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SINCERE WATCH (HONG KONG) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 444)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2015

FINANCIAL HIGHLIGHTS

- Turnover for the financial year ended 31 March 2015 ("FY2015") decreased by 9.0% from HK$648,013,000 to HK$589,716,000 when compared with last financial year ("FY2014").

- Gross margin decreased from 38.8% to 38.3%. Gross profit for this financial year decreased from HK$251,255,000 to HK$225,650,000.

- The realised foreign exchange gain for the year was HK$15,705,000 as compared with loss of HK$11,192,000 last year. The unrealised foreign exchange gain of this financial year was HK$3,955,000 as compared with HK$2,660,000 loss of last financial year.

- Net profit for FY2015 was HK$40,232,000 (FY2014: HK$52,074,000).

- Earnings per share (basic) was 1.22 HK cents for this financial year and 2.02 HK cents (restated) for last financial year.

- The Board does not recommend the payment of a final dividend for the year ended 31 March 2015 (FY2014: 0.8 HK cents).

FINANCIAL RESULTS

The board of directors (the "Board") of Sincere Watch (Hong Kong) Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2015 ("2015"), together with the audited comparative figures for the corresponding year ended 31 March 2014 ("2014").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	NOTES	**2015** **HK$'000**	2014 HK$'000
Turnover	*3*	**589,716**	648,013
Cost of sales		**(364,066)**	(396,758)
Gross profit		**225,650**	251,255
Other income		**7,824**	2,765
Selling and distribution costs		**(102,497)**	(95,822)
General and administrative expenses		**(86,581)**	(74,500)
Impairment loss recognised on goodwill		**–**	(8,092)
Profit before taxation, exchange gain (loss) and (loss) gain on fair value change of derivative financial instruments		**44,396**	75,606
Realised exchange gain (loss)		**15,705**	(11,192)
Unrealised exchange gain (loss)		**3,955**	(2,660)
(Loss) gain on fair value change of derivative financial instruments		**(14,812)**	722
Profit before taxation		**49,244**	62,476
Income tax expense	*4*	**(9,012)**	(10,402)
Profit for the year	*5*	**40,232**	52,074
Other comprehensive expense, net of tax			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(1,044)**	(855)
Fair value loss on available-for-sale investments		**(5,700)**	–
Other comprehensive expense for the year		**(6,744)**	(855)
Total comprehensive income for the year		**33,488**	51,219
Earnings per share	*7*		(restated)
— basic		**1.22 HK cents**	2.02 HK cents
— diluted		**1.22 HK cents**	2.02 HK cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**27,853**	40,637
Available-for-sale investments		**40,800**	–
Deposit paid for acquisition of property, plant and equipment		**4,654**	–
Deferred tax assets		**16,430**	14,225
		89,737	54,862
Current assets			
Inventories		**401,092**	436,339
Trade and other receivables	8	**141,498**	92,376
Amount due from immediate holding company		**30**	572
Amount due from a fellow subsidiary		**5**	–
Derivative financial instruments		**653**	722
Taxation recoverable		**–**	10,129
Bank balances and cash		**460,403**	316,115
		1,003,681	856,253
Current liabilities			
Trade and other payables	9	**270,891**	330,474
Amount due to a fellow subsidiary		**9,624**	1,334
Amount due to a related party		**812**	–
Derivative financial instruments		**3,581**	–
Taxation payable		**5,606**	6,157
		290,514	337,965
Net current assets		**713,167**	518,288
Total assets less current liabilities		**802,904**	573,150
Net assets		**802,904**	573,150
Capital and reserves			
Share capital		**69,200**	40,800
Reserves		**733,704**	532,350
Total equity		**802,904**	573,150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. GENERAL

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 21 July 2004 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

The Company's ultimate holding company is Be Bright Limited, a company incorporated in the British Virgin Islands and wholly owned by Mrs. Chu Yuet Wah, the ultimate controlling shareholder. The Company's immediate holding company is Sincere Watch Limited, a company incorporated in the Republic of Singapore.

The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company acts as an investment holding company. The principal activities of 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"), and dining business.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") which is also the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current year, the Group has applied the following new Interpretation and amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and continuation of Hedge Accounting
HK IFRIC–Int 21	Levies

The application of the above new Interpretation and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and revised HKFRS issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[4]
Amendments to HKAS 1	Disclosure Initiative[4]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[4]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle[5]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[4]

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted
3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions, with earlier application permitted

HKFRS 9 "Financial Instruments"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's existing business model and financial instruments as at 31 March 2015, the application of HKFRS 9 in the future may result in early recognition of credit losses based on expected loss model in relation to the Group's financial assets measured at amortised costs. It is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 "Revenue from Contracts with Customers"

In July 2014, HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "Revenue", HKAS 11 "Construction Contracts" and the related interpretations when it becomes effective.

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipate that the application of HKFRS 15 in the future may have an impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

The directors of the Company do not anticipate that the application of the other new and revised HKFRSs will have a material impact on the results and financial position of the Group.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the internal reports reviewed by the Executive Directors of the Company, who are the chief operating decision maker, that are used to allocate resources and assess performance, which are analysed based on the geographical locations of the sales. The Group has two business operations, which are the distribution of branded luxury watches, timepieces and accessories, and dining business.

Segment results represent the profit before taxation earned by each segment and excluding unallocated other income and unallocated expenses such as central administration costs, selling and distribution costs and directors' salaries. This is the measure reported to the Executive Directors for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's turnover and results by geographical location. The following tables set out information about the geographical location of the Group's revenue from external customers determined based on the location of customers.

Year ended 31 March 2015

	Hong Kong *HK$'000*	**Mainland China and Macau** *HK$'000*	**Other Asian locations** *HK$'000* *(Note)*	**Consolidated** *HK$'000*
REVENUE				
External sales	**460,595**	**92,257**	**36,864**	**589,716**
RESULT				
Segment result	**164,890**	**44,420**	**9,849**	**219,159**
Realised exchange gain				**15,705**
Unrealised exchange gain				**3,955**
Loss on fair value change of derivative financial instruments				**(14,812)**
Unallocated expenses				**(182,587)**
Unallocated income				**7,824**
Profit before taxation				**49,244**

Year ended 31 March 2014

	Hong Kong *HK$'000*	Mainland China and Macau *HK$'000*	Other Asian locations *HK$'000* *(Note)*	Consolidated *HK$'000*
REVENUE				
External sales	447,658	164,949	35,406	648,013
RESULT				
Segment result	152,745	77,557	10,665	240,967
Impairment loss recognised on goodwill				(8,092)
Realised exchange loss				(11,192)
Unrealised exchange loss				(2,660)
Gain on fair value change of derivative financial instruments				722
Unallocated expenses				(160,034)
Unallocated income				2,765
Profit before taxation				62,476

No information on segmental assets and liabilities is provided to the Executive Directors on a regular basis.

Note: Other Asian locations includes Singapore and Taiwan.

Information about major customers

Revenues from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015	2014
	HK$'000	*HK$'000*
Customer A	**115,220**	88,499
Customer B	**87,506**	102,099

Note: Both Customer A and Customer B generate revenues to the Group in Hong Kong.

Revenue from major operations

The following is an analysis of the Group's revenue from its major operations:

	2015	2014
	HK$'000	*HK$'000*
Distribution of branded luxury watches, timepieces and accessories	**579,788**	648,013
Dining business	**9,928**	–
	589,716	648,013

Other segment information

The information of the Group's non-current assets by geographical location is detailed below:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**61,506**	24,138
Mainland China and Macau	**11,191**	15,059
Taiwan	**610**	1,440
	73,307	40,637

Note: Non-current assets above exclude deferred tax assets.

4. INCOME TAX EXPENSE

	2015	2014
	HK$'000	*HK$'000*
The charge comprises:		
Current tax		
Hong Kong	**(8,404)**	(6,622)
Other jurisdictions	**(2,928)**	(5,382)
	(11,332)	(12,004)
Overprovision in prior years:		
Hong Kong	**20**	–
Other jurisdictions	**41**	16
	61	16
Deferred tax credit		
Current year	**2,259**	1,586
	(9,012)	(10,402)

Hong Kong Profits Tax is calculated at 16.5% (2014: 16.5%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

5. PROFIT FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Profit for the year has been arrived at after charging:		
Directors' remuneration	**8,592**	7,880
Other staff costs	**33,382**	28,663
Other staff's retirement benefits scheme contributions	**782**	669
Total staff costs	**42,756**	37,212
Auditor's remuneration	**963**	871
Depreciation of property, plant and equipment	**23,287**	18,863
Minimum lease payments in respect of rented premises	**68,481**	55,425
Cost of inventories recognised as an expense (including write-down of inventories HK$2,881,000 (2014: HK$7,906,000))	**364,066**	396,758
Loss on write-off of property, plant and equipment	**–**	306
and after crediting:		
Interest income	**7,010**	2,625
Gain on disposal of property, plant and equipment	**–**	140

Note: The minimum lease payments in respect of rental premises included contingent rent of HK$33,000 (2014: HK$3,885,000) for the year ended 31 March 2015. Contingent rent was charged by the lessors if certain percentage of turnover of the related boutiques reached the minimum levels as agreed under the tenancy agreements.

6. DIVIDEND

During the year ended 31 March 2015, final dividend of HK$27,680,000 for the year ended 31 March 2014 was declared and paid (2014: final dividend declared and paid in respect of the year ended 31 March 2013: HK$32,640,000).

The Board does not propose the payment of a final dividend for the year ended 31 March 2015. In respect of the year ended 31 March 2014, the Board proposed the payment of a final dividend of HK$0.008 per Share.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Earnings of the Company for the purposes of basic and diluted earnings per share (profit for the year attributable to owners)	**40,232**	52,074

	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	**3,288,271**	2,576,842

The weighted average number of ordinary shares for the purpose of basic and diluted earnings per share have been retrospectively adjusted to reflect the rights issue on 14 April 2014 and share subdivision on 2 September 2014.

8. TRADE AND OTHER RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**101,232**	52,462
Other receivables, deposits and prepayments	**40,266**	39,914
	141,498	92,376

Normally, the Group allows a credit period ranging from 30 to 90 days to its trade customers.

The following is an aged analysis of trade receivables presented based on the invoice dates at the end of the reporting period, which approximated to the respective revenue recognition dates:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**68,721**	29,058
31–90 days	**19,136**	23,404
91–120 days	**13,375**	–
	101,232	52,462

Management closely monitors the credit quality of trade and other receivables and considers trade and other receivables that are neither past due nor impaired are of good credit quality.

Included in the Group's trade receivable balances are debtors with aggregate carrying amount of HK$13,375,000 (2014: nil) which are past due at the end of the reporting period for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables which are past due but not impaired and are subsequently received:

	2015	2014
	HK$'000	*HK$'000*
91–120 days	**13,375**	–

9. TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables	**171,120**	229,578
Other payables and accrued charges	**99,771**	100,896
	270,891	330,474

The following is an aged analysis of trade payables:

	2015	2014
	HK$'000	*HK$'000*
Within 90 days	**55,173**	63,803
91 days–365 days	**115,947**	165,775
	171,120	229,578

The Group's trade payables that are denominated in CHF and EUR, currency other than functional currency of the relevant group entities are set out below:

	2015	2014
	HK$'000	*HK$'000*
Denominated in CHF	**170,844**	228,334
Denominated in EUR	**276**	1,244

10. COMPARATIVE FIGURES

Certain line items in the statement of profit or loss and other comprehensive income have been re-presented to conform with current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's revenue for the year ended 31 March 2015 ("FY2015") decreased 9.0% from HK$648.0 million to HK$589.7 million when compared with last financial year ("FY2014").

Gross profit dropped by 10.2% from HK$251.3 million in FY2014 to HK$225.7 million in FY2015. The gross profit margin dropped from 38.8% to 38.3%.

The Group reported a realised foreign exchange gain of HK$15.7 million in FY2015 against a realised foreign exchange loss of HK$11.2 million in FY2014. The unrealised foreign exchange gain was HK$4.0 million in FY2015 as compared with HK$2.7 million loss in FY2014. There was HK$14.8 million loss on fair value change of derivative financial instruments in FY2015 against HK$0.7 million gain in FY2014.

Unrealised exchange difference arose from trade payables denominated in foreign currencies, 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.

Excluding the realised and unrealised exchange differences and loss/gain on fair value change of derivative financial instruments, the Group's profit before tax was HK$44.4 million against HK$75.6 million for FY2014.

Selling and distribution costs increased 7.0% from HK$95.8 million last year to HK$102.5 million mainly due to higher shop rental expenses. General and administrative expenses increased 16.2% from HK$74.5 million last year to HK$86.6 million mainly due to increases in staff costs and depreciation expenses.

Net profit dropped 22.7% from HK$52.1 million in FY2014 to HK$40.2 million in FY2015.

Earnings per share (basic) dropped to 1.22 HK cents in FY2015 from 2.02 HK cents (restated) in FY2014. Net asset value per share increased 39.8% from 16.6 HK cents (restated) as at 31 March 2014 to 23.2 HK cents as at 31 March 2015.

Trade receivables as at 31 March 2015 increased by 93.0% from 52.5 million to 101.2 million when compared with last year.

KEY PERFORMANCE INDICATORS: INVENTORY TURNOVER AND CURRENT RATIO

Our Inventories as at 31 March 2015 decreased by 8.1% to HK$401.1 million when compared with 31 March 2014. Our Inventory Turnover Period, which is calculated by our Inventories balance divided by our Cost of Sales, marginally increased from 401 days in FY2014 to 402 days in FY2015.

Our Current Ratio, which is calculated by our current assets divided by our current liabilities, was 3.5 as at 31 March 2015 vs 2.5 as at 31 March 2014, indicating the Group's further strengthened liquidity.

ANALYSIS OF MAJOR CUSTOMERS AND SUPPLIERS

The sales to the top 5 customers amounted to HK$266.3 million, representing a drop of 2.0% from HK$271.7 million in FY2014.

Our top 5 customers in FY2015 represented approximately 45.2% of our total revenue as compared to approximately 41.9% in FY2014. Our largest customer accounted for approximately 19.5% of our total revenue in FY2015 as compared to approximately 15.8% in FY2014. Four out of our top 5 customers are located in Hong Kong. Our largest customer is a leading firm engaged in selling watches. The Group maintained business relationship with top 5 customers for 3 to over 5 years.

During FY2015, the purchases from the top 5 major suppliers amounted to HK$332.0 million, representing a decrease of about 14.0% from HK$386.0 million in FY2014.

Our top 5 suppliers in FY2015 represented approximately 99.7% of our total purchases as compared to approximately 100.0% in FY2014. Our largest supplier accounted for approximately 90.4% of our total purchases in FY2015 as compared to approximately 98.2% in FY2014. Our largest supplier is the leading supplier of watches. The Group maintained business relationship with such supplier for over ten years.

BUSINESS REVIEW

The Group is the sole distributor of Franck Muller watches and accessories in Hong Kong, Macau, Taiwan and Mainland China. We also represent five other luxury brands — de Grisogono, CVSTOS, Pierre Kunz, European Company Watch and Backes & Strauss.

Distribution network and market penetration

The Group has established its extensive distribution network with 59 retail points of sales and 13 boutiques, making a total of 72 points (76 as at the end of March 2014).

Other than the 8 boutiques run by the Group, the 64 watch retail outlets in the region are run by 29 independent watch dealers throughout our markets.

During the year under review, the Group actively explored every opportunity to open up new retail points of sales in the region. New points of sales were added in Hong Kong through Chow Tai Fook Jewellery Co. Ltd., Prince Jewellery & Watch Co., and Wonderland Watch Ltd.

Brand enhancement activities

Creating and sustaining brand value among our discerning customers is the Group's main priority. As such, we have conducted several brand enhancement activities to reinforce our brand leadership with product imagery and focused product placements in relevant media.

The Group has consistently embarked on niche marketing initiatives to build the image and desirability of its global watch brands. This included several unique events in our key markets with to the aim of enhancing brand exposure and increasing brand networking.

In October 2014, together with 9 top-class watch brands, the Group participated a joint event with Oriental Watch, at Shatin race course. To enrich the partnership, one of the races was named after the brand with trophy presentation by brand's management. A dedicated exhibition area displayed the Franck Muller 7 days power reserve skeleton, a pioneer collection displaying a meticulous craftsmanship. A fashion runway was carried out by the model showcasing the Long Island Sunrise in red gold, an alluring jewellery timepiece.

Also in October 2014, the Group hosted an in store cocktail event at Shenyang Forum 66 boutique in China. Guests enjoyed an exclusive champagne shopping experience, alongside with a model presentation featuring the Giga Tourbillion, the world's largest tourbillion, and Double Mystery, a complete diamond studded piece surrounded by hour markers of precious stones.

In November 2014, the Group hosted a 10 days private VIP viewing promotion at Beijing Yansha Youyi Shopping City Boutique. Clients had a chance to preview the latest Franck Muller collections while enjoying a glass of champagne.

From January to March 2015, an exclusive 3 months exhibition displayed at the Europe Watch boutique, Tsim Sha Tsui Centre. Clients were invited to discover the latest Vanguard collection. An innovative design of futuristic aesthetics featured by the first introduced appliqué relief index, designed in the classic Curvex case inspired by the Franck Muller's traditions.

In March 2015, in supporting Po Leung Kuk as one of the most committed charitable organizations in Hong Kong, the Group was pleased to be the title sponsor for 2015 Po Leung Kuk Annual Charity Ball. A Franck Muller Long Island Ladies timepiece was offered as an auction piece in addition to the sponsorship, the proceeds from the auction was fully funded to serve the Po Leung Kuk's spirit in bringing the goodness to the community. Mrs. Chu Yuet Wah was the Vice Chairman of Po Leung Kuk.

Performance by geographical markets

All of the Group's markets remained profitable although total sales decreased.

Hong Kong, Mainland China and Macau remained the key revenue drivers, contributing together HK$552.9 million which accounted for 93.7% of the Group's total turnover in FY2015.

Hong Kong

Hong Kong continues to be the Group's major market, accounting for 78.1% of the Group's revenue in FY2015. Performance in this market recorded an increase in revenue by HK$12.9 million, or 2.9% from HK$447.7 million in the previous year to HK$460.6 million in this year.

Hong Kong recorded segmental profit of HK$164.9 million which increased 8.0% when compared with last year. This market accounted for 75.2% of the Group's segmental profit.

Mainland China and Macau

The percentage contribution of Mainland China and Macau to the Group's total revenue dropped from 25.4% in FY2014 to 15.6% in FY2015. Sales in this region showed the decrease of 44.1% to HK$92.3 million from HK$164.9 million in the last year.

The market in Mainland China and Macau recorded a decrease in segmental profit by HK$33.1 million, or 42.7% to HK$44.4 million in FY2015.

Other Asian locations

The Group's other Asian territories (i.e. Taiwan and Singapore) remained profitable. The segment recorded revenue of HK$36.9 million, 4.1% higher than HK$35.4 million in FY2014.

This region's contribution to the Group's total revenue increased to 6.3% against 5.5% of Group's total revenue in the previous year. Segmental profit decreased 7.7% to HK$9.8 million from HK$10.7 million in FY2014.

PROSPECTS

Looking forward, although the economic outlook for the Greater China region is not anticipated to achieve a tremendous growth, Asia is expected to continue to play the leading role in the global luxury retail industry.

The Group will continue to pursue and strengthen marketing and brand enhancement activities in the territory. To increase its distribution network with high visibility and strong retail networking, the Group has been working on opening up more locations within the extensive network of Chow Tai Fook Jewellery Co. Ltd. In Macau, the Group has opened a new boutique at Galaxy Macau in May 2015.

With its continued brand strength and established reputation, the Group will strive to leverage every opportunity for business expansion in our major markets so as to further extend our leadership position and deliver positive returns to our shareholders.

On 27 March 2015, the Group entered into a major transaction relating to 海南千博樂城開發有限公司 (Hainan Chambow Lecheng Development Limited). Details of this transaction are set out in the Company's announcement dated 27 March 2015.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 March 2015, the Group had fixed bank deposits and cash and bank balances totalling HK$460.4 million against HK$316.1 million as at 31 March 2014. The Group has no outstanding bank loan.

On 4 March 2014, the Company proposed to raise approximately HK$122.4 million (before expenses) by way of the rights issue of 204,000,000 rights shares at a subscription price of HK$0.60 per rights share on the basis of one rights share for every two shares held on the record date, which is 18 March 2014. The share certificates for the rights shares in respect of the valid acceptances of the rights shares and successful applications for excess rights shares were dispatched to the allottees on 14 April 2014. Details of the rights issue and the results of rights issue are set out in the announcements of the Company dated 4 March 2014 and 11 April 2014 and the prospectus of the Company dated 20 March 2014 respectively.

On 5 August 2014, the Company entered into the placing agreement, pursuant to which 80,000,000 new shares of the Company would be placed to independent investors at the placing price of HK$1.34 per share. The completion of the placing took place on 20 August 2014.

Pursuant to an ordinary resolution passed at the extraordinary general meeting of the Company held on 1 September 2014, each of the existing issued and unissued shares of HK$0.10 each in the share capital of the Company would be subdivided into 5 subdivided shares of HK$0.02 each with effect from 2 September 2014. The subdivided shares rank pari passu in all respects with each other with the shares in issue prior to the share subdivision and the share subdivision will not result in any changes in the relative rights of the shareholders.

Furthermore, immediately upon the share subdivision becoming effective, the authorised share capital of the Company has increased from HK$200,000,000 divided into 10,000,000,000 subdivided shares to HK$400,000,000 divided into 20,000,000,000 subdivided shares by the creation of an additional 10,000,000,000 unissued subdivided shares, which rank pari passu in all respects with each other in all respects.

The Group's net current asset rose 37.6% from HK$518.3 million as at 31 March 2014 to HK$713.2 million as at 31 March 2015.

Taking into account the two placings of new shares (which are stated in the following section "EVENT AFTER THE REPORTING PERIOD"), the Directors believe the Group's financial resources are sufficient to fulfil its commitments and current working capital requirements.

CAPITAL STRUCTURE AND PRINCIPAL RISK: FOREIGN EXCHANGE EXPOSURE

The principal risk for the Group is that the income of the Group is mainly denominated in Hong Kong Dollars and the Group's purchases are denominated in currencies other than Hong Kong Dollars. The Group monitors foreign currency exposure closely and considers hedging significant foreign currency exposures should the need arise.

The Group recorded a realised exchange gain of HK$15.7 million in FY2015 against a realised loss of HK$11.2 million in FY2014. In addition, the Group registered an unrealised exchange gain of about HK$4.0 million in FY2015 against HK$2.7 million loss in FY2014. Besides, in FY2015, the Group recorded HK$14.8 million loss on fair value change of derivative financial instruments, while HK$0.7 million gain was booked last year.

The Group pursued a prudent policy on financial risk management and the management of foreign currencies and interest rate. The Group continues to benefit from favourable payment terms from its suppliers that 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 its assets as at 31 March 2015 (31 March 2014: Nil).

SIGNIFICANT ACQUISITION OF SUBSIDIARY

No significant acquisition of subsidiary was made in the current year.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Please refer to the following section "EVENTS AFTER THE REPORTING PERIOD" for details.

CONTINGENT LIABILITIES

The Group did not have any contingent liabilities as at 31 March 2015 (31 March 2014: Nil).

STAFF AND EMPLOYMENT AND ENVIRONMENTAL MATTERS

As at 31 March 2015, the Group's work force stood at 143 including Directors (31 March 2014: 116). The increase was mainly due to the need for more staff to better support the business operations. Employees were paid at market rates with discretionary bonus and medical benefits, covered under the mandatory provident fund scheme.

The Group is constantly reviewing its staff remuneration to ensure it stays competitive with market practice.

On the environmental side, the Group whose principal activities are distribution of branded luxury watches, timepieces and accessories does not give gas emissions or hazardous materials which may arise from manufacturing processes.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has complied with all code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of the Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited throughout the year ended 31 March 2015, except for the following deviations.

In respect of code provision A.1.3 of the CG Code, notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year, certain regular Board meetings were convened with less than 14 days' notice to enable the Board members to react timely and make expeditious decision making in respect of transactions which were of significance to the Group's business. As a result, the aforesaid regular Board meetings were held with a shorter notice period than required with the consent of all Directors. The Board will do its best endeavours to meet the requirement of code provision A.1.3 of the CG Code in future.

In respect of code provision A.6.7 of the CG Code, independent non-executive directors and other non-executive directors, as equal board members, should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Lau Man Tak, an independent non-executive Director, was unable to attend the extraordinary general meeting of the Company held on 1 September 2014 due to his other business engagement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct regarding securities transactions by Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 March 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

The Company has not redeemed any of its shares, and neither the Company nor any of its subsidiaries has purchased or sold any of the shares of the Company during the year.

EVENTS AFTER THE REPORTING PERIOD

1. On 27 March 2015, Giant Bright Holdings Limited (the Company's indirectly wholly owned subsidiary), entered into the subscription agreement in relation to the subscription of registered capital and contribution to the capital reserve of 海南千博樂城開發有限公司 (Hainan Chambow Lecheng Development Limited). Pursuant to the subscription agreement, Giant Bright Holdings Limited has conditionally agreed to subscribe for the registered capital and contribute to the capital reserve of the Hainan Chambow Lecheng Development Limited in the aggregate principal amount of RMB380,000,000 (equivalent to approximately HK$474,430,000).

   Hainan Chambow Lecheng Development Limited and its subsidiaries are principally engaged in the construction and development of an international medical, tourism and commercial project carried out in Xiaoledao (小樂島) located at Boao Xiaoledao International Medical & Tourism Pilot Zone (博鰲小樂島國際醫療旅遊先行區項目), which is located in Boao Township, Qionghai City, Hainan Province, the PRC (中國海南省瓊海市博鰲鎮). Details of the subscription are set out in the Company's announcement dated 27 March 2015.

   The subscription has not yet completed at the date of this announcement.

2. On 29 March 2015, the Company entered into two placing agreements under general mandate and specific mandate respectively, pursuant to each of which 692,000,000 new shares of the Company would be placed to independent investors at the placing price of HK$0.61 per share. The entire net proceeds from the placings are intended to be used for (i) the subscription of the registered capital and contribution to the capital reserve of Hainan Chambow Lecheng Development Limited, and (ii) the development of and general working capital for the Boao Xiaoledao Project. Details of the two placings and the completion of the placing under general mandate are disclosed in announcements of the Company dated 29 March 2015 and 16 April 2015 respectively.

3. On 16 June 2015, Sincere Brand Management Limited ("SBML"), a wholly owned subsidiary of the Company, and Mrs. Chu Yuet Wah ("Mrs. Chu"), the Chairman and controlling shareholder of the Company, have agreed to terminate the Loan Agreement dated 13 August 2013. The purpose of the Loan Agreement was for Mrs. Chu to provide SBML when required by SBML, a revolving facility to the extent of HK$100,000,000 or equivalents. During the year and from the period from 1 April 2015 to 16 June 2015, there was not any amount provided by Mrs. Chu to SBML under the Loan Agreement.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting of the Company will be held on 6 August 2015.

The register of members of the Company will be closed from 4 August 2015 to 6 August 2015, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for the entitlement to attend and vote at the forthcoming annual general meeting, all transfer documents, accompanied by the relevant share certificates, must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 pm on 3 August 2015.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Lau Man Tak (Chairman of the Audit Committee), Ms. Lo Miu Sheung, Betty and Dr. Wong Yun Kuen. The Group's audited financial statements for the year ended 31 March 2015 have been reviewed by the Audit Committee.

By order of the Board
Sincere Watch (Hong Kong) Limited
Chu Yuet Wah
Chairman

Hong Kong, 16 June 2015

As at the date of the announcement, the Executive Directors are Mrs. Chu Yuet Wah (Chairman), Mr. Wu Ting Yuk, Anthony (Co-Chairman) and Mr. Chu, Kingston Chun Ho (Vice Chairman and Managing Director); and the Independent Non-executive Directors are Mr. Lau Man Tak, Ms. Lo Miu Sheung, Betty and Dr. Wong Yun Kuen.