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SINCERE WATCH (HONG KONG) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 444)

INSIDE INFORMATION UPDATE ON ARBITRATION

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**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcements dated 7 December 2022 and 20 January 2023 (the “**Announcements**”). Unless the context otherwise requires, terms used in this announcement shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, SBML (an indirect wholly-owned subsidiary of the Company) issued a notice of arbitration (the “**First Arbitration Notice**”) against the Respondent on 20 January 2023 concerning the Respondent’s breaches of the Exclusive Distributor Agreement between SBML and the Respondent.

On 3 March 2023, SBML filed a notice of arbitration and request for consolidation (the “**Second Arbitration Notice**”) against GFM Watchland SA (the “**2nd Respondent**”, a company established and existing under the laws of Switzerland and part of the Franck Muller Group which is engaged in the creation, fabrication and distribution of “Franck Muller” branded watches and jewellery) with the Swiss Arbitration Centre for (i) the assertion of a claim substantially similar to that under the First Arbitration Notice against the 2nd Respondent who countersigned the Exclusive Distributor Agreement; and (ii) a request to consolidate the proceedings under the First Arbitration Notice and Second Arbitration Notice.

SBML seeks remedies including but not limited to: (i) declaration that all notices of termination of the Exclusive Distributor Agreement were null and void and ineffective; (ii) declaration that the Exclusive Distributor Agreement is still valid and is not terminated; or, alternatively, damages for wrongful termination of contract to be assessed; (iii) damages for

wrongful intervention of SBML's business within the Exclusive Territory; (iv) costs incurred for any interim proceedings; and (v) all costs and legal fees on a full-indemnity basis plus interest.

It is the Company's view that the notices of termination issued by the Respondent were wrong and legally baseless. The Company considers that the Exclusive Distributor Agreement remains to be valid and subsisting, and has accordingly sought declaration to such effect in the First Arbitration Notice and Second Arbitration Notice.

The Company will make further announcement(s) to inform shareholders of the Company and potential investors in respect of further material developments in connection with its disputes with the Respondent and the 2nd Respondent as required by 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, 7 March 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; the Non-executive Directors of the Company are Mrs. Chu Yuet Wah and Mr. Chu, Kingston Chun Ho; and the Independent Non-executive Directors of the Company are Mr. Yu Zhenxin, Mr. Zong Hao and Mr. Chiu Sin Nang, Kenny.