



# *Chairman's & Vice Chairman's Statement*

On behalf of the board of directors (the "Board"), we are delighted to present the annual report of Sincere Watch (Hong Kong) Limited and its subsidiaries (the "Group") for the year ended 31 March 2006. This is our first annual report since the shares of the Group were listed and commenced trading on the Main Board of The Stock Exchange of Hong Kong Limited on 17 October 2005.

2005 has been a momentous year for the Group and we are delighted to be able to share our maiden voyage with our business partners, customers, the public community at large and of course, you - our shareholders.

This successful listing on The Stock Exchange of Hong Kong marks a major milestone as the Group embarks on its plan to further develop the Hong Kong, Macau, and PRC markets. Raising more than HK\$110 million from the capital market, the group is well positioned as the premier brand management company. On this strong platform, it will continue to strengthen the position of its leading brands; ie. Franck Muller, de Grisogono, Pierre Kunz, European Company Watch as well as to further develop a comprehensive brand portfolio.

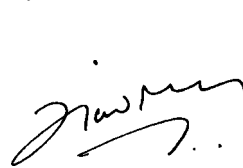
We are optimistic about the outlook for 2006 and beyond with the local economy reviving and increasing tourist arrivals, especially from Mainland China. The PRC market also boasts great potential against rapid economic growth and increasing brand-consciousness among affluent consumers looking to own watches of quality and prestige. Going forward with the Group's expansion plans, we will further strengthen our distribution network by careful

selection of watch retailers and their locations. We will continue to open more mono-brand boutiques in Hong Kong, Macau and major cities in the PRC to enhance brand image and sales amongst the growing affluent Asian consumers.

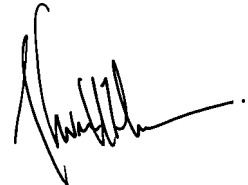
With the Group's financial position remaining strong and its prospects bright, and as a token to reward our shareholders, the Board proposed the payment of a final dividend of HK 7 cents per share. The dividend payout ratio of the Group is approximately 57% during the year, or equivalent to a yield of 6.5% against the IPO price of HK\$1.08 for the Group's shares.

On behalf of the Board of Directors, we would like to express appreciation to all staff for their dedication and contribution during the year. We would also like to offer our gratitude to all our customers, business associates and shareholders for their continuous support. We are delighted with our entry into Hong Kong and we look forward to more good years ahead.

By order of the Board



**Tay Liam Wee**  
*Chairman*



**Chau Kwok Fun, Kevin**  
*Vice Chairman*

10 May 2006