

Our Ref: REG/LC/GT/SH/NOC2022060002

27 June 2022

The Board of Directors
Watches.com Limited
4 Leng Kee Road
#06-04 SIS Building
Singapore 159088

Dear Sirs,

NOTICE OF COMPLIANCE (THE “NOTICE”)

**WATCHES.COM LIMITED (FORMERLY NTEGRATOR INTERNATIONAL LTD.)
(THE “COMPANY”, TOGETHER WITH ITS SUBSIDIARIES, THE “GROUP”)**

1. Singapore Exchange Regulation (“**SGX RegCo**” or the “**Exchange**”) refers to the following SGXNet announcements made by the Company previously:
 - (a) Dated 12 October 2021 (Announcement Reference No. SG211012OTHRGU26) titled “*Proposed Acquisition of Gadmobee Group – Entry into Share Purchase Agreement*”;
 - (b) Dated 12 October 2021 (Announcement Reference No. SG211012OTHR3NHO) titled “*Proposed Acquisition of Golden Ultra Limited – Entry into Share Purchase Agreement as an Interested Person Transaction*”;
 - (c) Dated 31 December 2021 (Announcement Reference No. SG211231RHDIODN5) titled “*The Proposed Renounceable Non-Underwritten Rights cum Warrants Issue*”;
 - (d) Dated 1 January 2022 (Announcement Reference No. SG220101OTHRE84V) titled “*Proposed Issuance of Perpetual Convertible Bonds and Warrants – Entry into Subscription Agreement*”;
 - (e) Dated 1 January 2022 (Announcement Reference No. SG220101OTHR7Q8F) titled “*Proposed Subscription of Perpetual Bonds, Perpetual Convertible Bonds and Warrants – Entry into Subscription Agreement as an Interested Person Transaction*”;

Singapore Exchange Regulation Pte. Ltd.
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- (f) Dated 19 January 2022 (Announcement Reference No. SG220119OTHRDX8R) titled “Entry into a Non-Binding Letter of Intent relating to Watches.com”;
- (g) Dated 13 April 2022 (Announcement Reference No. SG220413OTHRH63H) titled “Proposed Acquisition of Shares into Arion Entertainment Singapore Limited”;
- (h) Dated 27 April 2022 (Announcement Reference No. SG220427OTHRWVHT) titled “Disposal of Shares of Arion Entertainment Singapore Limited”;
- (i) Dated 24 May 2022 (Announcement Reference No. SG220524OTHR7SUQ) titled “A. Proposed Capital Reduction to Reduce the Share Capital of the Company B. Proposed Distribution in Specie of 300,000,000 Warrants issued by Incredible Holdings Ltd. to Shareholders of the Company”; and
- (j) Dated 17 June 2022 (Announcement Reference No. SG220617OTHRMN0) titled “Proposed Capital Reduction and Proposed Distribution in Specie – Withdrawal of Notice of Extraordinary General Meeting Dated 6 June 2022 and Circular Dated 6 June 2022”.

2. Common Shareholder and Directors - Company and Incredible Holdings Ltd.

2.1 Mr Christian Kwok-Leun Yau Heilesen (“**Mr Heilesen**”) is the Executive Director of both the Company and Incredible Holdings Ltd (“**Incredible**”), a company listed on Catalist.

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

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

- 2.3 Mission Well Limited (“**Mission Well**”) is a substantial shareholder and controlling shareholder of the Company and Incredible, holding 10.9% and 57.11%, respectively. Mr Heilesen is the sole shareholder and director of Mission Well.

3. Background – Series of Corporate Actions

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

Both the Company and Incredible 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.

- 3.2 On 12 October 2021, the Company entered into a SPA with Mr Heilesen to acquire 55% interest in Golden Ultra Limited (“**Golden Ultra**”) for a consideration of S\$14.4 million. On 18 October 2021, Incredible also entered into a SPA with Mr Heilesen to acquire 42% interest in Golden Ultra for a consideration of S\$14.6 million. The purchase consideration was paid via issuance of promissory notes by the Company and Incredible 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 Incredible 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 Incredible and the Company and the acquisitions were completed in April 2022.

- 3.3 During the period from December 2021 to April 2022, the Company announced and obtained shareholders’ approval for a share consolidation exercise and a renounceable non-underwritten rights cum warrants issue. Proceeds from the rights cum warrants Issue are to be used for:

- (i) repayment of promissory notes issued in connection with the Golden Ultra acquisition and Gadmobee acquisition;
- (ii) potential merger and acquisitions and business opportunities;
- (iii) purchase of inventory; and
- (iv) general corporate and working capital.

- 3.4 On 31 December 2021, the Company entered into an agreement to subscribe for S\$9 million of perpetual bonds and perpetual convertible bonds issued by Incredible, as well as 1 billion free warrants granting the Company the right to subscribe for 1 billion shares in Incredible upon exercise of the warrants. At the same time, Incredible also entered into an agreement to subscribe for S\$9.0 million perpetual convertible bonds issued by the Company, as well as 10 billion free warrants granting Incredible the right to subscribe for 10 billion shares in the Company upon exercise of the warrants.
- 3.5 On 28 April 2022, shareholders' approval was obtained for the Company's concurrent subscription in securities issued by Incredibles 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 Incredible's shares as a long-term investment.
- 3.6 On 19 January 2022, the Company entered into an exclusive non-binding letter of intent (the "**Letter of Intent**") with Watchismo LLC to acquire the domain names relating to "Watches.com", for a consideration of US\$11.0 million. The Company disclosed that this proposed acquisition is part of the Group's long-term growth strategy to diversify into the watch industry and secure a prime internet property with existing traffic and an existing search engine optimisation profile for distributing branded watches globally.
- 3.7 On 13 April 2022, the Company acquired 27.4% of Catalist listed Arion Entertainment Singapore Limited ("**Arion**") for S\$3.0 million. Within the same month, the Company disposed part of its investment in Arion at a loss.
- 3.8 On 24 May 2022, the Company announced a proposed capital reduction and a proposed distribution in specie of 300 million warrants issued by Incredible, to the Company's shareholders ("**Proposed DIS**").
- 3.9 SGX RegCo expressed concerns on the Proposed DIS as it is unusual for a listed company to distribute to its shareholders, warrants issued by another listed company. Following discussion between SGX RegCo, the Company and its Sponsor, the Company withdrew its shareholders' circular for this corporate action.

4. Exchange's Directives

- 4.1 Catalist 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 Catalist 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 Incredible 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 Incredible achieve their respective goals and plans. To this end, SGX RegCo has issued numerous queries to the Company and Incredible in the past year.

4.3 Furthermore, the Company and Incredible 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 Incredible 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 Incredible's goals and plans (the "**Independent Review**"); and

- (b) The Company and Incredible 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) Incredible; (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 Gillian Goh, PrimePartners Corporate Finance Pte. Ltd.