

Watches.com Limited

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

RESPONSE TO SGX QUERIES RECEIVED FROM THE SGX-ST ON 10 FEBRUARY 2023

Unless otherwise defined in this announcement, all capitalised terms herein shall have the same meanings ascribed to them in the Previous Announcements (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 Company’s announcement on 8 February 2023 and the circular to shareholders dated 9 February 2023 with regards to the Proposed Change of Name and Proposed Change of Auditors (“**Circular**”) (collectively, the “**Previous Announcements**”).

The Singapore Exchange Securities Trading Limited (“**SGX-ST**”) had on 10 February 2023 issued the Company a query on the Previous Announcements. The query received from the SGX-ST and the Company’s response to the query is set out below:

	Query	Response
1.	<p>We note that in the shareholders’ circular relating to the proposed change in name and the proposed change of external auditors, the Company stated potential cost efficiencies as one of the reasons for the proposed change in auditors.</p> <p>We would like to highlight paragraph 4 of the Exchange’s Guidance Note on Change of Auditors, which states that “<i>For companies looking to change auditors for cost issues, please disclose in the Circular the quantum of fees saved and whether there is any change in the quality and scope of the audit.</i>”</p> <p>Please provide further disclosure on SGXNet on the quantum of audit fees saved from the proposed change of auditors from Moore Stephens LLP to RT LLP.</p>	<p>Moore Stephens LLP (“Moore Stephens”) had indicated to the Company that as a result of the Company’s growth (due to acquisitions undertaken by the Company during the financial year ended 31 December 2022 (“FY2022”), additional resources will be required for the FY2022 audit, which may lead to a substantial increase in audit fees. The number of entities within the Group increased from 5 in the financial year ended 31 December 2021 (“FY2021”) to 14 in FY2022.</p> <p>However, as no fee proposal was sent by Moore Stephens, the Company is unable to disclose the quantum of audit fees saved from the Proposed Change of Auditors for the FY2022 audit. The Company did not request for the fee proposal from Moore Stephens as the Company was agreeable to the fee quoted by RT LLP (“RT”) for the FY2022 audit of the same Singapore-incorporated subsidiaries audited by Moore Stephens for the FY2021 audit, which is only slightly higher by approximately \$9,000, or 8%, than the audit fees for the FY2021 audit. Hence, the Board is of the view that there may be potential cost efficiencies in light of the potential substantial increase in audit fees as indicated by Moore Stephens due to the growth of the Company.</p> <p>The Company would like to clarify that there was an inadvertent omission of the following:</p> <p>(i) COD Centre Pte. Ltd. (“COD Centre”); a Singapore-incorporated subsidiary</p>

	<p>of the Company which was incorporated during FY2022, as one of the Singapore-incorporated subsidiaries to be audited by RT; and</p> <p>(ii) Fund Joy Limited; a Hong Kong-incorporated subsidiary of the Company, as one of the companies to be audited by a member firm of RT ASEAN,</p> <p>in Section 3.1 titled “Background and Rationale” on page 7 of the Circular and Section 3.4 titled “Compliance with Rule 715 of the Catalist Rules” on page 10 of the Circular.</p> <p>For the purpose of comparison with the FY2021 audit fees, the Company obtained a quote from RT for the FY2022 audit of the same Singapore-incorporated subsidiaries audited by Moore Stephens for the FY2021 audit. As such, for the avoidance of doubt, the potential cost efficiencies for the FY2022 audit mentioned above did not include the audit fees for COD Centre and the 4 Hong Kong-incorporated subsidiaries as those subsidiaries were not audited by Moore Stephens previously because (i) 1 of the Hong Kong-incorporated subsidiary, Fund Joy Limited, was audited by another local auditor; and (ii) COD Centre and the remaining 3 Hong Kong-incorporated subsidiaries were only acquired during FY2022.</p> <p>The remaining 6 subsidiaries of the Company which are foreign-incorporated, are not considered significant foreign-incorporated subsidiaries. 5 of these non-significant foreign-incorporated subsidiaries will not be audited as no statutory audit is required in the country of incorporation of the respective foreign-incorporated subsidiaries. The other 1 non-significant foreign-incorporated subsidiary will be audited by a suitable local auditor.</p> <p>As such, the Board confirms that Rule 715 of the Catalist Rules will be complied with.</p>
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By Order of the Board of Directors of
Watches.com Limited

Christian Kwok-Leun Yau Heilesen
Executive Director

15 February 2023

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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