



SINCERE WATCH LIMITED
COMPANY REGISTRATION NO: 197700967C

NEWS RELEASE – RESULTS FOR THIRD QUARTER AND NINE MONTHS OF FY2007

SINCERE CLOCKS IN A RECORD QUARTERLY SALES PERFORMANCE FOR Q3/FY07 AND A NET PROFIT OF S\$5.8 MILLION

KEY HIGHLIGHTS:

- **STRONG TOP-LINE GROWTH OF 22.9% FOR Q3/FY07, SURPASSING THE S\$100 MILLION QUARTERLY REVENUE MARK FOR THE FIRST TIME IN THE GROUP'S HISTORY**
- **INTERIM DIVIDEND OF 9 CENTS PER SHARE LESS 20% TAX ON ORDINARY SHARES**
- **SCRIP DIVIDEND SCHEME RECEIVED APPROVAL FROM SHAREHOLDERS**
- **FIRST DUTY-FREE RETAIL OUTLET IN INDIRA GANDHI INTERNATIONAL AIRPORT IN NEW DELHI EXPECTED TO OPEN TOWARDS THE END OF MARCH 2007**

SINGAPORE, February 6, 2007 --- Mainboard-listed Sincere Watch Limited ("Sincere" or "the Group"), the world premier watch specialist, today reported record revenue growth of 22.9% for Q3/FY07 – surpassing the S\$100 million quarterly revenue mark for the first time in its history. The Group's revenue was a robust S\$105.7 million, up from S\$86.0 million in the corresponding previous quarter (Q3/FY06). The Group's financial position remained strong, with the Group remaining in a net cash position at the end of Q3/FY07.

Besides the quarter being the traditional peak season, the strong growth was also due to the strong Singapore and the regional economies, improved visitor arrivals

and the increased marketing efforts that the group undertook.

In view of the increased marketing efforts, selling, advertising & promotional expenses therefore grew to S\$5.9 million in Q3/FY07 from S\$3.2 million recorded in Q3/FY06. Major activities include the launch of three large-scale events namely, the “SINCERE Haute Horlogerie World Exclusive Watch Collection” and the “House of Lange” in Singapore in October as well as the “Conquest of Time” exhibition in Kuala Lumpur in November.

The Group also opened a new Sincere Fine Watches store in Singapore’s VivoCity in October to prepare for the increased consumer demand when the Integrated Resort in Sentosa is completed.

During the quarter, the group recorded a gain on deemed disposal of subsidiary of S\$465,000 arising from the disposal of its 100% shareholding in its Taiwan subsidiary, Sincere Watch Co. Ltd., to its 75% owned subsidiary, Sincere Watch (Hong Kong) Limited (“SWHK”).

Although net profit after tax was S\$5.8 million against Q3/FY06’s S\$16.2 million, this comparative decrease was mainly due to a one-off exceptional gain of S\$10.6 million in the last corresponding quarter that resulted from the dilution of interest in the group’s subsidiary, SWHK, when it listed on the Hong Kong Stock Exchange in October 2005.

On a nine-month basis, the Group achieved revenue growth of 16.5% to S\$263.8 million, compared with S\$226.4 million in the previous corresponding period. In the same period, the group registered an unrealised foreign exchange loss of S\$2.3 million against an unrealised foreign exchange gain of S\$4.9 million respectively.

Excluding the unrealised foreign exchange gains/losses, the one-off gains arising from the listing of the Hong Kong subsidiary in 2005 and the gain on deemed disposal of the Taiwan subsidiary in October 2006, the net profit after tax would have grown by 41% for the comparative nine-month period.

The unrealised foreign exchange gains/losses arose as a result of the application of Financial Reporting Standards FRS 21 "The Effects of Changes in Foreign Exchange Rates" where trade payables denominated in foreign currencies were translated at the exchange rates prevailing at the balance sheet dates.

The Group's Earnings Per Share (EPS) for the nine months ended December 2006 stood at 5.48 cents while its Net Asset Value (NAV) rose to 64.8 cents from 62 cents.

In view of the Group's sterling performance, Sincere is rewarding shareholders with an interim dividend of 9 cents per share less 20% tax on the ordinary shares of the Company. The Sincere Watch Limited Scrip Dividend Scheme, which had been approved by the shareholders, will apply to this interim dividend.

Commenting on the results, Mr. Tay Liam Wee, the Group Managing Director of Sincere, said: "We believe that the sterling quarterly results achieved are testament to the continued uptrend in regional demand for luxury timepieces. Set against the backdrop of strong tourism growth in Asia, the first nine months of FY07 had been extremely exciting for us as we achieved many 'firsts' for Sincere. We launched the World Exclusive Watch Collection, where a S\$45 million exclusive collection of unique timepieces were made available for the first time through the Sincere Haute Horlogerie boutique. We held the 'House of Lange' exhibition, where we showcased watches from one of the most distinguished names in German precision watchmaking. We also launched our 'Conquest of Time' watch exhibition in Kuala Lumpur, the first of its kind in Malaysia and it was met with astounding success."

The Group is also strengthening its presence in North Asia to capitalise on Macau's vibrant casino development and the luxury boom in Hong Kong and other North Asian economies. To cater to the expected increase in demand, the Group has expanded its Franck Muller boutique cum showroom in Hong Kong and opened the latest Franck Muller boutiques in Kowloon and Macau. Before the end of 2007, Sincere will be opening a new boutique at The Venetian, Macau.

In travel retail, the group has secured a concession to operate its first duty-free retail

outlet in the Indira Gandhi International Airport in New Delhi, India. This is the Group's maiden foray in the Indian sub-continent and the shop is expected to commence operation towards the end of March 2007.

Added Mr Tay, "We expect business to be robust and profitable in the last quarter. With increasing affluence, we will continue to strengthen and exert our presence in the region. Driven by the continuous business and economic growth, 2007 will be an exciting year for us."

About Sincere Watch

Listed on the mainboard of the Singapore Exchange, 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 along Singapore's North Bridge Road 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 over 35 outlets with a distribution network spanning 12 countries – Australia, China, Hong Kong, Indonesia, Malaysia, Singapore, South Korea, Taiwan, The Philippines, Thailand, Vietnam and India. The Group is renowned for delivering a comprehensive range of high-quality watches and timepieces. It has successfully innovated and implemented several retail concepts and marketing programmes 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 and customers. It is a member of the most prestigious, internationally recognized trade and professional organizations in the watch industry, the Watchmakers of Switzerland Training and Education Program (WOSTEP).

In July 2001, Sincere launched "Emotus Time Culture", a new watch retailing concept offering young, contemporary customers a modern, exciting and carefree shopping environment. To date, there are five Emotus outlets spanning Singapore

and Kuala Lumpur, Malaysia.

In a bid to further penetrate the top-end of the market, Sincere launched 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. 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.

Sincere's subsidiary – Sincere Watch (Hong Kong) Limited is listed on the mainboard of the Hong Kong Stock Exchange since 2005.

Both Sincere and SWHK have a combined market capitalization exceeding S\$300 million. Sincere is the only homegrown watch specialist with public listings on the Mainboard of two of Asia's largest and most vibrant stock exchanges.

Issued on behalf of Sincere Watch Limited

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