



SINCERE WATCH LIMITED
Company Registration No: 197700967C

NEWS RELEASE - RESULTS FOR FOURTH QUARTER AND TWELVE MONTHS OF FY2006

SINCERE WATCH LAUNCHES THE REGION'S FIRST WATCH ACADEMY AS IT ANNOUNCES RECORD EARNINGS OF S\$34.1M FOR FY06

- **Earnings per share : almost doubled from 9.75 cents to 17.36 cents**
- **More shareholder rewards : Total gross dividend of 2.65 cents per share and more dividends proposed to take advantage of the Section 44 tax credit balance totaling approximately S\$5m**
- **New outlets to be opened in Macau's Integrated Resorts to capitalize on the region's travel and tourism boom**

SINGAPORE, 10 MAY 2006 – Mainboard-listed Sincere Watch Limited (“Sincere Watch” or “the Group”), the ‘World Premier Watch Specialist’ in the region today reports a sterling set of results for the full year ended March 31st, 2006 (“FY06”) and higher dividends to reward shareholders.

At the same time, the Group announced its launch of the world's first Watch Academy and plans for new outlets to be opened in Macau's Integrated Resorts to leverage on the boom in the travel and tourism industry in Asia.

Sterling Results:

The Group achieved record net profit of S\$34.1m for FY06, up 78% from S\$19.1m a year ago. This is mainly due to the strong demand for the group's distribution and exclusive retail brands that saw substantial sales particularly in the last quarter of FY06. This led to an increase in average gross margin, which mitigated the effects of the drop

in group revenue for the year. In addition, the public listing of Sincere Watch (Hong Kong) Limited on the Hong Kong Stock Exchange resulted in a gain on dilution of interest in subsidiary of S\$10.6 million.

Profit before tax for the group was S\$42.3 million for FY06 against S\$23.7 million for FY05. However, even without accounting for this exceptional item, profit before tax rose to S\$31.7 million, up 33.8% from the previous year.

Earnings Per Share for the Group for FY06 is 17.36 cents, almost doubled from 9.75 cents in FY05.

The Group's Net Asset Value at the end of March 31st, 2006 is 62.02 cents, up 32.3% compared with 46.88 cents last year.

Revenue however dipped slightly by 1.9% from S\$324.3m to S\$318.2m in FY06 because of the deferred purchasing by dealers in Hong Kong during the first half of the year; closure of several shops for upgrading and refurbishment; and the cessation of one of the travel retail concessions in Singapore Changi Airport.

Segmental Performance:

The Group's South East Asian business segment contributed 73% of the group's total revenue in FY06, up from 67% a year ago.

The North East Asian market contributed 27% of total revenue in FY06, down from 33% in the previous year. The lower contribution rate is due to lower sales from deferred purchasing by dealers in Hong Kong.

Shareholder Rewards:

In view of the Group's outstanding performance, it is rewarding shareholders with a proposed total gross dividend of 2.65 cents per share comprising a first and final dividend of 1 cent per share less tax and a special dividend of 1.65 cents per share less tax for the financial year ended March 31st, 2006.

The Group's cash position is healthy with cash and cash equivalents of S\$42.8m. Going forward, the Directors will review the financial needs and performance of the Company after the next 6 months with a view of recommending additional dividends for the purpose of discharging the Section 44 tax credit balance of about S\$5m.

Continued Innovation and Expansion:

The Group will continue its pace of innovation and expansion in the months ahead to tap the positive economic prospects in the region and the travel and tourism boom brought on by the rise of budget airlines and the enhanced tourism drive of regional governments.

In Singapore, the Group has recently opened new Emotus Time Culture shops in Tampines Mall and Marina Square. In addition, 2 new Sincere Fine Watches shops have been planned and we hope to open new shops in upcoming retail establishments like Vivocity.

In North Asia, in addition to its 3 boutiques in Hong Kong and the PRC, the Group currently has 24 retail outlets owned and operated by 10 independent watch dealers.

In the coming months, Sincere will open a Franck Muller boutique in Macau to support the new independent dealers that will be appointed there. This is a timely move as Macau has announced plans for integrated resorts to be opened before the end of 2006 to support the growth in gaming, entertainment and leisure activities.

To strengthen its leadership position in the industry and to enhance Singapore's status as a world watch hub, Sincere is launching the world's first watch academy. Two of the key objectives of the Sincere Watch Academy will focus on continuing education and establishing class leading service standards. The Sincere Watch Academy will hold classes made up of different modules to cater to the knowledge needs of watch fans from beginners to serious watch enthusiasts.

Commenting on the sterling results and the forward plans of the Group, Mr Tay Liam Wee, Group Managing Director of Sincere Watch said, "We are delighted to announce another record year of earnings and that we have continued to deliver positive returns to our shareholders time and time again. FY06 is a landmark year for the Group as we have achieved several milestones including the listing of our subsidiary Sincere Watch (Hong Kong) Limited on the Hong Kong Stock Exchange, the introduction of several new concepts like the Mono-brand boutiques and the Sincere Haute Horlogerie boutique to target specific consumer segments.

To strengthen our market leadership position, we have continued to introduce market firsts in the industry. The Sincere Watch Academy for example will help to provide our staff, customers and members of the public more in-depth knowledge of the world of horology and to nurture greater appreciation and understanding of watches. Through the cultivation of watch appreciation, there will be a new demand for watches and this will in turn help contribute to Singapore's tourism industry and strengthen its rising position on the world watch map."

The region's tourism boom also heralds positive news for Sincere. Mr Tay said: "North Asia is a hive of vibrant economic growth – which is fuelling the demand for luxury products and gaming and leisure activities. Our decision to open a Franck Muller boutique in Macau is a strategic one where we believe we will gain valuable retail experience from Macau's Integrated Resorts for future expansion plans when the opportunity for us arises when Singapore's very own Integrated Resorts at Marina Bay and Sentosa are ready in the next few years.

We see exciting times ahead as the whole local retail landscape is set to change with the strong emphasis on the retail industry by the local authorities and Singapore Tourism Board (STB). Together with the Integrated Resorts, STB's target of S\$30b in tourism receipts by 2015 and concerted drive to enhance Singapore's position as a World Watch Hub, Sincere is well-poised for growth.

To enable us to leverage well on these exciting developments, we have taken steps to strengthen our management team. Our recent key management appointments will stand us in good stead as we forge ahead. In the light of all these positive developments, we are confident that the Group will be profitable for the year and that we will continue to add value to our customers and reward our shareholders and stakeholders.”

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 watch counter along North Bridge Road in Singapore 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 more than 30 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 watch retailing concepts to meet the varied lifestyle needs of customers throughout the region.

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 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.

Issued on behalf of Sincere Watch Limited

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