



**SINCERE WATCH LIMITED**  
**Company Registration No: 197700967C**

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**NEWS RELEASE – RESULTS FOR FIRST QUARTER OF FY2007**

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**SINCERE WATCH REPORTS REVENUE GROWTH OF 16.6% TO S\$79.4 MILLION IN Q1/FY07, RIDING ON STRONG ECONOMIC GROWTH IN THE REGION**

**Financial Highlights:**

- **Group average gross profit margins increased from 22% to 26%**
- **Group Net Asset Value per share (NAV) improved to 62.63 cents from 62.02 cents**
- **Positive economic growth and developments in the Asian tourism markets bode well for Group's following quarter**

SINGAPORE, August 7 2006 – Mainboard-listed Sincere Watch Limited (“Sincere” or “the Group”), the world premier watch specialist, today reported revenue growth of 16.6% to S\$79.4 million for Q1/FY07, up from S\$68.1 million recorded in the corresponding quarter Q1/FY06. The Group’s average gross profit margins also increased during the period.

The higher sales and margins were achieved on the back of the continuous strong economic growth in the region and the tourism boom that is sweeping across Asia.

The Group’s positive net cash position has improved over the quarter from S\$45.6 million to S\$49.4 million.

The Group remained profitable, recording a net profit attributable to equity holders of S\$2 million for Q1/FY07 compared to S\$5.5 million achieved in Q1/FY06. The decline in profit was mainly due to an unrealised foreign

exchange loss of S\$4.5 million, whereas in Q1/FY06, there was an unrealised foreign exchange gain of S\$4.5 million.

While Group Earnings Per Share (EPS) declined to 1.02 cents in Q1/FY07 from 2.82 cents in the last corresponding period, Group Net Asset Value per share (NAV) improved to 62.63 cents from 62.02 cents previously.

Mr. Tay Liam Wee, the Group Managing Director, said, “In the last quarter, Sincere benefited from the overall robust economic growth and tourism boom in the region. We are pleased that our revenue has achieved double-digit growth yet again despite the cessation of one of our travel retail concessions in Singapore Changi Airport.

We expect the overall vibrancy in the regional economies to continue to drive growth in Asia’s retail industry, in particular the luxury sector. We will stand to benefit tremendously from the strong regional efforts to boost tourism. In Singapore, the Singapore Tourism Board (STB) has set out major programmes to encourage retail enterprises to create unique experiences to help realise targets of 17 million visitor arrivals and S\$30 billion in tourism receipts by 2015. This is pivotal to the realisation of its Tourism 2015 vision. The STB has also committed to spend S\$170 million to help develop business events over the next five years. These commitments are among the highest levels the STB has yet spent on attracting business travellers. With more industry and government support and encouragement, the prospects for tourism and retail sectors will be even brighter.”

In line with these positive developments, Sincere, which had opened more shops in the last quarter, plans to further expand its operations in the coming months. Mr. Tay optimistically said, “The overall tourism boom will generate continued retail vibrancy throughout Asia. As a premier watch specialist in the region, we are well poised to take advantage of the wealth of opportunities available to further expand and grow. In our plan, a Fine Watch store at Vivo City in Singapore is scheduled to be opened in October 2006.

We are confident of our bright prospects and that the Group will remain profitable in the next quarter.”

### **About Sincere Watch**

Sincere Watch Limited, the watch specialist, is one of Singapore’s oldest and most established retailers of brand-name luxury watches. The Group began as a sole proprietorship in 1954 with a single shop in Singapore’s High Street and was listed on the Singapore Exchange in 1993. From a chain of just four boutiques during its pre-listing days, the Group has grown rapidly and today, it operates 29 outlets with a distribution network spanning ten countries -- Singapore, Hong Kong, China, Malaysia, Thailand, South Korea, Taiwan, Indonesia, The Philippines and Vietnam. The Group is renowned for delivering a comprehensive range of high-quality watches and timepieces. It has successfully innovated and implemented several unique customer relationship concepts, styles and approaches to meet the varied lifestyle needs of customers throughout the region.

Upholding the highest level of integrity and excellence, it has built strong partnerships with its brand owners, principals and customers. It is a member of two of the most prestigious, internationally recognized trade and professional organizations in the watch industry, namely, the Association Interprofessionnelle de la Haute Horlogerie (AIHH) and the Watchmakers of Switzerland Training and Education Program (WOSTEP).

In July 2001, Sincere Watch launched “Emotus Time Culture”, a new watch retailing concept offering young, contemporary customers a modern, exciting and carefree shopping environment. To date, there are six Emotus outlets (of which two are “watch counters” in department stores) spanning Singapore and Kuala Lumpur, Malaysia.

In a bid to further penetrate the top-end of the market, Sincere recently launch the Sincere Haute Horlogerie boutique – a new benchmark in luxury retailing - in 2005. This luxurious boutique is specially catered for watch aficionados to

enjoy and appreciate the art of high-watch making in a private and opulent shopping environment

The Executive Managing Director, Mr. Tay Liam Wee, was also named the Ernst & Young Entrepreneur of the Year 2004 and STB's Tourism Entrepreneur of the Year Award 2005.

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**Issued on behalf of Sincere Watch Limited**

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