



SINCERE WATCH LIMITED

(Incorporated in the Republic of Singapore)
(Company Registration No. 197700967C)

SALE OF SHARES IN SUBSIDIARY (THE "SALE")

The Board of Directors of Sincere Watch Limited (the "Company") wishes to announce that the Company has on 9 June 2006 entered into a share sale agreement with Sincere Brand Holdings Limited ("SBHL"), a wholly owned subsidiary of Sincere Watch (Hong Kong) Limited ("SWHK") for the sale of all of its 100,000 shares ("Sale Shares") in its subsidiary, Sincere Watch Co., Ltd ("SWTW"), a corporation incorporated in Taiwan, representing 100% of the issued share capital of SWTW, for an aggregate total cash consideration of S\$5.5 million ("Consideration"). 60% of the Consideration is payable upon completion of the said agreement and the remainder of the Consideration is due on or before 31 March 2007. The consideration for the shares was arrived at on a willing buyer willing seller basis, with reference to the audited profit after tax of SWTW for the financial year ended 31 March 2006. SWTW is principally engaged in wholesale and retail of fine and luxury brands of watches in Taiwan. The net tangible asset value of SWTW based on the audited accounts for financial year ended 31 March 2006 is equivalent to approximately \$3,205,000.

Prior to the listing of SWHK on The Stock Exchange of Hong Kong Limited (the "Listing") towards the end of 2005, the Company's subsidiary, Sincere Brand Management Limited (which is now a subsidiary of SWHK) used to export watches to SWTW for its onward sale and distribution in the Taiwan market. As part of the restructuring for the Listing, it was decided that Company's operations in Taiwan should be managed from Singapore. Accordingly, Taiwan was then excluded from the list of territories to be managed by SWHK. However, since then, given SWHK's relevant experience in wholesale distribution and its previous experience and knowledge of the Taiwan market, the Directors consider that it is in the interest of the Company for SWHK to manage the business in Taiwan.

Upon completion of the Sale, the effective equity interest of the Company in SWTW will decrease from 100% to 75%.

The Sale is not expected to have any material impact on the net tangible assets or earnings per share of the Company for the current financial year ending 31 March 2007.

None of the Directors or substantial shareholders of the Company has any interest, direct or indirect, in the Sale.

By Order of the Board

Lim Gwee Koon
Company Secretary
9 June 2006
Singapore