

# Watches.com Limited

(Company Registration Number 199904281D)  
(Incorporated in the Republic of Singapore)

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## RESPONSES TO SGX QUERIES RECEIVED FROM THE SGX-ST ON 6 SEPTEMBER 2022

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*Unless otherwise defined in this announcement, capitalised terms shall have the meanings assigned to them in the Announcement (as defined hereunder).*

### Introduction

The Board of Directors (the “**Board**”) of Watches.com Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) refers to the announcement on 5 September 2022 (the “**Announcement**”) with regards to the update relating to an investigation on a subsidiary.

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) had on 6 September 2022 issued queries on the Announcement. The Company sets out the queries received from the SGX-ST and the Company’s responses to these queries below:

	Query	Response
1.	Please provide more information on the alleged offences in relation to the Trade Description Ordinance. Why did the C&E Officers seize the watches? Are the matters under investigation in relation to the Group’s business/affairs?	<p>The C&amp;E Officers seized the watches due to a alleged breach of the Trade Description Ordinance. The seized watches are suspected to be fake in contravention to certain provisions in the Trade Description Ordinance. It is yet to be known which particular sections of the ordinance the C&amp;E will use as it has not given us any indication. It remains CTL's firm belief there is no basis to the allegations, and that CTL will fight all these allegations vigorously.</p> <p>The matter in relation to the watches in question is in relation to the business of CTL solely.</p>
2.	The C&E Officers went to the business premises of CTL on 31 Aug 2022. Why was the trading halt only requested on 2 September 2022 (1:13pm)?	<p>Mr Heilesen was released on bail on 1 September 2022 and immediately sought legal advice in Hong Kong regarding the facts of the case. The facts was then presented to the Board of Directors in the evening of 1 September 2022, which was the earliest possible time as the legal advice was only available then.</p> <p>Subsequently, as Mr. Heilesen is one of the subject persons in relation to the matter, he had deliberately abstained in the decision making process pertaining to the matter. The Board has held the relevant meetings on 2 September 2022 to discuss the matter, followed by advice from the relevant lawyers and professional parties, the Company subsequently called for a trading halt.</p>

3.	<p>C&amp;C&amp;E Officers seized approximately 500 watches (book value of approx. S\$30K) from CTL's premises.</p> <ul style="list-style-type: none"> <li>• Please clarify the business operations of CTL such as whether the watches are luxury brands, the watches are sold online or retail.</li> <li>• Are the watches seized considered "luxury brands" to be sold by the Group? Are there other watches in CTL's inventory, other than the 500 watches seized?</li> <li>• What are the business / other dealings between CTL and the Company?</li> </ul>	<p>CTL carries, trades and retails over 100+ different brands from low end to high end brands. The watches are sold both online and offline. The seized watch brands are of the brand Michael Kors and Armani and are not considered luxury watches, but fashion watches. As announced, the watches seized are immaterial to CTL and the Company as a whole. CTL carries other watches besides the two brands.</p> <p>CTL is an indirect subsidiary of the Company. There are no dealings between CTL and the Company besides being the indirect subsidiary of the Company.</p>
4.	<p>It is stated in the announced that the Company is not reliant on Mr Heilesen for the proper oversight and management of the Company. Please explain who manages and oversees the Company, in particular the watch trading business segment.</p>	<p>Mr Heilesen, with the support from the other executive director of the Group and the respective heads of department, manages and oversees the Company. In addition, Mr Heilesen and the head of sales department in Hong Kong oversee the watch trading business. Therefore, the Company is not solely reliant on Mr Heilesen for the proper oversight and management of the business.</p>
5.	<p>Mr Heilesen was not required to and did not surrender his passport, was not formally charged and no conditions or restrictions were imposed on him while he is on bail save that Mr Heilesen would have to report to the police officers 3 months later.</p> <ul style="list-style-type: none"> <li>• Why is Mr Heilesen required to report to the police officers 3 months later? Is this a standard procedure? Is this requirement imposed on the sales staff of CTL who was on bail as well?</li> <li>• Please identify the sale staff of CTL.</li> </ul>	<p>As disclosed, Mr Heilesen is on bail and as such he needs to answer bail at time later prescribed by the relevant authorities. In Mr Heilesen's case it is prescribed to be 3 months from the day the bail was given.</p> <p>We are not allowed to disclose the identity of the sales staff due to the Personal Data (Privacy) Ordinance. The sales staff's particulars were collected as part of her records as an employee in CTL. It is inconceivable that her name was collected for the purpose of disclosing to the public for its parent company to comply with the listing rules and laws of Singapore. It appears that disclosing her name in the announcement without her prior consent could be construed as an act of violating the "Data protection principles" of the Personal Data (Privacy) Ordinance.</p>
6.	<p>It is stated in the announcement that "the Board has conducted an independent assessment of the matter and did not rely solely on the representations made by Mr Heilesen".</p> <ul style="list-style-type: none"> <li>• Please elaborate on the independent assessment done by the Board, and the considerations (and basis) of the Board.</li> </ul>	<p>Invoices and relevant supporting documents in relation to the purchase of the seized watches were compiled and submitted to the Board for them to form their collective opinion about the said matter.</p> <p>The said documents have furthermore been provided to the Hong Kong legal team to prepare a case to get back the seized watches and to dismiss the investigation.</p> <p>We reiterate, it is and was at all material times CTL's clear and firm belief that the watches seized are real and genuine, and nothing in the circumstances aroused suspicions and/or</p>

		placed CKLY Trading Limited on notice that the watches were not genuine.
7.	<p>We note a press release by the HK Customs and Excise Department, link as follows: <a href="https://www.customs.gov.hk/en/publication_press/press/index_id_3553.html?force_isolation=true">https://www.customs.gov.hk/en/publication_press/press/index_id_3553.html?force_isolation=true</a>.</p> <p>Please confirm if the press release is in relation to CTL, and if so, please reconcile the discrepancies (in relation to value of the watches seized, as well as the fact that a director and staff were arrested) between the press release and the Company's announcement.</p>	<p>It's arguable how much the amount in question is as CTL is using the book value to quantify the cost of the watches, whereas while not privy to the Company, C&amp;E might be using the estimated retail price of the seized watches. As such, the value of the seized watches when comparing retail value to cost will be perceived to be much higher.</p> <p>The Company has already disclosed that both were on bail. According to legal advice from Hong Kong lawyers, such disclosure would be sufficient as only those who are arrested would be on bail.</p> <p>As such, there are no discrepancies between the announcement and the press release as the two are in fact consistent in substance.</p>

By Order of the Board of Directors of  
**Watches.com Limited**

Christian Kwok-Leun Yau Heilesen  
Executive Director

7 September 2022

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*This document has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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