun Yau Heilesen. The agreed consideration of HK$84 million (equivalent to $14.6 million) is payable in the form of non-interest bearing promissory note and the maturity date of the promissory note is 30 September 2022. The promissory note is subsequently transferred to Mission Well Limited. On 31 May 2022, Mission Well Limited has undertaken not to demand the repayment of the promissory note upon maturity and the repayment term will be extended for one more year from the original maturity date.

On 21 April 2022, Watches.com Limited (formerly known as Ntegrator International Ltd), announced that it has completed the acquisition of 55% equity interest in Golden Ultra. Watches.com Limited is a public limited liability company incorporated and domiciled in Singapore and is listed on the Catalist of the Singapore Exchange Securities Trading Limited. Watches.com Limited is a related party to the Group as the controlling shareholder, Christian Kwok-Leun Yau Heilesen, is also the Key Management Personnel and substantial shareholder of Watches.com Limited. Subsequent to the acquisition, share capital of Golden Ultra are 55% held by Watches.com Limited, 42% held by the Company and 3% held by Christian Kwok-Leun Yau Heilesen.

As at the date of financial statements, the Company is still evaluating the appropriate accounting treatment in respect of its investment in Golden Ultra.

(iv) On 6 April 2022, the Group completed the acquisition of 15% equity interest in New Genesis Development Limited ("New Genesis"), a company incorporated in British Virgin Island which is engaged in the business of investment holding. The agreed consideration of HK$18 million (equivalent to $3.1 million) is payable in the form of non-interest bearing promissory note and the maturity date of the promissory note is 7 April 2024. On 30 May 2022, Watches.com Limited, announced that they have completed the acquisition of 85% equity interest in New Genesis.

## 32 SUBSEQUENT EVENTS (CONT'D)

(v) On 6 May 2022, the Group announced that the Company has entered into 3 conditional placement agreements with Mission Well Limited, Ms Zhou Qilin and Ms Zheng Zeli. A proposed allotment and issuance of an aggregate of 12,619,006,855 new ordinary shares in the Company to Mission Well Limited at a subscription price of $0.0011 per subscription share, a proposed issuance of 18,928,510,282 free Warrants, on the basis of 15 free Warrants on every 10 subscription shares, to Mission Well Limited, each Warrant shall grant the holder thereof the right to subscribe for one new ordinary share in the Company at an exercise price of $0.0011 for each exercised share, a proposed allotment and issuance of an aggregate of 636,363,636 subscription shares to Ms Zhou Qilin at a subscription price of $0.0011 per subscription share. A proposed issuance of 954,545,454 free Warrants, on the basis of 15 free Warrants on every 10 subscription shares to Ms Zhou Qilin, each Warrant shall grant the holder thereof the right to subscribe for one exercised share at the exercise price for each exercised share, a proposed allotment and issuance of an aggregate of 836,363,636 Subscription Shares to Ms Zheng Zeli at a subscription price of $0.0011 per subscription share; and a proposed issuance of 1,254,545,454 free Warrants, on the basis of 15 free Warrants on every 10 subscription shares to Ms Zheng Zeli, each Warrant shall grant the holder thereof the right to subscribe for one exercised share at the exercise price for each exercised share. The aggregate total subscription amount to be paid by the subscriber for the 14,091,734,127 subscription shares is $15,500,907. The proposed 3 conditional placement agreements mentioned above are subject to members' approval during the extraordinary general meeting to be held by the Company on 25 June 2022.

(vi) During an extraordinary general meeting ("EGM") held on 4 May 2022, the members of the Company approved the following transactions:-

a) Issuance of 0% perpetual convertible bonds of $6,900,000 to Watches.com Limited;

b) Issuance of 0% perpetual convertible bonds of an aggregate principal amount of $2,100,000 to Watches.com Limited, which shall, at the option of the holder thereof, be convertible into new ordinary shares of the Company at a conversion price of $0.004 per ordinary share, on the terms and conditions specified in the Subscription Agreement;

c) Issuance of 1,000,000,000 free warrants (the "Warrants") to Watches.com Limited, each Warrant shall grant the holder thereof the right to subscribe for one new ordinary share of the Company at an exercise price of $0.0016 (the "Exercise Price"), on the terms and conditions specified in the Deed Poll; and

d) To subscribe the Watches.com Limited's perpetual convertible bonds of $9,000,000 and 10,000,000,000 warrants at an exercise price of $0.003333

The issuance of (a) and (b) perpetual convertible bonds to Watches.com Limited totalling $9,000,000, and the subscription of Watches.com Limited's perpetual convertible bonds of $9,000,000 by the Company are non-cash transactions. None of the transactions above are executed as at the date of this report.

## 33 AUTHORISATION OF FINANCIAL STATEMENTS

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the directors on 7 June 2022.

# STATISTICS OF SHAREHOLDINGS

As at 20 May 2022

## SHARE CAPITAL INFORMATION

| | |
|---|---|
| Issued and paid-up share capital | S$53,937,032.19 |
| Number of Shares | 2,993,532,545 |
| Class of shares | Ordinary share |
| Voting rights | One vote per share |
| Number of treasury shares and subsidary holdings held | Nil |

## DISTRIBUTION OF SHAREHOLDINGS AS AT 20 MAY 2022

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 - 99 | 1,305 | 43.91 | 35,800 | 0.00 |
| 100 – 1,000 | 964 | 32.44 | 252,641 | 0.01 |
| 1,001 - 10,000 | 167 | 5.62 | 548,270 | 0.02 |
| 10,001 - 1,000,000 | 395 | 13.29 | 116,683,388 | 3.90 |
| 1,000,001 AND ABOVE | 141 | 4.74 | 2,876,012,446 | 96.07 |
| **Total** | 2,972 | 100.00 | 2,993,532,545 | 100.00 |

## LIST OF 20 LARGEST SHAREHOLDERS AS AT 20 MAY 2022

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | MISSION WELL LIMITED | 1,709,659,281 | 57.11 |
| 2 | MAYBANK SECURITIES PTE. LTD. | 248,997,756 | 8.32 |
| 3 | HSBC (SINGAPORE) NOMINEES PTE LTD | 60,802,500 | 2.03 |
| 4 | PHILLIP SECURITIES PTE LTD | 54,677,945 | 1.83 |
| 5 | KOH KAH BENG (XU JIAMING) | 54,531,201 | 1.82 |
| 6 | TAN LYE SENG | 43,016,352 | 1.44 |
| 7 | GOH GUAN SIONG (WU YUANXIANG) | 36,011,000 | 1.20 |
| 8 | RAFFLES NOMINEES(PTE) LIMITED | 35,945,668 | 1.20 |
| 9 | CHONG VOON TECK | 35,000,001 | 1.17 |
| 10 | SOLIGNY BRUNO LUDOVIC | 33,616,937 | 1.12 |
| 11 | IFAST FINANCIAL PTE LTD | 26,533,646 | 0.89 |
| 12 | NG SENG HONG | 26,500,000 | 0.89 |
| 13 | UOB KAY HIAN PTE LTD | 20,439,605 | 0.68 |
| 14 | WONG HAN YEW | 19,998,846 | 0.67 |
| 15 | LEOW MENG HONG | 19,625,693 | 0.66 |
| 16 | DBS NOMINEES PTE LTD | 17,038,459 | 0.57 |
| 17 | OCBC SECURITIES PRIVATE LTD | 16,053,230 | 0.54 |
| 18 | GOH RUI REN | 12,445,300 | 0.42 |
| 19 | LEE KWEE YONG | 12,300,000 | 0.41 |
| 20 | KOH CHOON HAI | 12,200,000 | 0.41 |
| | **Total** | **2,495,393,420** | **83.36** |

# STATISTICS OF SHAREHOLDINGS

As at 20 May 2022

## SUBSTANTIAL SHAREHOLDERS AS AT 20 MAY 2022

(As shown in the Register of Substantial Shareholders)

| Name of Shareholders | Direct Interest | % | Deemed Interest | % |
|---|---|---|---|---|
| Christian Kwok-Leun Yau Heilesen | – | 0.00 | 1,770,461,781 | 59.14 |
| Zhou Qilin | 207,854,251 | 6.94 | – | – |
| Mission Well Limited | 1,709,659,281 | 57.11 | – | – |

## PERCENTAGE OF SHAREHOLDINGS IN PUBLIC HANDS

Based on information available to the Company as at 20 May 2022 approximately 33.91% of the issued ordinary shares of the Company is held by the public, and therefore, Rule 723 of the Section B: Rules of Catalist of the SGX-ST Listing Manual is complied with.

**Notes:**

Christian Kwok-Leun Yau Heilesen ("CKLY") is deemed interested in 1,709,659,281 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 60,802,500 shares held by CKLY Family Trust through HSBC (Singapore) Nominees Pte Ltd (which the beneficiaries are family members of CKLY).

# DISTRIBUTION OF WARRANT HOLDINGS

As at 20 May 2022

## STATISTICS OF WARRANT HOLDINGS (W240204) AS AT 20 MAY 2022

Exercise Price: $0.012 (1.2 cents) for each new share on the exercise of a warrant
Exercise Period: Commencing on 2 February 2021 and expiring at 5:00 p.m. 1 February 2024 pursuant to the Deed Poll
Warrant Agent: KCK Corpserve Pte Ltd

*Note: W210311 has expired and delisted on 12 March 2021.*

## DISTRIBUTION OF WARRANT HOLDINGS AS AT 20 MAY 2022

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|---|---|---|---|---|
| 1-99 | 1 | 0.37 | 12 | 0.00 |
| 100 – 1,000 | 5 | 1.83 | 2,399 | 0.00 |
| 1,001 - 10,000 | 12 | 4.40 | 43,621 | 0.00 |
| 10,001 - 1,000,000 | 140 | 51.28 | 46,577,355 | 1.73 |
| 1,000,001 AND ABOVE | 115 | 42.12 | 2,647,047,340 | 98.27 |
| **Total** | 273 | 100.00 | 2,693,670,727 | 100.00 |

## LIST OF 20 LARGEST WARRANT HOLDERS AS AT 20 MAY 2022

| No. | Name | No. of Shares | % |
|---|---|---|---|
| 1 | MISSION WELL LIMITED | 1,625,263,325 | 60.34 |
| 2 | MAYBANK SECURITIES PTE. LTD. | 160,746,605 | 5.97 |
| 3 | HSBC (SINGAPORE) NOMINEES PTE LTD | 55,275,000 | 2.05 |
| 4 | UOB KAY HIAN PTE LTD | 50,050,300 | 1.86 |
| 5 | TAN LYE SENG | 41,599,800 | 1.54 |
| 6 | PHILLIP SECURITIES PTE LTD | 41,473,500 | 1.54 |
| 7 | DIANA SNG SIEW KHIM | 40,000,000 | 1.49 |
| 8 | RAFFLES NOMINEES(PTE) LIMITED | 38,170,500 | 1.42 |
| 9 | GOH GUAN SIONG (WU YUANXIANG) | 36,010,000 | 1.34 |
| 10 | CHONG VOON TECK | 35,000,001 | 1.30 |
| 11 | SEOW MING LIANG | 29,199,202 | 1.08 |
| 12 | NG SENG HONG | 26,500,000 | 0.98 |
| 13 | DBS NOMINEES PTE LTD | 23,474,400 | 0.87 |
| 14 | TEO EE PING | 22,000,001 | 0.82 |
| 15 | KOH KAH BENG (XU JIAMING) | 21,000,001 | 0.78 |
| 16 | LEOW MENG HONG | 18,000,000 | 0.67 |
| 17 | GOH RUI REN | 15,000,000 | 0.56 |
| 18 | WONG HAN YEW | 14,949,901 | 0.56 |
| 19 | SOLIGNY BRUNO LUDOVIC | 13,000,000 | 0.48 |
| 20 | YEO KOK HIONG | 11,120,000 | 0.41 |
| | **Total** | **2,317,832,536** | **86.05** |

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Company will be convened and held by electronic means on Wednesday, 29 June 2022 at 11:00 a.m. (of which there will be a live webcast) for the following purposes:-

## ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the financial year ended 31 December 2021 and the Directors' Statement and Auditors' Report thereon.

   **(Resolution 1)**

2. To approve the Directors' fees of **S$123,372** (2020: **S$120,000**) for the financial year ended 31 December 2021.

   **(Resolution 2)**

3. To re-elect Mr Christian Kwok-Leun Yau Heilesen, a Director who will retire pursuant to Regulation 89 of the Constitution of the Company.

   **(Resolution 3)**

   Detailed information of Mr Christian Kwok-Leun Yau Heilesen can be found under the sections, "Directors' Profile" in the Annual Report and "Key Information of Directors" in the Corporate Governance Statement contained in the Annual Report.

4. To re-elect Mr Leung Yu Tung Stanley, a Director who will retire pursuant to Regulation 89 of the Constitution of the Company.

   **(Resolution 4)**

   Mr Leung Yu Tung Stanley will upon re-election as Director of the Company, remain as Chairman of the Audit Committee. Detailed information of Mr Leung Yu Tung Stanley can be found under the sections, "Directors' Profile" in the Annual Report and "Key Information of Directors" in the Corporate Governance Statement contained in the Annual Report.

   To note the auditors, Baker Tilly TFW LLP are not seeking re-appointment, and the Company is in the process of seeking to appoint a new auditor and will update the shareholders in due course.

## SPECIAL BUSINESS

To consider and if thought fit, pass the following ordinary resolutions, with or without modifications:-

5. Authority to issue shares

   (a) "That pursuant to Section 161 of the Companies Act, and the rules under Section B: Rules of Catalist of the SGX-ST Listing Manual (the "Rules of Catalist"), approval be and is hereby given to the Directors of the Company, to:

      (i) issue shares in the capital of the Company (the "Shares") whether by way of rights, bonus or otherwise; and/ or

      (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require Shares to be issued including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while the authority was in force, provided always that

(i) the aggregate number of shares to be issued pursuant to this resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this resolution) does not exceed 100% of the total number of issued Shares excluding treasury shares and subsidiary holdings, of which the aggregate number of Shares and convertible securities to be issued other than on a *pro rata* basis to existing shareholders of the Company does not exceed 50% of the total number of issued Shares excluding treasury shares and subsidiary holdings, and for the purpose of determining the aggregate number of Shares and Instruments that may be issued under this resolution, the percentage of the total number of issued Shares excluding treasury shares and subsidiary holdings shall be based on the Company's total number of issued Shares excluding treasury shares and subsidiary holdings at the time this resolution is passed, after adjusting for:

(a) new Shares arising from the conversion or exercise of convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Rules of Catalist of the SGX-ST;

(c) any subsequent bonus issue, consolidation or subdivision of Shares,

and adjustments in accordance with (a) or (b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this resolution; and

(ii) in exercising the authority conferred by this resolution, the Company shall comply with the provisions of the Rules of Catalist of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST or the Sponsor) and the Constitution for the time being of the Company; and

(iii) such authority shall, unless revoked or varied by the Company at a general meeting, continue in force until the conclusion of the next Annual General Meeting or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

**(Resolution 5)**
**(See Explanatory Note 1)**

**5A. Authority to allot and issue new Shares in the capital of the Company and/or instruments under Rule 806(2)(b) of the Catalist Rules (Special Resolution)**

"That, pursuant to Section 161 of the Companies Act 1967 of Singapore (the "**Act**") and Rule 806(2)(b) of Section B: Rules of Catalist (the "**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:

(A) (i) allot and issue shares in the capital of the Company (the "**Shares**") (whether by way of rights, bonus or otherwise); and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require new Shares to be allotted and issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company shall in their absolute discretion deem fit; and

(B) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) allot and issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of Shares to be allotted and issued pursuant to this Resolution (including Shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) and convertible securities to be allotted and issued pursuant to this Resolution shall not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), whether on a pro rata or non pro rata basis (as at the time of passing of this Resolution);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of new Shares and convertible securities that may be allotted and issued under sub-paragraph (1) above, the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new Shares arising from the conversion or exercise of any Instruments or any convertible securities;

(b) new Shares arising from exercising share options or vesting of share awards, provided that the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of Shares.

Any adjustments made in accordance with sub-paragraphs (2)(a) and (2)(b) above shall only be made in respect of new Shares arising from convertible securities and Instruments which were issued and outstanding and/or subsisting at the time of the passing of this Resolution.

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules as amended from time to time (unless such compliance has been waived by the SGX-ST) and the Constitution of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier."

**(Resolution 5A)**
**(See Explanatory Note 1A)**

6. Authority to grant awards and issue shares under the Incredible Holdings Performance Share Plan

"That pursuant to Section 161 of the Companies Act, approval be and is hereby given to the Directors to grant awards in accordance with the provisions of the Incredible Holdings Performance Share Plan ("Incredible Holdings PSP") and to allot and issue and /or transfer from time to time such number of fully paid-up shares as may be required to be issued and/or transferred pursuant to the vesting of awards under the Incredible Holdings PSP, provided that:

(i) the aggregate number of new shares to be issued and/or existing shares to be transferred pursuant to the vesting of awards granted or to be granted under the Incredible Holdings PSP and all other share based schemes of the Company shall not exceed 15% of the total number of issued shares (excluding treasury shares and subsidiary holdings) on the day preceding that date; and

(ii) to apply any share purchased or acquired under any share purchase mandate and to deliver such existing shares (including any treasury shares) towards the satisfaction of awards granted under the Incredible Holdings PSP."

**(Resolution 6)**
**(See Explanatory Note 2)**

7. Authority to issue shares and securities pursuant to the Proposed Issuance

"RESOLVED THAT:

(a) pursuant to the provisions of Section 161 of the Companies Act but subject otherwise to the provisions of the Companies Act and the constitution of the Company, the directors of the Company be and are hereby authorised (notwithstanding that the issue thereof may take place after the conclusion of the next annual general meeting and before the conclusion of the ensuing annual general meeting) to issue:

(i) 0% perpetual convertible bonds of an aggregate principal amount of S$6,900,000 (the "**Perpetual Bonds**");

(ii) 0% perpetual convertible bonds of an aggregate principal amount of S$2,100,000 (the "**Perpetual Convertible Bonds**") which shall, at the option of the holder thereof, be convertible into new Shares (the "**Conversion Shares**") at a conversion price of S$0.004 per Conversion Share (the "**Conversion Price**"), on the terms and conditions specified in the Subscription Agreement;

(iii) 1,000,000,000 free warrants (the "**Warrants**"), each Warrant shall grant the holder thereof the right to subscribe for one new Share (the "**Exercised Share**") at an exercise price of S$0.0016 (the "**Exercise Price**"), on the terms and conditions specified in the Deed Poll; and

(iv) such number of additional Warrants arising from the adjustments to the number of Warrants in accordance with the terms and conditions specified in the Deed Poll (such additional warrants to rank *pari passu* in all respects with the then existing Warrants and without preference or priority among themselves and among the then existing Warrants, save as may otherwise be provided in the terms and conditions specified in the Deed Poll); and

(b) pursuant to the provisions of Section 161(4) of the Companies Act but subject otherwise to the provisions of the Companies Act and the constitution of the Company, the directors of the Company be and are hereby authorised to issue:

(i) such number of Conversion Shares arising from the conversion of the Perpetual Convertible Bonds issued pursuant to paragraph (a)(i);

(ii) such number of Exercised Shares arising from the exercise of the Warrants issued pursuant to paragraph (a)(ii); and

(iii) such number of additional Exercised Shares arising from the exercise of the additional Warrants issued pursuant to paragraph (a)(iii),

and such authority shall continue in force notwithstanding that the authority granted by paragraph (a) has ceased to be in force; and

(c) the directors of the Company and each of them be and are hereby authorised to complete and to do all such acts and things (including executing all such documents as may be required and to approve any amendments or modifications to any such documents) as they and/or he/she may consider necessary, desirable or expedient to give effect to this Resolution 8."

**(Resolution 7)**
**(See Explanatory Note 3)**

ANY OTHER BUSINESS

8. To transact any other business which may properly be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD

Executive Director
Christian Kwok-Leun Yau Heilesen
**7 June 2022**

**Explanatory Notes on Special Business:**

1. The Ordinary Resolution 6 proposed in item 6 above, if passed, will empower Directors of the Company from the date of the above Meeting until the next Annual General Meeting ("**AGM**") to issue Shares and convertible securities in the Company up to an amount not exceeding in aggregate 100 per cent of the total number of the Company's issued Shares excluding treasury shares and subsidiary holdings , of which the total number of Shares and convertible securities issued other than on a *pro rata* basis to existing shareholders shall not exceed 50 percent of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. Rule 806(2) of the Rules of Catalist currently provides that the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company for this purpose shall be the total number of issued Shares excluding treasury shares and subsidiary holdings at the time this resolution is passed (after adjusting for new Shares arising from the conversion of convertible securities or share options on issue at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's Shares). This authority will, unless revoked or varied at a general meeting, expire at the next AGM of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.

1A. Resolution 6A, the Special Resolution proposed in item 6A above, if passed, will empower the Directors, unless revoked or varied by the Company in a general meeting, from the date of the above Annual General Meeting until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting is required by law to be held, whichever is the earlier, to allot and issue Shares, make or grant Instruments convertible into Shares and to issue Shares pursuant to such Instruments. The aggregate number of Shares and convertible instruments which the Directors may allot and issue under this Resolution shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company, whether on a *pro rata* or *non pro rata* basis, at the time of passing this Resolution.

For determining the aggregate number of Shares that may be issued, the total number of issued Shares (excluding treasury shares and subsidiary holdings) will be calculated based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Special Resolution is passed after adjusting for new Shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Special Resolution is passed and any subsequent bonus issue, consolidation or subdivision of Shares.

Shareholders should note that (a) if Resolution 6A (Special Resolution) is passed, Resolution 6 will not be adopted, and (b) if Resolution 6 and Resolution 6A (Special Resolution) are passed, the Company will only adopt Resolution 6A (Special Resolution).

2. The Ordinary Resolution 7 proposed in item 7 above, if passed, will empower the directors to offer and grant awards pursuant to the Incredible Holdings PSP and to issue shares or transfer existing shares of the Company pursuant to the vesting of awards granted under the Incredible Holdings PSP provided that: (a) the aggregate number of new shares to be issued and/or existing shares to be transferred shall not exceed 15% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings ) on the date preceding the relevant date of award. The Incredible Holdings PSP was approved by shareholders at the extraordinary general meeting held on 6 September 2017.

3. *Unless otherwise defined, all capitalised terms in Ordinary Resolution 8 and this explanatory note 3 shall have the same meanings as ascribed to them in the circular issued to the shareholders of the Company dated 4 May 2022.*

Shareholders should refer to the announcements dated 5 January 2022, 6 January 2022, 11 January 2022, 26 April 2022, 29 April 2022, and 4 May 2022, and the Company's circular dated 11 April 2022 for further details on, *inter alia*, the Proposed Issuance.

The Company had, on 4 May 2022, received shareholders' approval of, *inter alia*, the Issuance Resolution. The authority given under Issuance Resolution (b) and (c) will expire at the conclusion of the upcoming Annual General Meeting. Accordingly, Ordinary Resolution 8 proposed in item 8 above, if passed, will authorise Directors of the Company to issue Perpetual Bonds, Perpetual Convertible Bonds, Conversion Shares, Warrants and Exercised Shares pursuant to the Proposed Issuance.

Mr Christian Kwok-Leun Yau Heilesen, Watches.com Limited (formerly known as Ntegrator International Ltd.) and their associates shall abstain from voting on Ordinary Resolution 8. The Company will disregard any votes cast on Ordinary Resolution 8 by Mr Christian Kwok-Leun Yau Heilesen, Watches.com Limited (formerly known as Ntegrator International Ltd.) and their associates in accordance with Catalist Rule 812.

# NOTICE OF ANNUAL GENERAL MEETING

**Notes:**

The AGM will be held, by electronic means 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. Printed copies of this Notice will not be sent to members. This Notice and Proxy Form can be accessed and downloaded from the Company's website and the SGX website.

The Company is arranging for a live webcast of the AGM proceedings (the "Live AGM Webcast") which will take place on **29 June 2022 at 11:00 a.m. Shareholders will be able to watch the AGM proceedings through the Live AGM Webcast using their computers, tablets or mobile phones. The Company will not accept any physical attendance by shareholders**.

Shareholders will be able to participate in the AGM in following manner set out in the paragraphs below.

**Live Webcast:**

1. Shareholders may watch the AGM proceedings through the Live AGM Webcast. To do so, shareholders will need to register at https://www.corporateofficedepot.com/ihl-agm-22w27 (the "Registration Link") by 11:00 a.m. on 26 June 2022 (the "Registration Deadline") to enable the Company to verify their status.

2. Following verification, authenticated shareholders will receive an email by 11:00 a.m. on 28 June 2022 containing a link to access the live audio-visual webcast of the AGM proceedings as well as a toll-free telephone number to access the live audio-only stream of the AGM proceedings.

3. Shareholders must not forward the abovementioned link or telephone number to other persons who are not shareholders of the Company and who are not entitled to attend the AGM. This is also to avoid any technical disruptions or overload to the Live AGM Webcast.

4. Shareholders who register by the Registration Deadline but do not receive an email response by 12:00 p.m. on 28 June 2022 may contact the Company by email to ihl-agm@kckcs.com.sg.

**Submission of Proxy Forms to Vote:**

1. Shareholders who wish to vote at the AGM may submit a proxy form to appoint the Chairman of the AGM to cast votes on their behalf.

2. A shareholder (individual or corporate) who appoints the Chairman of the AGM 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 AGM as proxy for that resolution will be treated as invalid.

3. The proxy form (a copy of which is also attached hereto), duly completed and signed, must be submitted by mail to 24 Raffles Place #07-07 Clifford Centre Singapore 048621 or via email to the Company at ihl-agm@kckcs.com.sg **no later than 11:00 a.m. on 26 June 2022, being 72 hours before the time fixed for the AGM**.

   **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

4. CPF or SRS investors who wish to vote should approach their respective CPF Agent Banks or SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 11:00 a.m. on 20 June 2022) in order to allow sufficient time for their respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman of the AGM to vote on their behalf by the cut-off date.

# NOTICE OF ANNUAL GENERAL MEETING

**Please note that shareholders will not be able to vote through the live webcast and can only vote with their proxy forms which are required to be submitted in accordance with the foregoing paragraphs.**

**Submission of Questions:**

1. Shareholders may submit questions relating to the items on the agenda of the AGM via the Registration Link. All questions must be submitted by 11:00 a.m. on 15 June 2022.

2. The Company will endeavour to address the substantial and relevant questions on or before 21 June 2022. The responses to such questions from shareholders, together with the minutes of the AGM, will be posted on the SGXNet and the Company's website within one month after the date of the AGM.

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

   *The contact person for the Sponsor is Ms Vera Leong.*
   *Telephone number: +65 6415 9881*

**Personal data privacy:**

By submitting this instrument appointing Chairman of the AGM as proxy to attend, speak and vote at the AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM of the Company (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM of the Company (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

In the case of a member who is a relevant intermediary, by submitting an instrument containing the personal data of individuals, such member (i) warrants that it has obtained the prior consent of such individuals for the collection, use and disclosure by the Company (and/or its agents or service providers) of the personal data of such individuals in connection with their participation in the broadcast of the AGM (including any adjournment thereof) for the said Purposes, and (ii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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**PROXY FORM**

**INCREDIBLE HOLDINGS LTD.**
(Incorporated in the Republic of Singapore)
Registration No. 199906220H

**IMPORTANT:**

1. This Proxy Form is not valid for use by investors who hold ordinary shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)), including CPF and SRS investors, and shall be ineffective for all intents and purposes if used or purported to be used by them. Such investors (including SRS investors), if they wish to vote, CPF and SRS investors should approach their respective CPF Agent Banks and SRS Operators to submit their votes at least seven (7) working days before the AGM (i.e. by 20 June 2022). Other investors holding shares in the Company through relevant intermediaries who wish to vote should approach their relevant intermediaries as soon as possible to specify voting instructions

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing the Chairman of the AGM as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 June 2022.

I/We, ______________________________________________

of ______________________________________________

being *a member/members of INCREDIBLE HOLDINGS LTD. (the "Company"), hereby appoint the Chairman of the Annual General Meeting ("**AGM**") of the Company, being Mr. Leung Kwok Kuen Jacob (the Independent Non-Executive Chairman of the Company), as my/our proxy/proxies, to vote for me/us on my/our behalf at the AGM of the Company to be held by electronic means on Wednesday, 29 June 2022 at 11:00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against or abstain from voting on the resolutions to be proposed at the AGM in the spaces provided hereunder.

**In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the AGM as your proxy for that resolution will be treated as invalid.**

**Please indicate your vote "For" or "Against" or "Abstain" with a tick [√] or cross (x) within the box provided.**

| **No.** | **ORDINARY BUSINESS** | **No. of Votes or indicate with a tick cross (x) or tick (√)** | | |
|---|---|---|---|---|
| | | **For** | **Against** | **Abstain** |
| 1. | To receive and adopt the Audited Accounts for the financial year ended 31 December 2021 and the Directors' Statement and Auditors' Report thereon. | | | |
| 2. | To approve the Directors' fee of S$123,372 for the financial year ended 31 December 2021. | | | |
| 3. | To re-elect Mr Christian Kwok-Leun Yau Heilesen, a Director of the Company, pursuant to Regulation 89 of the Constitution. | | | |
| 4. | To re-elect Mr Leung Yu Tung Stanley, a Director of the Company pursuant to Regulation 89 of the Constitution. | | | |
| 5. | To authorize Directors to issue shares pursuant to Section 161 of the Companies Act 1967. | | | |
| 5A. | To authorise Directors to issue shares pursuant to Section 161 of the Companies Act 1967 and Rule 806(2)(b) of the Catalist Rules (Special Resolution). | | | |
| 6. | To authorise Directors to grant awards and issue shares under the Incredible Holdings Performance Share Plan | | | |
| 7. | To authorise Directors to issue shares and securities pursuant to the Proposed Issuance. | | | |

* delete where applicable

** All resolutions would be put to vote by poll in accordance with the Listing Rules of Catalist of the Singapore Exchange Securities Trading Limited.

Please cross (X) or tick (√) or indicate the number of votes within the box provided. A cross or tick would represent you are exercising all your votes "For" or "Against" or "Abstain" from the relevant resolution.

Dated this ________day of___________, 2022

| **Total Number of Shares Held** |
|---|
| |

______________________________________________

Signature(s) of Member(s)/Common Seal

**IMPORTANT: PLEASE READ NOTES BEFORE COMPLETING THE PROXY FORM**

**Notes:**

Due to the fast-evolving COVID-19 situation in Singapore, the Company is taking the relevant steps in accordance with Part 4 of the COVID-19 (Temporary Measures) Act 2020. The Company's Annual Report 2021, Notice of AGM and this proxy form has been made available on SGXNet and the Company's corporate website at www. incredible.sg. A printed copy of Annual Report 2021, Notice of AGM and this Proxy Form will **NOT** be despatched to members. Please refer to the Notice of AGM for the alternative arrangement for the AGM.

1. This instrument appointing Chairman of the AGM as proxy must be under the hand of the appointer or his attorney duly authorized in writing. Where this instrument is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

2. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with its Constitution of the Company and Section 179 of the Companies Act, Chapter 50 of Singapore.

3. This instrument together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must either be (a) submitted by mail to 24 Raffles Place #07-07 Clifford Centre Singapore 048621; or (b) submitted by email to ihl-agm@kckcs.com.sg, not later than 26 June 2022 at 11:00 a.m. which is 72 hours before the time set for the meeting.

   **In view of the current COVID-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.**

4. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number of shares is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

5. The Company shall be entitled to reject this if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the AGM lodged if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

6. Personal data privacy: By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

Incredible

INCREDIBLE HOLDINGS LTD.
(Company Registration Number 199906220H)

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

Tel: 6268 9565
Fax: 6268 9735
Email: investors@incredible.sg