



SINCERE WATCH LIMITED

(Incorporated in Singapore)

(Company Registration Number 197700967C)

APPLICATION OF THE SINCERE WATCH LIMITED SCRIP DIVIDEND SCHEME (THE "SCHEME") TO THE INTERIM DIVIDEND FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

The Board of Directors (the "**Directors**") of Sincere Watch Limited (the "**Company**") is pleased to announce that further to the Company's Third Quarter Financial Statement announcement dated 6 February 2007 and the resolutions passed at the Extraordinary General Meeting of the Company held on 8 January 2007, the Company has declared an interim dividend of 9 cents per share less 20% tax on the ordinary shares of the Company for the financial year ended 31 March 2007, and that the Scheme shall apply to the said interim dividend ("**Qualifying Dividend**").

The Company has sought and obtained confirmation from the Inland Revenue Authority of Singapore that it may utilize its Section 44A credit balance to frank the payment of the Qualifying Dividend.

The Scheme will provide shareholders of the Company registered as holders of Shares in the Register of Members of the Company or the Depository Register ("**Shareholders**"), with the option to elect to receive new shares which are to be issued and credited as fully paid pursuant to paragraph 4.9 of the Scheme statement ("**New Shares**"), in lieu of the cash amount of the Qualifying Dividend (after deduction of applicable income tax of 20%).

The books closure date and date of payment of the Qualifying Dividend shall be announced by the Company at a later date.

Shareholders who wish to receive the Qualifying Dividends in cash need not take any action.

Who is eligible to participate in the Scheme

All Shareholders will be eligible to participate in the Scheme, subject to the restrictions on Foreign Shareholders (defined below).

Shareholders with registered addresses outside Singapore, and who have not provided to the Company or (as the case may be) The Central Depository (Pte) Limited ("**CDP**") with addresses in Singapore for the service of notices and documents latest by 5.00 p.m. on the day, which is not later than five market days prior to the books closure date to be announced, ("**Foreign Shareholders**") will not be eligible to participate in the Scheme.

How to participate in the Scheme

A notice of election will be dispatched to all eligible Shareholders ("**Notice of Election**") as soon as practicable after the books closure date and the determination of the issue price of a New Share in accordance with the terms and conditions of the Scheme ("**Issue Price**").

An eligible Shareholder may elect to:

- (A) participate in the Scheme for all but not part only of his entitlement to the Qualifying Dividend; or
- (B) make a permanent election to participate in the Scheme for all but not part only of his entitlement to the Qualifying Dividend and for all future dividends to which the Scheme applies.

Option (A) and (B) above will be provided for in the Notice of Election.

A permanent election made in the Notice of Election will remain in force until a notice of cancellation (the "**Notice of Cancellation**") in relation to such Notice of Election is received by the Company or (as the case may be), CDP by the date to be specified by the Directors for that Qualifying Dividend, failing which the Notice of Cancellation will not be effective for that Qualifying Dividend but will be effective for all future Qualifying Dividend in respect of such Notice of Election.

Shareholders who elect to receive New Shares in lieu of the cash amount of the Qualifying Dividend ("**Participating Shareholder**") may receive such New Shares in odd lots. Fractional entitlements to the New Shares shall be rounded up to the nearest whole number or otherwise dealt with in such manner as the Directors may deem fit in the interest of the Company and as may be acceptable to the Singapore Exchange Securities Trading Limited.

Shareholders who do not elect to participate in the Scheme

Eligible Shareholders who do not elect to participate in the Scheme will receive the Qualifying Dividend (less 20% tax) in cash.

Issue Price

For the purposes of the application of the Scheme to the Qualifying Dividend, the Issue Price will be determined in accordance with the terms and conditions of the Scheme. The Company will announce the Issue Price after the books closure date.

BY ORDER OF THE BOARD

Soh Gim Teik
Company Secretary

6 February 2007