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SINCERE WATCH (HONG KONG) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0444)

PROFIT WARNING

This statement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

In view of the recent financial crisis, the Board expects that the revenue and hence the profit before taxation and exchange gain/loss of the Group for the six months ending 31 March 2009 will decline substantially, which would result in either a lower net profit or even a net loss for the year ending 31 March 2009 as compared with that for the corresponding financial year 2008 depending on the outcome of the exchange factor as at 31 March 2009.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement is made by Sincere Watch (Hong Kong) Limited (the “Company”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The principal activities of the Company and its subsidiaries (the “Group”) are distribution of branded luxury watches, timepieces and accessories in Hong Kong, Macau, Taiwan and the People’s Republic of China (the “PRC”). Due to the recent financial crisis, the consumers’ demand for branded luxury watches, timepieces and accessories in these markets has contracted and become unstable. It is believed that the markets will remain weak at least in the next few months. Accordingly, the board of directors (the “Board”) of the Company expects that the revenue and hence the profit before taxation and exchange gain/loss of the Group for the six months ending 31 March 2009 will be negatively affected and will decline substantially, which would result in either a lower net profit or even a net loss for the year ending 31 March 2009 as compared with that for the corresponding financial year 2008 depending on the outcome of the exchange factor as at 31 March 2009. Such exchange factor comprises (i) the realised exchange gain/loss, and (ii) the unrealised exchange gain/loss, as follows:

- (i) The realised exchange gain/loss is ascertained when the Company settles its trade payables to suppliers denominated in foreign currencies; and

- (ii) The unrealised exchange gain/loss represents the unrealised exchange difference arising from the outstanding trade payables to suppliers denominated in foreign currencies, which will be translated at the exchange rates prevailing at the balance sheet dates and any differences in valuation will then be recognised as unrealised exchange gain/loss.

The process of finalizing the Group's audited results for the year ending 31 March 2009 will be conducted after the financial year end. The Company has not yet been able to quantify the drop in revenue and the profit before taxation and exchange gain/loss as well as the outcome of the abovementioned exchange factor as at 31 March 2009. The information contained in this announcement is only a preliminary assessment by the management of the Company based on its unaudited management accounts and the information currently available to them, which have not been confirmed or audited by the auditors of the Company. Investors are advised to read carefully the announcement for the audited annual results of the Group for the year ending 31 March 2009 which is expected to be published before end of July 2009.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Chau Kwok Fun, Kevin
Vice Chairman

23 January 2009

As at the date of this statement, Mr. Tay Liam Wee, Mr. Chau Kwok Fun, Kevin, and Ms. Tay Liam Wuan are the executive directors of the Company; and Mr. Lew, Victor Robert, and Dr. King Roger are the independent non-executive directors of the Company.