



**SINCERE WATCH LIMITED**

**COMPANY REGISTRATION NO: 197700967C**

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## **NEWS RELEASE – RESULTS FOR THIRD QUARTER AND NINE MONTHS OF FY2008**

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### **SINCERE WATCH CLOCKS IN ANOTHER RECORD QUARTERLY PERFORMANCE FOR Q3/FY2008**

#### **KEY HIGHLIGHTS:**

- **GROUP REVENUE FOR Q3/FY08 SURGED 34% WHILE NET PROFIT FOR THE QUARTER MORE THAN DOUBLED TO REACH S\$13.8 MILLION**
- **SALES FOR THE NINE MONTHS REACHED S\$337.2 MILLION – WHICH IS APPROXIMATELY 94% OF SALES ACHIEVED FOR THE WHOLE OF FINANCIAL YEAR FY2007**
- **NET EARNINGS DOUBLED TO S\$24.5 MILLION – WHICH IS APPROXIMATELY 97% OF NET PROFIT ACHIEVED FOR THE WHOLE OF FINANCIAL YEAR FY2007**

Singapore, February 13, 2008 - Mainboard-listed Sincere Watch Limited (“Sincere” or “the Group”), the world premier watch specialist, today reported another record growth in sales for Q3/FY08 with group revenue topping S\$141.4 million. This was significantly higher than the S\$105.7 million recorded in the previous corresponding quarter. This increase of 34% y-o-y underscored the robust economic conditions in the region as well as the strength of the Group’s premier position in the industry.

Net profit attributable to shareholders in the quarter surged to S\$13.8 million, up 137% from S\$5.8 million recorded in Q3/FY07.

The sterling performance of the Group reflected the buoyant economic growth of Sincere’s key markets in Asia and the overall positive consumer sentiment that is fuelling the vibrancy in the region’s retail industries.

Despite the increased staff costs, rental and depreciation expenses, which are in line with the increased level of business, the Group enjoyed improved average gross margins. The Group also maintains a healthy net cash position.

For the 9 months ending 31 December, group revenue rose 28% to S\$337.2 million from S\$263.8 million y-o-y. Net profit for the period jumped 110% to S\$24.5 million from S\$11.7 million in the previous corresponding period. The sales and net profit for the 9 months represent approximately 94% and 97% of the total sales and net profit achieved for the whole of financial year FY2007.

EPS for the 9 months more than doubled to 10.7 cents from 5.2 cents for the corresponding period, while NAV rose to 73.7 cents, up from 60.1 cents as at 31 March 2007.

The Group's strong performance during this period is attributed to improved local demand as well as increased tourist traffic in its key markets. The higher sales were also the result of the opening of more boutiques, refurbishment of its key outlets and the continuous implementation of innovative marketing programs. The Group also benefited from its expanded distributorship network with its retail partners in North Asia.

### **Major Developments**

The Group embarked on a vigorous growth strategy to take advantage of the booming demand for luxury goods in Asia to drive sales growth throughout its key markets.

During the past 9 months, new Sincere Fine Watches ('SFW') boutiques were opened and extensively renovated in Singapore's Vivocity and Suntec City respectively. Mono brand shops like the new concept Franck Muller ('FM') boutique at Delfi Orchard and the Omega boutique at Raffles City were also launched.

In North Asia, new FM boutiques were opened in Ocean Terminal in Kowloon, Shin Kong Place in Beijing, Plaza 66 in Shanghai and at the Venetian Casino and Resort in Macao. The existing flagship FM boutique in Central Hong Kong was also considerably refurbished and enlarged.

The Group also opened its largest SFW boutique in Kuala Lumpur in October 2007. This 3,500 sq ft flagship boutique is located at the Pavilion, one of the newest and most upmarket shopping malls in Kuala Lumpur.

Sincere also continued to make progress in developing new markets for expansion.

In India, the duty-free travel retail outlet at the Indira Gandhi International Airport in New Delhi commenced its operations in the first quarter.

The Group made its maiden foray into Australia in October 2007 with its first office in Melbourne, which has commenced distribution of Franck Muller timepieces. Dealers have been appointed in the key markets of Melbourne and Sydney.

### **Prospects/Going Forward**

The authorities in Singapore, the PRC and Hong Kong are making significant efforts in boosting their respective economies to cater to the new global environment through, for example, the establishment of Integrated Resorts, introduction of F1 races and the staging of the 2008 Beijing Olympic Games. These augur well for the Group, as the Group has well-established retail and distribution networks in these countries.

Although the industry will remain competitive and despite the reported early signs of a recession in the USA, the Group is optimistic that it will maintain its leading position in the region.

The Group will be profitable for the financial year ending 31 March 2008 (FY08).

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

From a chain of just four boutiques during its pre-listing days, the Group has grown rapidly. Today, it runs more than 39 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 offering 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 three Emotus outlets spanning Singapore and Kuala Lumpur, Malaysia.

To further penetrate the top-end of the market, Sincere launched the Sincere Haute Horlogerie boutique in 2005, setting a higher benchmark in luxury retailing. 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.

Awards and accolades that Sincere has won include the Singapore Tourism Board’s Best New Retail Concept Award 2006, Singapore Tourism Board’s Entrepreneur of the Year Award in 2005, Ernst & Young Entrepreneur of the Year Award 2004, Ernst and Young Lifestyle and Retail Entrepreneur of the Year Award in 2004 and Singapore Corporate Awards’ Chief Financial Officer Award for mid-cap companies in 2006.

Sincere is the only homegrown watch specialist with public listings on the Mainboard of two of Asia’s largest and most vibrant stock exchanges in Singapore and Hong Kong.

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**Issued on behalf of Sincere Watch Limited**

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