

CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. TAY Liam Wee (*Chairman*)

Mr. CHAU Kwok Fun, Kevin
(*Vice Chairman*)

Ms. TAY Liam Wuan
(*Chief Executive Officer*)

Non-executive Director

Mr. SOH Gim Teik

Independent Non-executive Directors

Mr. LEW, Victor Robert

Dr. KING Roger

Ms. LIM Suet Fern

AUDIT COMMITTEE

Mr. LEW, Victor Robert (*Chairman*)

Dr. KING Roger

Ms. LIM Suet Fern

REMUNERATION COMMITTEE

Dr. KING Roger (*Chairman*)

Mr. LEW, Victor Robert

Ms. LIM Suet Fern

NOMINATION COMMITTEE

Ms. LIM Suet Fern (*Chairman*)

Mr. LEW, Victor Robert

Dr. KING Roger

COMPANY SECRETARY

Mr. CHAN Kwong Leung, Eric *ACIS*

AUTHORISED REPRESENTATIVES

Ms. TAY Liam Wuan

Mr. CHAN Kwong Leung, Eric

QUALIFIED ACCOUNTANT

Mr. CHEUNG Hon Fai, Maurice *HKICPA*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 5402-04, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

COMPLIANCE ADVISER

CIMB-GK Securities (HK) Limited
25/F., Central Tower
28 Queen's Road Central
Hong Kong

AUDITOR

Deloitte Touche Tohmatsu
35/F., One Pacific Place
88 Queensway
Hong Kong

PRINCIPAL REGISTRAR AND TRANSFER OFFICE

Bank of Bermuda (Cayman) Limited
P.O. Box 513 GT, Strathvale House
North Church Street
George Town
Grand Cayman
Cayman Islands
British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
26th Floor
Tesbury Centre
28 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank Ltd., Hong Kong Branch
The Hong Kong and Shanghai
Banking Corporation Limited
Malayan Banking Berhad,
Hong Kong Branch
ABN AMRO Bank N.V. Hong Kong

FINANCIAL HIGHLIGHTS

- Turnover from continuing operations for the six months ended 30 September 2006 increased 41.2% from approximately HK\$148,772,000 to approximately HK\$210,137,000.
- Gross profit from continuing operations for the six months ended 30 September 2006 increased from approximately HK\$44,218,000 to approximately HK\$60,506,000.
- Profit for the six months ended 30 September 2006 attributable to equity shareholders of the Company decreased from approximately HK\$30,207,000 to approximately HK\$13,025,000 after applying Hong Kong Accounting Standard 21 “The Effects of Changes in Foreign Exchange”.
- Net asset value as at 30 September 2006 amounted to approximately HK\$181,305,000, represented approximately HK44.44 cents per share.
- As at 30 September 2006, the Group maintained its healthy financial position with cash on hand of approximately HK\$109,561,000 and no outstanding bank loan.

INTERIM RESULTS

The board of directors (the “Board”) of Sincere Watch (Hong Kong) Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2006 (the “Period”), together with the unaudited comparative figures for the corresponding six months ended 30 September 2005. The unaudited consolidated income statement unaudited consolidated statement of changes in equity and unaudited condensed consolidated cash flow statement of the Group for the Period, unaudited consolidated balance sheet of the Group as at 30 September 2006, along with explanatory notes, are set out on pages 9 to 20 of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review and Business Review

For the six months ended 30 September 2006, the Group recorded a turnover of approximately HK\$210,137,000 from continuing operations, representing an increase of 41.2% from approximately HK\$148,772,000 in the corresponding period of the previous year. The increase in turnover resulted in the Group’s gross profit from continuing operations increased to approximately HK\$60,506,000 from last corresponding period approximately HK\$44,218,000 while the Group’s gross profit margin from continuing operations decreased marginally to approximately 28.8% from the last corresponding period of approximately 29.7%.

The Group reported profit attributable to equity shareholders of the Company of approximately HK\$13,025,000 for the first six months ended 30 September 2006 as compared with approximately HK\$30,207,000 of the previous corresponding period. During the Period, unrealised loss amounting to HK\$7,280,000 was recognised in accordance with Hong Kong Accounting Standard 21 “The Effects of Changes in Foreign Exchange Rates”, as compared to an unrealised gain of HK\$18,216,000 recorded in the corresponding period last year. Where in the Group’s case, trade payables denominated in foreign currencies were translated at the exchange rates prevailing at the balance sheet dates and any differences in valuation were then recognised in the income statement as unrealised gains or losses. Earnings per share for the first six months ended 30 September 2006 were HK3.2 cents (2005: HK9.9 cents).

The Group is the sole distributor of Franck Muller watches and accessories in Hong Kong, Macau and the PRC and represents four other exclusive luxury brands, namely de Grisogono, European Company Watch, Pierre Kunz and Cvsoto. As at 30 September 2006, the Group operated three single-brand boutique shops – two in Hong Kong and one in Shanghai, retailing under the brands of Franck Muller and de Grisogono. The Group also boasts a dynamic business portfolio and long-term relationships with quality watch distributors in the region. The Group has a distribution network of 28 retail outlets operated by 12 independent watch dealers in Hong Kong, Macau and PRC.

Prospects

The Group will continue to strengthen its position as a leading luxury watch specialist by building on its brand management capabilities. With an experienced team in brand management and marketing, we expect to continue to add new brands, open new shops and expand our distribution network. While Hong Kong remains our major market, we will boost our presence in the region by continuing to organize focused marketing and promotion campaigns.

With the local economy posing a robust outlook and consumer sentiment continues to be strong, the Group is highly optimistic of its distribution and retail business in Hong Kong. The Group will expand and enlarge its Franck Muller flagship boutique in Hong Kong Island and open a new Franck Muller boutique shop in Ocean Terminal Mall Kowloon before end of year 2006. It also plans to add more outlets and further strengthen its dealer distribution network for all its brands.

The Macau economy continues to expand rapidly driven by its fast growing gaming and hospitality sector and increasing number of visitor arrivals from China. To tap this growing market, a Franck Muller boutique shop was recently open at the Landmark Hotel Macau. The Group is also planning to set up more boutique shops in Macau in the future.

In the PRC, the Group continues to focus on positioning Franck Muller in the luxury market segment. The Group will continue to build market presence by stepping up advertising and promotion events to enhance awareness of the brand, especially amongst the growing upper and middle classes. In Beijing, the Group will open a Franck Muller boutique shop in 2007. In addition, the Group plans to add outlets to its distribution network in the PRC. To push forward expansion in the region, the Group is exploring opportunities in forming strategic alliances with potential business partners.

Following the acquisition in October 2006 of Sincere Watch Co., Ltd. ("SWTW"), a luxury watch distribution company in Taiwan (as disclosed below in the section "Significant Acquisition of Subsidiary"), the Company has taken over the entire operation and business in Taiwan from the Company's immediate holding company, Sincere Watch Limited ("SWL"). At the same time, the Company also acquired the sole exclusive distribution rights of Franck Muller watches and accessories in Taiwan. The Group has over 10 years of experience in promotion, sales and distribution of fine and luxury brands of watches solely or exclusively distributed (including the Franck Muller brand of watches and watch accessories) in Hong Kong. The Group is well positioned to expand its business in Taiwan by way of the acquisition, which provides an opportunity for the Group to capitalise on its relevant experience in brand management and wholesale distribution of fine and luxury brands of watches, previous experience in and knowledge of the Taiwan market as well as the expertise of its management enabling the Group to further develop its business abroad.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 30 September 2006, the Group maintained healthy financial position with cash and bank deposits of approximately HK\$109,561,000 and no outstanding bank loan.

The Group generally finances its operations and investing activities with internally generated cash flows. As at 30 September 2006, the Group's unaudited net current asset amounted to HK\$167,098,000 (31 March 2006: HK\$182,832,000) and did not have any bank borrowings (31 March 2006: Nil). Net asset value per share amounted to HK44.44 cents (31 March 2006: HK48.25 cents). The Directors believe the Group's existing financial resources are sufficient to fulfill its commitments and current working capital requirements.

CAPITAL STRUCTURE AND FOREIGN EXCHANGE EXPOSURE

The unutilized proceeds from IPO Share Subscription together with working capital generated were mainly placed in Hong Kong Dollar short-term interest bearing deposits with banks in Hong Kong.

The Group placed approximately HK\$21,484,000 in equivalent Swiss Franc short-term interest bearing deposits with banks in Hong Kong as at 30 September 2006. The incomes of the Group are mainly dominated in Hong Kong Dollars and the Group has adequate recurring cash flow to meet the working capital requirement. The Group has overall realised and unrealised exchange losses amounting to approximately HK\$14,552,000 in current period compared with overall realised and unrealised exchange gains amounting to approximately HK\$18,526,000 in the corresponding period of last year. The Group adhered to a prudent policy on financial risk management and the management of currency and interest rate. The Group benefits from favourable payment terms from its suppliers which may result in unrealised gains or losses from time to time in applying Hong Kong Accounting Standard 21 "The Effects of Changes in Foreign Exchange Rates".

CHARGE ON ASSETS

The Group did not have any charge on their assets as at 30 September 2006 (31 March 2006: Nil).

SIGNIFICANT ACQUISITION OF SUBSIDIARY

The acquisition of the entire interest of SWTW, as disclosed in the Circular of the Company dated 26 June 2006, has been completed and SWTW became a wholly-owned subsidiary of the Company with effect from 1 October 2006.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

There was no definite future plan for material investments and acquisition of material capital assets as at 30 September 2006.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 30 September 2006 (31 March 2006: Nil).

STAFF AND EMPLOYMENT

As at 30 September 2006, the Group employed a total work force of 46 staffs including directors (31 March 2006: 45). Employees were paid at market remuneration with discretionary bonus and medical benefits, mandatory provident fund scheme and necessary training. The Group has been constantly reviewing staff remuneration to ensure it is competitive with relevant industries.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2006, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

Name of director	Company/name of associated corporation	Capacity	Number of securities	Approximate percentage of shareholding
Tay Liam Wee	The Company	Interest of a controlled corporation (<i>Note</i>)	306,000,000 shares	75%
Soh Gim Teik	Sincere Watch Limited	Interest of Spouse	7,848,000 shares	4%
Chau Kwok Fun Kevin	Sincere Watch Limited	Personal Interest	1,953,000 shares	1%

Note: These shares are registered in the name of and beneficially owned by Sincere Watch Limited ("SWL"), 50.18% of its issued share capital is owned by TBJ Holdings Pte. Ltd ("TBJ"), which is in turn beneficially wholly-owned by Mr. Tay Liam Wee. Mr. Tay Liam Wee is deemed to be interested in all the shares held by SWL under the SFO.

Save as disclosed above, as at 30 September 2006, none of the Directors and chief executive of the Company had or were deemed to have any interest or short position in the shares or underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO), which has been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which has been notified to the Company pursuant to the Model Code.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at 30 September 2006, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors or chief executive of the Company, no other person or companies (other than a Director or chief executive of the Company whose interests are disclosed above) had an interest or a short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members the Group or had any option in respect of such capital:

Name	Capacity	Number of securities (Note 1)	Approximate percentage of shareholding
SWL	Beneficial owner	306,000,000 shares (L)	75%
TBJ	Interest of a controlled Corporation (Note 2)	306,000,000 shares (L)	75%
Mr. Tay Boo Jiang	Interest of a controlled Corporation (Note 2)	306,000,000 shares (L)	75%
Mr. Tay Liam Wee	Interest of a controlled Corporation (Note 2)	306,000,000 shares (L)	75%
Chartered Asset Management Pte Ltd.	Investment Fund	28,641,000 shares (L)	7.02%
CAM-GTF Limited	Investment Fund	21,547,000 shares (L)	5.28%

Notes:

1. The letter "L" denotes the person's long position in the shares.
2. SWL is owned as to 50.18% by TBJ, which is in turn beneficially wholly-owned by Mr. Tay Liam Wee. By virtue of the voting deed entered into between Mr. Tay Boo Jiang and Mr. Tay Liam Wee on 24 August 2005, Mr. Tay Liam Wee agreed to consult and agree with Mr. Tay Boo Jiang on the action to be taken before exercising the voting rights with respect to Mr. Tay Liam Wee's shares in TBJ as from 24 August 2005. Accordingly, each of TBJ, Mr. Tay Liam Wee and Mr. Tay Boo Jiang is by virtue of the SFO deemed to be interested in all the shares in the Company in which SWL is interested.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the shares or underlying shares of the Company as at 30 September 2006.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES AND MODEL CODE

Throughout the six months ended 30 September 2006, the Company has complied with the code provisions set out in the Code on Corporate Governance Practice contained in Appendix 14 to the Listing Rules.

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code of conduct regarding directors' securities transactions. Having made specific enquiry of all Directors, the Company confirmed that, throughout the six months period ended 30 September 2006, all Directors have complied with the required standard set out in the Model Code.

AUDIT COMMITTEE

The Audit Committee has reviewed the Group's unaudited financial statements for the six months ended 30 September 2006.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 September 2006, neither the Company nor any of its subsidiaries has purchased or sold or redeemed any of the listed securities of the Company.

CHANGE OF REGISTERED ADDRESS IN CAYMAN ISLANDS

The registered address of the Company in Cayman Islands has been changed to Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands with immediate effect. The said change was due to the change in the address system in the Cayman Islands and the adoption of a new postal code as a result of a Cayman government mandated change of postal policy.

PUBLICATION OF FURTHER INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The interim report containing all the information required by the Listing Rules will be published on the Stock Exchange's website in due course.

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

Hong Kong, 7 November 2006

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2006

		For the Six months ended 30 September	
		2006	2005
		(Unaudited)	(Unaudited and restated)
	Notes	HK\$'000	HK\$'000
Turnover	3		
Continuing operations		210,137	148,772
Discontinued operations		–	33,850
		<hr/>	<hr/>
Total		210,137	182,622
		<hr/>	<hr/>
Continuing operations			
Turnover		210,137	148,772
Cost of sales		(149,631)	(104,554)
		<hr/>	<hr/>
Gross profit		60,506	44,218
Other income		1,201	3
Selling and distribution costs		(8,699)	(8,580)
Administrative expenses		(22,709)	(22,300)
Exchange (loss) gain	5	(14,552)	18,526
		<hr/>	<hr/>
Profit before taxation	5	15,747	31,867
Taxation	6	(2,722)	(5,575)
		<hr/>	<hr/>
Profit for the period from continuing operations attributable to equity holders of the Company		13,025	26,292
		<hr/>	<hr/>
Discontinued operations	4		
Profit for the period from discontinued operations attributable to equity holders of the Company		–	3,915
		<hr/>	<hr/>
Profit for the period attributable to equity holders of the Company	4	13,025	30,207
		<hr/>	<hr/>
Earnings per share from continuing operations – basic	8	HK3.2 cents	HK8.6 cents
		<hr/>	<hr/>
Earnings per share from continuing and discontinued operations – basic	8	HK3.2 cents	HK9.9 cents
		<hr/>	<hr/>

CONDENSED CONSOLIDATED BALANCE SHEET

		(Unaudited) 30 September 2006 <i>HK\$'000</i>	(Audited) 31 March 2006 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		568	958
Deferred tax assets		<u>13,639</u>	<u>13,050</u>
		<u>14,207</u>	<u>14,008</u>
Current assets			
Inventories	9	349,607	331,803
Trade and other receivables	10	111,363	91,888
Amounts due from fellow subsidiaries		224	3,671
Bank balances and cash		<u>109,561</u>	<u>144,350</u>
		<u>570,755</u>	<u>571,712</u>
Current liabilities			
Trade and other payables	12	399,574	387,006
Amount due to immediate holding company		201	26
Amount due to fellow subsidiaries		1,543	–
Derivative financial instruments		587	–
Taxation		<u>1,752</u>	<u>1,848</u>
		<u>403,657</u>	<u>388,880</u>
Net current assets		<u>167,098</u>	<u>182,832</u>
Net assets		<u>181,305</u>	<u>196,840</u>
Capital and reserves			
Share capital	11	40,800	40,800
Reserves		<u>140,505</u>	<u>156,040</u>
Equity attributable to equity holders of the Company		<u>181,305</u>	<u>196,840</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 September 2006*

	(Unaudited)	
	For the Six months ended	
	30 September	
	2006	2005
	HK\$'000	HK\$'000
Net cash inflow from operating activities	8,865	2,631
Net cash outflow from investing activities	(15,094)	(231)
Net cash outflow from financing activities	(28,560)	(30,000)
Decreases in cash and cash equivalents	(34,789)	(27,600)
Cash and cash equivalents at the beginning of the Period	144,350	123,590
Cash and cash equivalents at the end of the Period	109,561	95,990

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2006

	Attributable to equity holders of the Company				Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000 (Note)	Retained profits HK\$'000	
At 1 April 2006	40,800	59,546	801	95,693	196,840
Dividend for 2006	–	–	–	(28,560)	(28,560)
Profit for the year, representing total recognised income for the period	–	–	–	13,025	13,025
At 30 September 2006	40,800	59,546	801	80,158	181,305
At 1 April 2005	1,001	–	–	75,773	76,774
Issue of shares by the Company at nil-paid and credited as fully paid on Reorganisation	200	–	–	–	200
Elimination on Reorganisation	(1,001)	–	801	–	(200)
Dividend for 2005 paid by a subsidiary	–	–	–	(30,000)	(30,000)
Profit for the period, representing total recognised income for the period	–	–	–	30,207	30,207
At 30 September 2005	200	–	801	75,980	76,981

Note: The special reserve of the Group represents the difference between the nominal value of the shares of the acquired subsidiaries and the nominal value of the Company's shares issued for the acquisition at the time of the Reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION OF FINANCIAL STATEMENTS

The unaudited consolidated financial statements for the Period have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong including compliance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim financial reporting” and with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (The “Listing Rules”). The financial statements are presented in Hong Kong dollars, which is also the functional currency of the Company and its principal subsidiaries.

The Company’s ultimate holding company is TBJ Holdings Pte Ltd., a company incorporated in the Republic of Singapore. The Company’s immediate holding company is Sincere Watch Limited, a company incorporated in the Republic of Singapore.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited consolidated financial statements have been prepared under the historical cost convention, except for derivative financial instruments that have been measured at fair value. The principal accounting policies and methods of computations used in the preparation of the unaudited consolidated financial statements are consistent with those applied in the Group’s final financial statements for the year ended 31 March 2006, except that the Group has changed certain of its accounting policies subsequent to its adoption of the new/revised standards that are effective for accounting periods commencing on or after 1 April 2006. The adoption of such standards did not have material effect on these financial statements.

The Group has not early adopted the standards and interpretations that have been issued but are not yet effective. The adoption of such standards will not result in substantial changes to the Group’s accounting policies.

3. TURNOVER

Turnover represents the net amounts received and receivable for goods sold by the Group to external customers, less returns and allowances. An analysis of the Group’s turnover for the Period, for both continuing and discontinued operations, is as follows:

	(Unaudited)	
	For the Six months ended	
	30 September	
	2006	2005
	HK\$’000	HK\$’000
Continuing operations		
Hong Kong	173,439	125,951
PRC other than Hong Kong	36,698	5,668
Other Asian countries	–	17,153
	210,137	148,772
Discontinued operations		
Taiwan and Thailand	–	33,850
	210,137	182,622

4. SEGMENT INFORMATION AND DISCONTINUED SEGMENTS

The Group's principal activity is brand management and distribution of branded luxury watches, timepieces and accessories as a single business segment. On 19 September 2005, the Company's board of directors approved to terminate the Group's sales to Taiwan and Thailand upon listing of the shares of the Company on the Main Board of the Stock Exchange with effect from 17 October 2005. Accordingly, certain comparative figures were restated so as to reflect the results for the discontinued operations and foreign exchange gains or losses. An analysis of the Group's turnover and results by geographical market of its customers is as follows:

For the six months ended 30 September 2006

	Continuing operations			Discontinued operations		
	Hong Kong HK\$'000	PRC other than Hong Kong HK\$'000	Other Asian countries HK\$'000	Total HK\$'000	Taiwan & Thailand HK\$'000	Consolidated HK\$'000
REVENUE						
Sales	<u>173,439</u>	<u>36,698</u>	<u>—</u>	<u>210,137</u>	<u>—</u>	<u>210,137</u>
RESULT						
Segment results	<u>51,694</u>	<u>8,812</u>	<u>—</u>	<u>60,506</u>	<u>—</u>	<u>60,506</u>
Unallocated corporate expenses				(45,960)	—	(45,960)
Unallocated corporate income				1,201	—	1,201
Profit before tax				15,747	—	15,747
Income tax expenses				(2,722)	—	(2,722)
Profit for the year attributable to equity holders of the Company				<u>13,025</u>	<u>—</u>	<u>13,025</u>

For the six months ended 30 September 2005 (restated)

	Continuing operations			Discontinued operations		
	Hong Kong HK\$'000	PRC other than Hong Kong HK\$'000	Other Asian countries HK\$'000	Total HK\$'000	Taiwan & Thailand HK\$'000	Consolidated HK\$'000
REVENUE						
Sales	<u>125,951</u>	<u>5,668</u>	<u>17,153</u>	<u>148,772</u>	<u>33,850</u>	<u>182,622</u>
RESULT						
Segment results	<u>40,393</u>	<u>1,853</u>	<u>1,972</u>	44,218	4,746	48,964
Unallocated corporate expenses				(30,880)	—	(30,880)
Unallocated corporate income				18,529	—	18,529
Profit before tax				31,867	4,746	36,613
Income tax expenses				(5,575)	(831)	(6,406)
Profit for the year attributable to equity holders of the Company				<u>26,292</u>	<u>3,915</u>	<u>30,207</u>

	(Unaudited) For the period ended 30 September 2006 HK\$'000	(Audited) For the year ended 31 March 2006 HK\$'000
SEGMENT ASSETS (BY LOCATION OF CUSTOMERS)		
Continuing operations		
Hong Kong	77,296	80,079
PRC other than Hong Kong	10,107	6,260
Other Asian countries	224	17
	87,627	86,356
Discontinued operations		
Taiwan and Thailand	–	3,654
	–	90,010
Unallocated corporate assets	497,335	495,710
	584,962	585,720

	(Unaudited) For the period ended 30 September 2006 HK\$'000	(Audited) For the year ended 31 March 2006 HK\$'000
SEGMENT ASSETS (BY LOCATION OF ASSETS)		
Continuing operations		
Hong Kong	558,269	558,581
PRC other than Hong Kong	12,830	10,418
Other Asian countries	224	17
	571,323	569,016
Discontinued operations		
Taiwan and Thailand	–	3,654
	–	572,670
Unallocated corporate assets	13,639	13,050
	584,962	585,720

Most of the Group's liabilities represent trade payables to suppliers in Europe. Accordingly, no segment liabilities by location of customers were presented.

	(Unaudited) For the Six months ended 30 September 2006 HK\$'000	2005 HK\$'000
OTHER INFORMATION		
Capital additions (by location of assets)		
Hong Kong	96	292
Depreciation (by location of customers) Unallocated	486	872
Allowances for inventories (by location of customers) Unallocated	3,143	3,096
Loss on disposal of property, plant and equipment (by location of customers) Unallocated	–	430

5. PROFIT BEFORE TAXATION

	(Unaudited)	
	For the Six months	
	ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
Profit before taxation has been arrived at after charging:		
Directors' remuneration (<i>Note 1</i>)	7,010	4,597
Other staff costs	6,019	6,505
Other staff's retirement benefit scheme contributions	159	187
	<u>13,188</u>	<u>11,289</u>
Total staff costs		
Realised exchange loss	6,685	–
Unrealised exchange loss	7,280	–
Net loss on fair value changes on foreign exchange contracts	587	–
	<u>14,552</u>	<u>–</u>
Exchange loss (<i>Note 2</i>)		
Management fee paid to immediate holding company (<i>Note 1</i>)	–	1,800
Allowances for inventories	3,143	3,096
Depreciation of property, plant and equipment	486	872
Written off on disposal of property, plant and equipment	–	430
Minimum lease payments in respect of rented premises	4,624	4,418
and after crediting:		
Realised exchange gain	–	310
Unrealised exchange gain	–	18,216
	<u>–</u>	<u>18,526</u>
Exchange gain (<i>Note 2</i>)		
Interest income	1,201	3
	<u>1,201</u>	<u>3</u>

Notes:

- The payment of management fee by the Company to the immediate holding company, SWL, was discontinued upon listing and the Company remunerated its Directors thereafter.
- Foreign exchange gain or losses was disclosed separately in this presentation.

6. TAXATION

	(Unaudited)	
	For the Six months	
	ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
The charge comprises:		
Current tax – Hong Kong Profits Tax	3,311	6,935
Deferred tax	(589)	(529)
	2,722	6,406
Represented by:		
Continuing operations	2,722	5,575
Discontinued operations	–	831
	2,722	6,406

The provision for Hong Kong Profits Tax is calculated by applying the applicable tax rate of 17.5% (2005: 17.5%) to the estimated assessable profits which were earned in or derived from Hong Kong during the period. The Group does not incur significant tax liabilities in other jurisdictions.

7. DIVIDEND

The directors have resolved not to declare the payment of any interim dividend for the six months ended 30 September 2006 (2005: Nil).

Final dividend for year ended 31 March 2006 amounting to HK\$28,560,000 was approved by the shareholders in the annual general meeting and was paid during the period.

8. EARNINGS PER SHARE

For continuing and discontinued operations

The calculation of basic earnings per share is based on the profit for the period attributable to equity holders of the Company of HK\$13,025,000 (2005: HK\$30,207,000) and on the number of 408,000,000 shares (2005: 306,000,000 shares) that would have been in issue throughout the period. The 306,000,000 shares that were issued prior to the listing of the Company's shares on the Stock Exchange and pursuant to the Reorganisation are deemed to have been in issue throughout the corresponding period of the previous year.

There were no potential dilutive ordinary shares outstanding during both periods.

From continuing operations

Basic earnings per share from continuing operations is HK3.2 cents per share (2005: HK8.6 cents), based on the profit for the period from continuing operations attributable to equity holders of the Company of HK\$13,025,000 (2005: HK\$26,292,000). The denominators used are the same as those detailed above for basic earnings per share.

9. INVENTORIES

All the inventories at 30 September 2006 are finished goods.

10. TRADE AND OTHER RECEIVABLES

	(Unaudited) For the period ended 30 September 2006 HK\$'000	(Audited) For the year ended 31 March 2006 HK\$'000
Trade receivables	87,403	86,340
Other receivables	23,960	5,548
	111,363	91,888
The following is an aged analysis of trade receivables (net of impairment losses for bad and doubtful debts):		
Within 1 month	39,074	35,341
1 to 4 months	48,329	50,999
	87,403	86,340

The Group allows a credit period normally ranging from 30 to 90 days to its trade customers. The directors consider that the carrying amount of trade and other receivables approximates their fair value.

11. SHARE CAPITAL

	Number of shares <i>'000</i>	Amount <i>HK\$'000</i>
Ordinary shares of HK\$0.10 each Authorised: At 30 September 2006 (unaudited) and at 31 March 2006 (audited)	<u>2,000,000</u>	<u>200,000</u>
Issued and fully paid:		
At 31 March 2005	2,000	200
Capitalisation of share premium account (<i>Note 1</i>)	304,000	30,400
Placement of shares (<i>Note 2</i>)	<u>102,000</u>	<u>10,200</u>
At 30 September 2006 (unaudited) and at 31 March 2006 (audited)	<u>408,000</u>	<u>40,800</u>

Notes:

- On 13 October 2005, 304,000,000 ordinary shares of HK\$0.10 each were allotted and issued as fully paid at par to the then shareholders of the Company in proportion to their then respective shareholdings at the close of business on 19 September 2005, by way of capitalisation of the sum of HK\$30,400,000 standing to the credit of the share premium account of the Company, conditional on the share premium account being credited as a result of the new issue and placing of shares as set out in note 2 below. For the purpose of calculating last year earnings per share, these shares were deemed to have been in issue throughout both years.
- On 13 October 2005, 102,000,000 ordinary shares of HK\$0.10 each were issued by way of placing to professional and institutional investors and public offer to the public at a price of HK\$1.08 per share.

12. TRADE AND OTHER PAYABLES

	(Unaudited) For the period ended 30 September 2006 <i>HK\$'000</i>	(Audited) For the year ended 31 March 2006 <i>HK\$'000</i>
Trade payables	371,804	359,280
Other payables	<u>27,770</u>	<u>27,726</u>
	<u>399,574</u>	<u>387,006</u>
The following is an aged analysis of trade payables:		
Within 1 month	95,777	121,032
1 month to 12 months	263,821	230,786
Over 1 year	<u>12,206</u>	<u>7,462</u>
	<u>371,804</u>	<u>359,280</u>

The amount of trade payables above includes HK\$371,804,000 (31 March 2006: HK\$359,053,000) which is denominated in Swiss Franc and nil (31 March 2006: HK\$227,000) which is denominated in Euro. The directors consider that the carrying amount of trade and other payables approximates their fair value.

13. RELATED PARTY TRANSACTIONS

(a) Transaction

During the Period, the Group had the following transactions with the following related parties:

	(Unaudited)	
	For the Six months	
	ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
Sales to immediate holding company	–	12,166
Sales to fellow subsidiaries	–	18,160
Purchases from fellow subsidiaries	1,530	3,650
Management fee paid to immediate holding company	–	1,800
	<u> </u>	<u> </u>

(b) Compensation of key management personnel

The remuneration of directors during the year was as follows:

	(Unaudited)	
	For the Six months	
	ended 30 September	
	2006	2005
	HK\$'000	HK\$'000
Short-term benefits	7,010	4,597
	<u> </u>	<u> </u>

The remuneration of directors is determined by the remuneration committee and management respectively having regard to the performance of individuals and market trends.

14. POST BALANCE SHEET EVENT

On 14 July 2006, the shareholders in the Extraordinary General Meeting approved the acquisition of the entire interest of Sincere Watch Co., Ltd, (the "SWTW") subject to the terms and conditions as disclosed in the Circular of the Company dated 26 June 2006.

On 1 October 2006, all the terms and conditions in the acquisition have been satisfied and fulfilled, and the Company made an initial payment of S\$3.3 million (equivalent to approximately HK\$16.25 million) at completion and the remaining balance of S\$2.2 million (equivalent to approximately HK\$10.84 million) will be payable on or before 31 March 2007. SWTW becomes a wholly-owned subsidiary of the Company with effect from 1 October 2006.