

Our Ref: REG/LC/GT/SH/NOC2022060003

27 June 2022

**The Board of Directors
Incredible Holdings Ltd.**
280 Woodlands Industrial Park E5
#10-50 Harvest @ Woodlands
Singapore 757322

Dear Sirs,

NOTICE OF COMPLIANCE (THE “NOTICE”)

**INCREDIBLE HOLDINGS LTD.
 (“INCREDIBLE” OR THE “COMPANY”, TOGETHER WITH ITS SUBSIDIARIES, THE
 “GROUP”)**

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1. Singapore Exchange Regulation (“**SGX RegCo**” or the “**Exchange**”) refers to the following SGXNet announcements made by the Company previously:
 - (a) Dated 18 October 2021 (Announcement Reference No. SG2110180THRCQJW) titled “*The Proposed Acquisition of Golden Ultra Limited – Entry into Share Purchase Agreement*”);
 - (b) Dated 27 October 2021 (Announcement Reference No. SG2110270THRUUA9F) titled “*Proposed Acquisition of Gadmove Group – Entry into Share Purchase Agreement*”;
 - (c) Dated 5 January 2022 (Announcement Reference No. SG2201050THRC6C0) titled “*Proposed Issuance of Perpetual Bonds, Perpetual Convertible Bonds and Warrants – Entry into Subscription Agreement*”;
 - (d) Dated 5 January 2022 (Announcement Reference No. SG2201050THRCAC1) titled “*The Proposed Subscription of Perpetual Convertible Bonds and Warrants in Ntegrator International Ltd. – Entry into Subscription Agreement*”;
 - (e) Dated 6 May 2022 (Announcement Reference No. SG2205060THR88WJ) titled “*Proposed Placement Exercise – Entry into Placement Agreements*”; and

Singapore Exchange Regulation Pte. Ltd.
Company Reg No. 201709600D
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(f) Dated 11 June 2022 (Announcement Reference No. SG220611OTHRJQYF) titled “Proposed Placement Exercise – Withdrawal of Notice of EGM and Circular Dated 3 June 2022”.

2. Common Shareholder and Directors - Company and Watches.com Limited

2.1 Mr Christian Kwok-Leun Yau Heilesen (“**Mr Heilesen**”) is the Executive Director of both the Company and Watches.com Limited (“**Watches.com**”), a company listed on Catalist and formerly known as Ntegrator International Ltd.

2.2 The Board of both listed companies are as follows:-

Incredible Holdings Ltd.		Watches.com Limited	
Christian Kwok-Leun Yau Heilesen	Executive Director	Christian Kwok-Leun Yau Heilesen	Executive Director
Leung Kwok Kuen Jacob	Independent Non-Executive Chairman	Leung Kwok Kuen Jacob	Independent Director
Leung Yu Tung Stanley	Independent Director	Leung Yu Tung Stanley	Independent Director
Zhou Jia Lin	Non-Executive, Non-Independent Director	Zhou Jia Lin	Independent Director
Eunice Veon Koh Pei Lee	Independent Director	Han Meng Siew	Executive Director
		Tao Yeoh Chi	Independent Director
		Chay Yiowmin	Independent Non-Executive Chairman

2.3 Mission Well Limited (“**Mission Well**”) is a controlling shareholder and substantial shareholder of the Company and Watches.com, holding 57.11% and 10.9%, respectively. Mr Heilesen is the sole shareholder and director of Mission Well, and he currently holds total deemed interest of 59.14% in the Company.

3. Background – Series of Corporate Actions

3.1 On 18 October 2021, the Company entered into a share purchase agreement (“**SPA**”) with Mr Heilesen to acquire 42% interest in Golden Ultra Limited (“**Golden Ultra**”) for a consideration of S\$14.6 million. Prior to this, on 12 October 2021, Watches.com had also entered into a SPA with Mr Heilesen to acquire 55% interest in Golden Ultra for a consideration of S\$14.4 million.

The purchase consideration was paid via issuance of promissory notes by the Company and Watches.com respectively, to Mr Heilesen. The two listed companies acquired an aggregate of 97% interest in Golden Ultra, with Mr Heilesen holding the remaining 3% interest.

The acquisitions of Golden Ultra by the Company and Watches.com are interested person transactions (“**IPTs**”), by virtue that Mr Heilesen is a director of both listed companies and Golden Ultra is wholly-owned by him. The IPTs were approved by independent shareholders of Watches.com and the Company and the acquisitions were completed in April 2022.

- 3.2 On 27 October 2021, the Company entered into a SPA with a third-party vendor (the “**Vendor**”), to acquire 15% interest in Gadmobee Group (“**Gadmobee**”) for a consideration of S\$3.1 million. Prior to this, on 11 October 2021, Watches.com had also entered into a SPA with the Vendor to acquire 85% interest in Gadmobee, for a consideration of S\$15.2 million. Both the Company and Watches.com completed the Gadmobee acquisition in April and May 2022 respectively.

Both the Company and Watches.com paid for the consideration by issuing promissory notes to the Vendor. Both listed companies also intend to fund the repayment of the promissory notes via loans from controlling shareholders and / or fund-raising exercises.

- 3.3 On 31 December 2021, the Company entered into an agreement to subscribe for S\$9 million perpetual convertible bonds issued by Watches.com, as well as 10 billion free warrants granting the Company the right to subscribe for 10 billion shares in Watches.com upon exercise of the warrants. At the same time, Watches.com also entered into an agreement to subscribe for S\$9 million of perpetual bonds and perpetual convertible bonds issued by the Company, as well as 1 billion free warrants granting Watches.com the right to subscribe for 1 billion shares in the Company upon exercise of the warrants.
- 3.4 On 4 May 2022, shareholders’ approval was obtained for the Company’s concurrent subscription in securities issued by Watches.com and vice versa. The Company disclosed that it entered into such concurrent subscription and issuance so that it does not have to utilise its cash to subscribe for Watches.com’s shares as a long-term investment.
- 3.5 On 6 May 2022, the Company entered into three placement cum warrants agreements with Mission Well, Ms Zhou Qilin, and Ms Zheng Zeli, to raise approximately S\$15.5 million (the “**Proposed Placement**”). Proceeds from the Proposed Placement are to be used to repay promissory notes held by Mission Well and Ms Zheng Zeli. The Proposed Placement is an IPT and is subject to shareholders’ approval in an EGM, by virtue that Mission Well is a controlling shareholder of the Company and an associate of Mr Heilesen.

- 3.6 Assuming completion of the Proposed Placement and full exercise of all warrants, Mr Heilesen's shareholding interest in the Company would increase from 59.14% to approximately 87%. As the Proposed Placement is an IPT, SGX RegCo had required the Company to appoint an independent financial advisor ("IFA") and include the IFA opinion in its shareholders' circular. The Company has since appointed Novus Corporate Finance Pte Ltd and the IFA review is ongoing.

4. Exchange's Directives

- 4.1 Catalyst Rule 305(1) provides that the Exchange may exercise administrative powers for the purpose of ensuring that the market is fair, orderly and transparent.

Catalist Rule 305(1)(e) further provides that the Exchange may require an issuer to appoint special auditors, compliance advisers, legal advisers or other independent professional for specified purposes and Catalyst Rule 305(1)(k) states that the Exchange may impose any other requirements on Relevant Person which the Exchange considers appropriate.

- 4.2 We note, amongst others, the series of corporate actions undertaken by both the Company and Watches.com which would result in, amongst others, (i) joint investments in the same businesses (namely Gadmode and Golden Ultra); (ii) subscription in convertible bonds and warrants issued by each other; and (iii) cross shareholdings in each other's shares between the two listed companies. It is unclear what the rationale for these transactions are, and how such transactions will help the Company and Watches.com achieve their respective goals and plans. To this end, SGX RegCo has issued numerous queries to the Company and Watches.com in the past year.

- 4.3 Furthermore, the Company and Watches.com have substantially similar members on their Audit Committee and Nominating Committee. In view of the above corporate actions, many of which are IPTs, SGX RegCo directs the following to be undertaken, to provide clarity on the rationale behind the various transactions and arrangements:

- (a) The Audit Committee of both the Company and Watches.com are required to appoint a suitable joint independent reviewer ("**Joint Independent Reviewer**") to perform a holistic review of all corporate actions and fund-raising exercises announced by both listed companies in the last 12 months.

The Joint Independent Reviewer shall review and assess (i) the circumstances that led to these transactions and corporate actions; (ii) whether these transactions and corporate actions were entered into on normal commercial terms and are not prejudicial to the interests of the Company and its minority shareholders; (iii) whether the transactions and corporate actions make commercial sense; and (iv) how these transactions and corporate actions, if

undertaken, will support each of the Company's and Watches.com's goals and plans (the "**Independent Review**"); and

- (b) The Company and Watches.com shall not proceed with any of the announced corporate actions and fund-raising exercises nor propose any further corporate actions prior to completion of the Independent Review, and satisfactory resolution of issues raised by the Joint Independent Reviewer.
- 4.4 SGX RegCo also directs that:
- (a) The Joint Independent Reviewer to be appointed and the scope of the Independent Review be subject to SGX RegCo's approval; and
 - (b) The Joint Independent Reviewer reports solely and directly to SGX RegCo.
- 4.5 Where warranted, SGX RegCo may issue further directives to the Company to look further into any areas of concern and/or take appropriate regulatory actions.
- 4.6 SGX RegCo requires (a) the Company; (b) Watches.com; (c) the Company's past, current and future board of directors, key management and staff; and/or (d) any other person(s) as directed by the Exchange, to render full cooperation to the SGX RegCo and the Independent Reviewer.
- 4.7 Please note that this Notice is an official notification to the Company with immediate effect.
- 4.8 Pursuant to Catalist Rule 305(4), failure to comply with the requirements SGX RegCo has imposed shall be deemed to be a contravention of the Catalist Rules.
- 4.9 Please note that compliance with this Notice does not constitute a waiver of any kind, and SGX RegCo reserves the right to take disciplinary action against the Company and/or any Relevant Person(s) for breaches of the Catalist Rules, including any failure to comply with the requirements SGX RegCo has imposed.

Yours faithfully,

June Sim

Senior Vice President
Head, Listing Compliance
Singapore Exchange Regulation

cc: Ms Vera Leong, Hong Leong Finance Limited

Singapore Exchange Regulation Pte. Ltd.
An SGX Group Company

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