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SINCERE WATCH (HONG KONG) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 444)

INSIDE INFORMATION

(1) DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023; AND (2) CONTINUED SUSPENSION OF TRADING

This announcement is made by Sincere Watch (Hong Kong) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

DELAY IN PUBLICATION OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The Company refers to its announcement dated 29 June 2023 regarding the suspension of trading of the shares of the Company pending disclosure of inside information about a potential material provision in the financial statements of the Company for the year ended 31 March 2023. The Company was unable to publish on 30 June 2023 the consolidated financial statements of the Group for the financial year ended 31 March 2023 (the “**2023 Annual Results**”) which shall have been agreed with the auditors of the Company as the Company has been in discussions with the auditors in relation to a material provision in the financial statements of the Company for the financial year ended 31 March 2023. The Company has been communicating with the auditors during the course of audit before 31 March 2023 addressing issues audit raised by the auditors, including but not limited to further information and/or explanation on the management’s assessment on the potential impact of an arbitration proceeding involving Sincere Brand Management Limited (“**SBML**”), an indirect wholly-owned subsidiary of the Company.

As disclosed in the Company's announcements dated 7 December 2022 and 20 January 2023 and 12 May 2023, SBML has commenced arbitration proceedings at the Swiss Arbitration Centre (the "**Arbitration**") against Multicontinental Distribution (Asia) DMCC and GFM Watchland SA (the "**Respondents**") in relation to the certain disputes on the alleged termination of SBML's exclusive distributorship of Franck Muller timepieces and watch accessories and spare parts in the PRC, Hong Kong, Macau and Taiwan under an exclusive distribution agreement dated 15 June 2018 (the "**EDA**") governed by Swiss law. SBML sought, amongst others, declaration that the EDA is still valid and is not terminated; or, alternatively, damages for wrongful termination of contract to be assessed, damages for wrongful intervention of SBML's business and costs.

Having considered Swiss legal advice sought by the Company, it is the Company's view that the notices of termination issued by the Respondents were wrong and legally baseless. As the Arbitration is still in progress and with reference to legal advice obtained from the Company's legal advisers as to Swiss law, the Directors considered that SBML has a reasonably arguable case to succeed in the Arbitration and hence does not consider that any provision is necessary as at 31 March 2023. The auditors, after its review of the case and discussions with the Company since beginning of the audit works, recently informed the Company that it considers that there is uncertainty in the outcome and potential impact of the Arbitration and does not agree with the Company's view that no provision need to be made.

In any event, the Company can obtain additional funds from major shareholders of the Company to cover potential liabilities should the outcome of the Arbitration turn out to be unfavourable to the Group. The Board further considers that the provision, even if made, would not have material adverse effect to the financial position and operations of the Group.

The Company is currently working closely with the auditors with a view to completing the audit as soon as practicable on a mutually agreed basis. Based on the current situation, the Company expects to announce the 2023 Audited Annual Results by 31 July 2023.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in all securities of the Company on the Stock Exchange has been suspended with effect from 10:33 a.m. on 29 June 2023, and will remain suspended until further notice.

Further announcement(s) will be made by the Company in relation to the publication of the 2023 Audited Annual Results and/or further Board meeting for the 2023 Audited Annual Results as and when appropriate and in accordance with the Listing Rules.

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

By the order of the Board
Sincere Watch (Hong Kong) Limited
Zhang Xiaoliang
Chairman and Chief Executive Officer

Hong Kong, 30 June 2023

As at the date of this announcement, the Executive Directors of the Company are Mr. Zhang Xiaoliang (Chairman and Chief Executive Officer), Mr. Yang Guangqiang and Mr. An Muzong; and the Independent Non-executive Directors of the Company are Mr. Yu Zhenxin, Mr. Zong Hao and Mr. Cheng Sing Kau Colman.