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This joint announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of Realord Group Holdings Limited or The Sincere Company, Limited.

Realord
偉祿集團控股有限公司
REALORD GROUP HOLDINGS LIMITED
(Incorporated in Bermuda with limited liability)
(Stock code: 1196)

sincere 先施
THE SINCERE COMPANY, LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock code: 0244)

JOINT ANNOUNCEMENT

(1) PRE-CONDITIONAL VOLUNTARY CASH OFFER BY



偉祿亞太證券
REALORD ASIA PACIFIC SECURITIES

**ON BEHALF OF REALORD GROUP HOLDINGS LIMITED
TO ACQUIRE ALL OF THE ISSUED SHARES OF
THE SINCERE COMPANY, LIMITED;**

(2) IRREVOCABLE UNDERTAKINGS TO ACCEPT THE OFFER;

**(3) CONDITIONAL MAJOR TRANSACTION FOR
REALORD GROUP HOLDINGS LIMITED;**

**(4) CONDITIONAL DISCLOSEABLE TRANSACTION FOR
THE SINCERE COMPANY, LIMITED;**

AND

(5) RESUMPTION OF TRADING

**Financial Adviser to
Realord Group Holdings Limited**

ALTUS CAPITAL LIMITED

**Financial Adviser to
The Sincere Company, Limited**

**OPTIMA
CAPITAL
Optima Capital Limited**

THE OFFER

Realord Asia Pacific intends to make, on behalf of the Offeror and subject to the satisfaction or waiver (as the case may be) of the Pre-Conditions, a voluntary conditional cash offer to acquire all of the issued SinCo Shares.

As at the date of this joint announcement, there are 1,313,962,560 SinCo Shares in issue. There are no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into SinCo Shares as at the date of this joint announcement.

The Offer, if and when made, will be made on terms set out in the offer document (which is expected to be part of a Composite Document) to be issued in accordance with the Takeovers Code and on the following basis:

For each SinCo Share Initial Offer Price,
being HK\$0.3806 in cash
(which is subject to
upward adjustment
as set out below)

In the event that the consolidated net assets of the SinCo Group attributable to the SinCo Shareholders as at 29 February 2020 (after deduction of the 2020 Final Dividend, if any) are higher than HK\$123 million, the Initial Offer Price will be adjusted upwards by the amount calculated by dividing the difference between the February 2020 NAV and HK\$123 million by the total number of 1,313,962,560 SinCo Shares, subject to a cap of the February 2020 NAV of HK\$140 million. Based on the cap amount of the February 2020 NAV at HK\$140 million, the Maximum Offer Price (assuming the maximum upward adjustment is applied) shall be HK\$0.3935 per SinCo Share. On the other hand, if the February 2020 NAV is lower than HK\$123 million, no adjustment will be made to the Initial Offer Price and the Offer Price will remain at HK\$0.3806 per SinCo Share. The February 2020 NAV will be the audited consolidated net assets of the SinCo Group attributable to the SinCo Shareholders to be disclosed in the 2020 Annual Report after deducting the 2020 Final Dividend, if any. Further announcement as regard to the final Offer Price will be made after the despatch of the 2020 Annual Report as and when necessary, and in any event before the despatch of the Composite Document.

The Offer, if and when made, will be extended to all SinCo Shareholders in accordance with the Takeovers Code.

The Offeror will not increase the Offer Price beyond the Maximum Offer Price. The SinCo Shareholders and potential investors of Sincere should be aware that this is a “no increase” statement for the purpose of Rule 18.3 of the Takeovers Code and the Offeror does not reserve the right to increase the Maximum Offer Price.

The Pre-Conditions

The making of the Offer is subject to the satisfaction or waiver (as the case may be) of the following Pre-Conditions:

- (i) the Offeror, MHL, Dr. Lin Xiaohui, Madam Su Jiaohua and any person who falls into the meaning of “controllers” under section 9(1)(a)(iii)(B) or section 13B(1) of the Insurance Ordinance having been approved by the Insurance Authority as “controllers” (within the meanings of the Insurance Ordinance) of Sincere LA and Sincere II;
- (ii) the Executive having issued the No-bid Confirmation and such confirmation not having been withdrawn;
- (iii) the SinCo Shares remaining listed on the Main Board of the Stock Exchange and trading not being suspended for a period of 30 consecutive days or more and no indication being received from the SFC and/or the Stock Exchange to the effect that the listing of the SinCo Shares on the Stock Exchange is or is likely to be withdrawn (save for any temporary suspension of trading of the SinCo Shares pending the release of any announcement in respect of the Offer) and Sincere has not received any letter from the Stock Exchange expressing the view that Sincere is or may be in breach of Rule 13.24 of the Listing Rules as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later;
- (iv) all consents (including the consents from any relevant lenders) to a change in the controlling shareholder of Sincere as a result of the Offer required under any existing contractual or other obligations of the SinCo Group having been obtained and remaining in effect;
- (v) the retail outlets of the SinCo Group having been opened for business every day, save for the Chinese New Year holiday or where failure to open is due to or in connection with circumstances or expected circumstances beyond the control of Sincere including, without limitation, acts of God, governmental actions, war or national emergency, acts of terrorism, protests, riot, civil commotion, fire, explosion, flood, epidemic, lock-outs, strikes or other labour disputes;
- (vi) none of the members of the SinCo Group is engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) is likely to have a material adverse effect on the financial or trading position of the SinCo Group as a whole and no such litigation, arbitration or proceeding has been threatened in writing to Sincere and there are no circumstances likely to give rise to any such litigation, arbitration or proceeding as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later;

- (vii) no order has been made and no resolution has been passed for the winding up of, or for a provisional liquidator to be appointed in respect of, any member of the SinCo Group, and no petition has been presented to any member of the SinCo Group and no meeting has been convened for the purpose of winding up any of the same, and no receiver has been appointed in respect of any member of the SinCo Group or all or any of its assets as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later;
- (viii) none of Sincere or any of its subsidiaries is insolvent, or unable to pay its debts within the meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), or has stopped paying its debts as they fall due, and no unsatisfied judgment which is materially adverse to the condition of Sincere is outstanding against Sincere or any of its subsidiaries as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later; and
- (ix) Sincere has not been given notice of any ongoing governmental or other investigation, enquiry or disciplinary proceeding concerning Sincere or any member of the SinCo Group in any jurisdiction that is material to the SinCo Group as a whole or that any investigation, enquiry or disciplinary proceeding is pending or threatened as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later.

The Offeror reserves the right to waive all Pre-Conditions except that Pre-Conditions (i) and (ii) above cannot be waived.

In respect of Pre-Condition (ii) above, in consideration of the various factors as set out in the paragraphs headed “Reasons for and benefits of the Offer for the Offeror” in the section headed “Conditional major acquisition for the Offeror” and the paragraph headed “No-bid Confirmation” in the section headed “Takeovers Code implications” in this joint announcement, the Offeror will seek confirmation from the SFC that it will not be required to make a general offer for each of the Sincere Companies in the event that it and parties acting in concert with it shall hold more than 50% of the SinCo Shares upon closing of the Offer. The Offeror will not proceed with the Offer if the No-bid Confirmation is not obtained from the Executive.

If the Pre-Conditions are not satisfied or waived (as the case may be) by the Pre-Conditions Long Stop Date, i.e. 30 April 2021 or such later date as the Offeror and Sincere may agree with the consent of the Executive, the Offer will not be made. The Offeror and Sincere will issue a further announcement as soon as practicable after the Pre-Conditions have been satisfied or waived or it has become apparent they are not capable of being satisfied (as the case may be).

WARNING: The Pre-Conditions must be satisfied or, if permitted, waived (as the case may be) before the making of the Offer. The making of the Offer is therefore a possibility only. Accordingly, the Realord Shareholders, the SinCo Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Offeror or Sincere. Persons who are in doubt as to the action they should take should consult their professional advisers.

Condition of the Offer

The Offer, if and when made, will be conditional only on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive) in respect of the SinCo Shares which, together with the SinCo Shares acquired or to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Sincere, i.e. at least 656,981,281 SinCo Shares (based on the number of SinCo Shares in issue at the date of this joint announcement).

As at the date of this joint announcement, Win Dynamic holds 662,525,276 SinCo Shares, representing approximately 50.42% of the SinCo Shares in issue, and the Sincere Companies hold 260,443,200 SinCo Shares in aggregate, representing approximately 19.82% of the SinCo Shares in issue. Win Dynamic and each of the Sincere Companies have respectively given the Irrevocable Undertakings to the Offeror to accept the Offer upon the Offer being made (further details are set out in the section headed “The Irrevocable Undertakings” in this joint announcement). As such, the condition of the Offer will be satisfied upon each of Win Dynamic and the Sincere Companies tendering its valid acceptance to the Offer.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter, provided that the Offer Period is open for at least 21 days.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition of the Offer (as the case may be) in accordance with the Takeovers Code.

WARNING: The Offer may or may not become unconditional and will lapse if it does not become unconditional. Accordingly, the Realord Shareholders, the SinCo Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Offeror or Sincere. Persons who are in doubt as to the action they should take should consult their professional advisers.

Value of the Offer

As at the date of this joint announcement, there are 1,313,962,560 SinCo Shares in issue which will be subject to the Offer. Assuming that there is no change in the issued SinCo Shares from the date of this joint announcement up to the Closing Date and assuming full acceptance of the Offer, based on the Initial Offer Price of HK\$0.3806 per SinCo Share, the total cash consideration payable by the Offeror under the Offer would be approximately HK\$500,094,150. Subject to the upward adjustment mechanism to the Initial Offer Price as set out in the section headed “The Offer” in this joint announcement, the Maximum Offer Price will be HK\$0.3935 per SinCo Share and the maximum total cash consideration payable by the Offeror under the Offer would be approximately HK\$517,044,267.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the cash consideration required for the Offer by internal resources.

Altus Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum total cash consideration payable by the Offeror upon full acceptance of the Offer (based on the Maximum Offer Price as set out in the section headed “The Offer” in this joint announcement).

THE IRREVOCABLE UNDERTAKINGS

Pursuant to the WD Irrevocable Undertaking, Win Dynamic has irrevocably undertaken to the Offeror (i) to tender, or procure the tender of, all of the 662,525,276 SinCo Shares (representing approximately 50.42% of the SinCo Shares in issue as at the date of this joint announcement) beneficially owned by it for acceptance under the Offer no later than the fifth business day following the despatch of the Composite Document; and (ii) that it will be the beneficial owner of the 662,525,276 SinCo Shares until the tender of the SinCo Shares owned by it under the Offer.

Pursuant to the SC Irrevocable Undertakings, each of the Sincere Companies has irrevocably undertaken to the Offeror (i) to tender, or procure the tender of, all of the SinCo Shares beneficially owned by it, being 183,136,032 SinCo Shares in the case of Sincere LA, 75,608,064 SinCo Shares in the case of Sincere II and 1,699,104 SinCo Shares in the case of Perfumery (representing approximately 13.94%, 5.75% and 0.13% of the SinCo Shares in issue respectively as at the date of this joint announcement), for acceptance under the Offer no later than the fifth business day following the despatch of the Composite Document; and (ii) that it will be the beneficial owner of the SinCo Shares it holds until the tender of the SinCo Shares owned by it under the Offer.

CONDITIONAL MAJOR ACQUISITION FOR THE OFFEROR

The making of the Offer and the acquisition of the SinCo Shares pursuant to the Offer constitute a transaction for the Offeror under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Offer is more than 25% but less than 100%, the making of the Offer and the acquisition of the SinCo Shares pursuant to the Offer constitute a major acquisition for the Offeror under Chapter 14 of the Listing Rules and is therefore subject to the requirements of notification, announcement and approval from the Realord Shareholders.

As at the date of this joint announcement, MHL is the controlling shareholder of the Offeror beneficially interested in 1,073,160,000 Realord Shares, representing approximately 74.62% of the issued share capital of the Offeror. The Offeror has obtained a written shareholders' approval from MHL on 15 May 2020 for the making of the Offer and the acquisition of the SinCo Shares pursuant to the Offer. To the best of the knowledge, information and belief of the Offeror's directors having made all reasonable enquiries, no Realord Shareholder or its/his/her associate(s) has a material interest in the Offer and accordingly, no Realord Shareholder is required to abstain from voting if the Offeror were to convene a shareholders' meeting for approving the Offer. Pursuant to Rule 14.44(2) of the Listing Rules, the written shareholders' approval from MHL will be accepted in lieu of holding a general meeting of the Realord Shareholders. Accordingly, no physical shareholders' meeting will be held by the Offeror to approve the Offer.

A circular containing, among other things, details of the Offer for their information is expected to be despatched to the Realord Shareholders on or before 5 June 2020.

CONDITIONAL DISCLOSEABLE TRANSACTION FOR SINCERE

As at the date of this joint announcement, the Sincere Companies hold in aggregate 260,443,200 SinCo Shares, of which (i) 183,136,032 SinCo Shares are held by Sincere LA; (ii) 75,608,064 SinCo Shares are held by Sincere II; and (iii) 1,699,104 SinCo Shares are held by Perfumery. Pursuant to the SC Irrevocable Undertakings, the Sincere Companies will accept the Offer when it is made. Accordingly, the SC Irrevocable Undertakings and the transactions contemplated thereunder, namely the acceptances of the Offer, constitute a disposal for Sincere under Chapter 14 of the Listing Rules. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of acceptances of the Offer by the Sincere Companies are below 25%, the SC Irrevocable Undertakings and the tender of all the SinCo Shares held by the Sincere Companies for acceptances of the Offer pursuant to the SC Irrevocable Undertakings constitute a discloseable transaction for Sincere under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

TAKEOVERS CODE IMPLICATIONS

The Offer

The making of the Offer is subject to the satisfaction or waiver (as the case may be) of the Pre-Conditions.

No-bid Confirmation

Each of the Sincere Companies is a public company for the purposes of the Takeovers Code. In the event that the Offeror and parties acting in concert with it acquire more than 50% of the voting rights, i.e. statutory control, in Sincere upon closing of the Offer, the Offeror may be required to make a general offer for all the shares in each of the Sincere Companies not then owned by it and parties acting in concert with it in respect of the relevant company under the “chain principle” under Note 8 to Rule 26.1 of the Takeovers Code. Considering (i) Sincere’s holdings in the Sincere Companies are not significant to its assets and profits based on its latest published audited consolidated accounts for the year ended 28 February 2019; and (ii) the main purpose for the Offeror to make the Offer is not to secure control of the Sincere Companies but for the reasons and benefits as mentioned in the paragraph headed “Reasons for and benefits of the Offer for the Offeror” in this joint announcement, and that any such securing of control of the Sincere Companies is only incidental to the Offer, the Offeror will seek confirmation from the Executive that it will not be required to make a general offer for any of the Sincere Companies in the event that it and parties acting in concert with it shall hold or control more than 50% of the SinCo Shares upon closing of the Offer.

WARNING: The obtaining of the No-bid Confirmation is one of the Pre-Conditions and is not waivable. If the No-bid Confirmation is not obtained from the Executive, the Offer will not proceed.

Profit Warning Announcement

It is mentioned in the Profit Warning Announcement that the SinCo Group is estimated to record an increase in loss for the year ended 29 February 2020. Pursuant to Rule 10 of the Takeovers Code, the profit warning constituted by the Profit Warning Announcement constitutes a profit forecast and is required to be reported on by Sincere's financial adviser and its auditor or accountant in accordance with Rule 10.4 and Practice Note 2 of the Takeovers Code.

The profit warning as set out in the Profit Warning Announcement will be reported on in accordance with Rule 10 of the Takeovers Code and such reports will be included in the next document to be sent to the SinCo Shareholders in connection with the Offer, which is expected to be the Composite Document. It is expected that the 2020 Annual Report will be published by end of June 2020, which is envisaged to be prior to the despatch of the Composite Document. If this is the case, the requirement under Rule 10 of the Takeovers Code to report on the profit forecast contained in the Profit Warning Announcement will be superseded by the publication of the 2020 Annual Report. Otherwise, the profit forecast contained in the Profit Warning Announcement shall be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the Composite Document to be sent to the SinCo Shareholders.

The SinCo Shareholders and potential investors of Sincere should also note that the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. The SinCo Shareholders and potential investors of Sincere should therefore exercise caution in placing reliance on the Profit Warning Announcement in assessing the merits and demerits of the Offer and/or when dealing in the securities of Sincere.

ESTABLISHMENT OF THE SINCO IBC AND APPOINTMENT OF THE SINCO IFA

Sincere has established the SinCo IBC, comprising all independent non-executive directors of Sincere, being Mr. King Wing Ma, Mr. Eric K K Lo, Mr. Peter Tan and Mr. Anders W L Lau, to advise the independent SinCo Shareholders in respect of the terms of the Offer and as to acceptance of the Offer. Mr. Charles M.W. Chan, a non-executive director, is not part of the SinCo IBC because of his interest in the WD Irrevocable Undertaking through Win Dynamic.

The SinCo IFA will be appointed by Sincere with the approval by the SinCo IBC to advise the SinCo IBC in respect of the Offer. A further announcement will be made as soon as practicable after the SinCo IFA has been appointed.

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer and Sincere is required to send to the SinCo Shareholders within 14 days of the posting of the offer document a response circular containing, among other things, financial information of Sincere and other information required under the Takeovers Code. It is the intention of the Offeror and Sincere that the offer document and the offeree board circular in respect of the Offer be combined in the Composite Document. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the consent of the Executive is required if the making of the Offer is subject to the prior fulfilment or waiver (as the case may be) of the Pre-Conditions and the Pre-Conditions cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code.

As the making of the Offer is conditional upon satisfaction or, where permitted, waiver of the Pre-Conditions, an application will be made to the Executive to extend the deadline for the despatch of the Composite Document, together with the form of acceptance and transfer or cancellation, as the case may be, to a date within seven days after the satisfaction or waiver (as the case may be) of the Pre-Conditions or such later date as the Executive may approve. Further announcement(s) will be made in this regard as and when necessary.

WARNING:

The Realord Shareholders, the SinCo Shareholders and prospective investors should note that the making of the Offer is conditional upon the satisfaction or waiver (as the case may be) of the Pre-Conditions. The Offer is a possibility only and may or may not be made.

Closing of the Offer is subject to the condition of the Offer being fulfilled and the Offer becoming unconditional.

The Realord Shareholders, the SinCo Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Offeror or Sincere, and if they are in any doubt about their position, they should consult their professional advisers.

RESUMPTION OF TRADING

At the request of the Offeror, trading in the Realord Shares on the Main Board of the Stock Exchange was suspended with effect from 9:00 a.m. on 5 May 2020 pending the release of this joint announcement. An application has been made by the Offeror to the Stock Exchange for resumption of trading in the Realord Shares on the Stock Exchange with effect from 9:00 a.m. on 18 May 2020.

At the request of Sincere, trading in the SinCo Shares on the Main Board of the Stock Exchange was suspended with effect from 9:00 a.m. on 5 May 2020 pending the release of this joint announcement. An application has been made by Sincere to the Stock Exchange for resumption of trading in the SinCo Shares on the Stock Exchange with effect from 9:00 a.m. on 18 May 2020.

THE OFFER

Realord Asia Pacific intends to make, on behalf of the Offeror and subject to the satisfaction or waiver (as the case may be) of the Pre-Conditions, a voluntary conditional cash offer to acquire all of the issued SinCo Shares.

As at the date of this joint announcement, there are 1,313,962,560 SinCo Shares in issue. There are no outstanding options, derivatives, warrants or securities which are convertible or exchangeable into SinCo Shares as at the date of this joint announcement.

The Offer, if and when made, will be made on terms set out in the offer document (which is expected to be part of a Composite Document) to be issued in accordance with the Takeovers Code and on the following basis:

For each SinCo Share Initial Offer Price,
being HK\$0.3806 in cash
(which is subject to
upward adjustment
as set out below)

The Initial Offer Price of HK\$0.3806 (before any possible upward adjustment) per SinCo Share represents:

- (i) a premium of approximately 8.74% over the closing price of HK\$0.35 per SinCo Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 20.44% over the average of the closing prices per SinCo Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day of approximately HK\$0.316;
- (iii) a premium of approximately 23.97% over the average of the closing prices per SinCo Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.307;
- (iv) a premium of approximately 38.40% over the average of the closing prices per SinCo Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including the Last Trading Day of approximately HK\$0.275;
- (v) a premium of approximately 785.12% over the audited consolidated net asset value per SinCo Share attributable to the SinCo Shareholders as at 28 February 2019 of approximately HK\$0.043 per SinCo Share calculated based on the audited consolidated net assets of the SinCo Group attributable to the SinCo Shareholders of approximately HK\$28.5 million as at 28 February 2019 as extracted from the annual report of Sincere for the year ended 28 February 2019 and 658,449,600 SinCo Shares (being the number of SinCo Shares then in issue other than the SinCo Shares held by the Sincere Companies ^{Notes 1 and 3}); and

- (vi) a premium of approximately 928.65% over the unaudited consolidated net asset value per SinCo Share attributable to the SinCo Shareholders as at 31 August 2019 of approximately HK\$0.037 per SinCo Share calculated based on the unaudited consolidated net assets of the SinCo Group attributable to the SinCo Shareholders of approximately HK\$39.2 million as at 31 August 2019 as extracted from the interim report of Sincere for the six months ended 31 August 2019 and 1,053,519,360 SinCo Shares (being the number of SinCo Shares then in issue other than the SinCo Shares held by the Sincere Companies ^{Notes 1, 2 and 3}).

Notes:

1. *The number of the SinCo Shares, being 260,443,200 SinCo Shares, held by the Sincere Companies, being accounted for as subsidiaries of Sincere, was excluded from the total number of issued SinCo Shares for calculating the net assets per SinCo Share as the value attributable to such number of SinCo Shares held by the Sincere Companies is eliminated upon consolidation of the SinCo Group in arriving at the audited consolidated net assets of the SinCo Group. This calculation is consistent with the calculation of the earnings per SinCo Share in the audited financial statements of Sincere.*
2. *Sincere completed an open offer on 29 July 2019, details of which are set out in the prospectus of Sincere dated 5 July 2019.*
3. *The consolidated net assets of the SinCo Group did not account for the fair market value of property interests held by the SinCo Group.*

In the event that the consolidated net assets of the SinCo Group attributable to the SinCo Shareholders as at 29 February 2020 (after deduction of the 2020 Final Dividend, if any) (the “**February 2020 NAV**”) are higher than HK\$123 million, the Initial Offer Price will be adjusted upwards by the amount calculated by dividing the difference between the February 2020 NAV and HK\$123 million by the total number of 1,313,962,560 SinCo Shares, subject to a cap of the February 2020 NAV of HK\$140 million. Based on the cap amount of the February 2020 NAV at HK\$140 million, the Maximum Offer Price (assuming the maximum upward adjustment is applied) shall be HK\$0.3935 per SinCo Share. On the other hand, if the February 2020 NAV is lower than HK\$123 million, no adjustment will be made to the Initial Offer Price and the Offer Price will remain at HK\$0.3806 per SinCo Share. The February 2020 NAV will be the audited consolidated net assets of the SinCo Group attributable to the SinCo Shareholders to be disclosed in the annual report of Sincere for the year ended 29 February 2020 (the “**2020 Annual Report**”) after deducting the 2020 Final Dividend, if any. Further announcement as regard to the final Offer Price will be made after the despatch of the 2020 Annual Report as and when necessary, and in any event before the despatch of the Composite Document.

The Offer, if and when made, will be extended to all SinCo Shareholders in accordance with the Takeovers Code.

The Offeror will not increase the Offer Price beyond the Maximum Offer Price. The SinCo Shareholders and potential investors of Sincere should be aware that this is a “no increase” statement for the purpose of Rule 18.3 of the Takeovers Code and the Offeror does not reserve the right to increase the Maximum Offer Price.

The Pre-Conditions

The making of the Offer is subject to the satisfaction or waiver (as the case may be) of the following Pre-Conditions:

- (i) the Offeror, MHL, Dr. Lin Xiaohui, Madam Su Jiaohua and any person who falls into the meaning of “controllers” under section 9(1)(a)(iii)(B) or section 13B(1) of the Insurance Ordinance having been approved by the Insurance Authority as “controllers” (within the meanings of the Insurance Ordinance) of Sincere LA and Sincere II;
- (ii) the Executive having issued the No-bid Confirmation and such confirmation not having been withdrawn;
- (iii) the SinCo Shares remaining listed on the Main Board of the Stock Exchange and trading not being suspended for a period of 30 consecutive days or more and no indication being received from the SFC and/or the Stock Exchange to the effect that the listing of the SinCo Shares on the Stock Exchange is or is likely to be withdrawn (save for any temporary suspension of trading of the SinCo Shares pending the release of any announcement in respect of the Offer) and Sincere has not received any letter from the Stock Exchange expressing the view that Sincere is or may be in breach of Rule 13.24 of the Listing Rules as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later;
- (iv) all consents (including the consents from any relevant lenders) to a change in the controlling shareholder of Sincere as a result of the Offer required under any existing contractual or other obligations of the SinCo Group having been obtained and remaining in effect;

- (v) the retail outlets of the SinCo Group having been opened for business every day, save for the Chinese New Year holiday or where failure to open is due to or in connection with circumstances or expected circumstances beyond the control of Sincere including, without limitation, acts of God, governmental actions, war or national emergency, acts of terrorism, protests, riot, civil commotion, fire, explosion, flood, epidemic, lock-outs, strikes or other labour disputes;
- (vi) none of the members of the SinCo Group is engaged in any litigation, arbitration or governmental proceeding which (individually or in aggregate) is likely to have a material adverse effect on the financial or trading position of the SinCo Group as a whole and no such litigation, arbitration or proceeding has been threatened in writing to Sincere and there are no circumstances likely to give rise to any such litigation, arbitration or proceeding as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later;
- (vii) no order has been made and no resolution has been passed for the winding up of, or for a provisional liquidator to be appointed in respect of, any member of the SinCo Group, and no petition has been presented to any member of the SinCo Group and no meeting has been convened for the purpose of winding up any of the same, and no receiver has been appointed in respect of any member of the SinCo Group or all or any of its assets as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later;
- (viii) none of Sincere or any of its subsidiaries is insolvent, or unable to pay its debts within the meaning of section 178 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), or has stopped paying its debts as they fall due, and no unsatisfied judgment which is materially adverse to the condition of Sincere is outstanding against Sincere or any of its subsidiaries as at the date of satisfaction of Pre-Condition (i) or (ii) above, whichever is the later; and
- (ix) Sincere has not been given notice of any ongoing governmental or other investigation, enquiry or disciplinary proceeding concerning Sincere or any member of the SinCo Group in any jurisdiction that is material to the SinCo Group as a whole or that any investigation, enquiry or disciplinary proceeding is pending or threatened as at the date of satisfaction of Pre-Condition (i) or (ii) above whichever is the later.

The Offeror reserves the right to waive all Pre-Conditions except that Pre-Conditions (i) and (ii) above cannot be waived.

In respect of Pre-Condition (ii) above, in consideration of the various factors as set out in the paragraphs headed “Reasons for and benefits of the Offer for the Offeror” in the section headed “Conditional major acquisition for the Offeror” and the paragraph headed “No-bid Confirmation” in the section headed “Takeovers Code implications” in this joint announcement, the Offeror will seek confirmation from the SFC that it will not be required to make a general offer for each of the Sincere Companies in the event that it and parties acting in concert with it shall hold more than 50% of the SinCo Shares upon closing of the Offer. The Offeror will not proceed with the Offer if the No-bid Confirmation is not obtained from the Executive.

If the Pre-Conditions are not satisfied or waived (as the case may be) by the Pre-Conditions Long Stop Date, i.e. 30 April 2021 or such later date as the Offeror and Sincere may agree with the consent of the Executive, the Offer will not be made. The Offeror and Sincere will issue a further announcement as soon as practicable after the Pre-Conditions have been satisfied or waived or it has become apparent they are not capable of being satisfied (as the case may be).

WARNING: The Pre-Conditions must be satisfied or, if permitted, waived (as the case may be) before the making of the Offer. The making of the Offer is therefore a possibility only. Accordingly, the Realord Shareholders, the SinCo Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Offeror or Sincere. Persons who are in doubt as to the action they should take should consult their professional advisers.

Condition of the Offer

The Offer, if and when made, will be conditional only on valid acceptances of the Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive) in respect of the SinCo Shares which, together with the SinCo Shares acquired or to be acquired before or during the Offer, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of Sincere, i.e. at least 656,981,281 SinCo Shares (based on the number of SinCo Shares in issue at the date of this joint announcement).

As at the date of this joint announcement, Win Dynamic holds 662,525,276 SinCo Shares, representing approximately 50.42% of the SinCo Shares in issue, and the Sincere Companies hold 260,443,200 SinCo Shares in aggregate, representing approximately 19.82% of the SinCo Shares in issue. Win Dynamic and each of the Sincere Companies have respectively given the Irrevocable Undertakings to the Offeror to accept the Offer upon the Offer being made (further details are set out in the section headed “The Irrevocable Undertakings” in this joint announcement). As such, the condition of the Offer will be satisfied upon each of Win Dynamic and the Sincere Companies tendering its valid acceptance to the Offer.

Pursuant to Rule 15.3 of the Takeovers Code, where a conditional offer becomes or is declared unconditional (whether as to acceptances or in all respects), it should remain open for acceptances for not less than 14 days thereafter, provided that the Offer Period is open for at least 21 days.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offer or the fulfilment of the condition of the Offer (as the case may be) in accordance with the Takeovers Code.

WARNING: The Offer may or may not become unconditional and will lapse if it does not become unconditional. Accordingly, the Realord Shareholders, the SinCo Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Offeror or Sincere. Persons who are in doubt as to the action they should take should consult their professional advisers.

Highest and lowest SinCo Share prices

During the six-month period preceding the date of this joint announcement, the highest closing price of the SinCo Shares as quoted on the Stock Exchange was HK\$0.35 per SinCo Share on 4 May 2020 and the lowest closing price of the SinCo Shares as quoted on the Stock Exchange was HK\$0.19 per SinCo Share on 12 December 2019.

Value of the Offer

As at the date of this joint announcement, there are 1,313,962,560 SinCo Shares in issue which will be subject to the Offer. Assuming that there is no change in the issued SinCo Shares from the date of this joint announcement up to the Closing Date and assuming full acceptance of the Offer, based on the Initial Offer Price of HK\$0.3806 per SinCo Share, the total cash consideration payable by the Offeror under the Offer would be approximately HK\$500,094,150. Subject to the upward adjustment mechanism to the Initial Offer Price as set out in the section headed “The Offer” in this joint announcement, the Maximum Offer Price will be HK\$0.3935 per SinCo Share and the maximum total cash consideration payable by the Offeror under the Offer will be approximately HK\$517,044,267.

Confirmation of financial resources available for the Offer

The Offeror intends to finance the cash consideration required for the Offer by internal resources.

Altus Capital, being the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the maximum total cash consideration payable by the Offeror upon full acceptance of the Offer (based on the Maximum Offer Price as set out in the section headed “The Offer” in this joint announcement).

Effect of accepting the Offer

By accepting the Offer, the SinCo Shareholders will sell their SinCo Shares to the Offeror free from all encumbrances together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid, if any, the record date of which is on or after the date on which the Offer is made, being the date of the despatch of the Composite Document but except for the 2020 Final Dividend, if any, in any event. The 2020 Final Dividend, if any, and any dividend or other distribution the record date of which is before the date of the despatch of the Composite Document will be paid by Sincere to the SinCo Shareholders who are qualified for such dividend or distributions. As at the date of this joint announcement, the board of directors of Sincere has not decided whether to recommend the payment of any 2020 Final Dividend. The board of directors of Sincere will consider whether to recommend a payment of any 2020 Final Dividend when it meets to consider the consolidated results of Sincere for the year ended 29 February 2020. Such meeting is expected to take place by end of May 2020.

WARNING: The SinCo Shareholders are reminded to read the recommendations of the SinCo IBC and the advice of the SinCo IFA in respect of the Offer which will be included in the Composite Document.

Overseas SinCo Shareholders

The availability of the Offer (if and when made) to any Overseas SinCo Shareholders may be affected by the applicable laws and regulations of their relevant jurisdictions of residence. Overseas SinCo Shareholders should observe any applicable legal and regulatory requirements and, where necessary, consult their own professional advisers. It is the responsibility of Overseas SinCo Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas SinCo Shareholders in respect of such jurisdictions).

WARNING: Any acceptance tendered by any Overseas SinCo Shareholder will be deemed to constitute a representation and warranty from such Overseas SinCo Shareholder to the Offeror that the local laws and requirements have been complied with. Overseas SinCo Shareholders should consult their own professional advisers if in doubt.

Hong Kong stamp duty

The seller's Hong Kong ad valorem stamp duty on acceptances of the Offer at a rate of 0.1% of the consideration payable in respect of the acceptance by the SinCo Shareholders or if higher, the market value of the SinCo Shares subject to such acceptance, will be deducted from the amount payable to those SinCo Shareholders who accept the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant SinCo Shareholders who accept the Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with acceptances of the Offer and the transfers of the SinCo Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment (after deducting the accepting SinCo Shareholder's share of stamp duty) in cash in respect of acceptances of the Offer will be made as soon as possible but in any event within seven (7) business days of (i) the receipt of duly completed acceptances; or (ii) the Offer has become or is declared unconditional in all respects, whichever is later. Relevant documents of title must be received to render each acceptance of the Offer complete and valid.

Taxation advice

The SinCo Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, Realord Asia Pacific, Altus Capital, Sincere, Optima Capital and their respective direct or indirect beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts any responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Dealing and interests in Sincere's securities

None of the Offeror, MHL and its ultimate beneficial owners (namely Dr. Lin Xiaohui and Madam Su Jiaohua), and parties acting in concert with any of them has dealt in any SinCo Shares, options, derivatives, warrants or other relevant securities convertible (as defined in Note 4 to Rule 22 of the Takeovers Code) into SinCo Shares during the six-month period prior to the date of this joint announcement.

The Offeror's confirmations

The Offeror confirms that, as at the date of this joint announcement:

- (i) neither the Offeror nor parties acting in concert with it own or have control or direction over any voting rights in and rights over any SinCo Shares;
- (ii) save for the Irrevocable Undertakings, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept or reject the Offer;

- (iii) the Offeror and parties acting in concert with it do not hold any convertible securities, warrants or options or securities exchangeable into shares in Sincere;
- (iv) the Offeror and parties acting in concert with it have not entered into any outstanding derivatives in the securities of Sincere;
- (v) save for the Pre-Conditions and the condition as mentioned in the paragraph headed “Condition of the Offer” in this joint announcement, the Offer will not be subject to any conditions;
- (vi) there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the shares of the Offeror, the Realord Shares or the SinCo Shares and which might be material to the Offer (as referred to in Note 8 to Rule 22 of the Takeovers Code);
- (vii) there are no agreements or arrangements to which the Offeror or parties acting in concert with it is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer;
- (viii) the Offeror and parties acting in concert with it have not borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in Sincere;
- (ix) save for the consideration in respect of acceptance of the Offer, there is no other consideration, compensation or benefits in whatever form paid or to be paid) by the Offeror, MHL and its ultimate beneficial owners or any parties acting in concert with any of them to Win Dynamic and the Sincere Companies or any parties acting in concert with any of them in respect of the SinCo Shares; and
- (x) there is no understanding, arrangement or agreement which constitutes a special deal (as defined in Rule 25 of the Takeovers Code) in respect of the Offer (i) between the Offeror, MHL and its ultimate beneficial owners and any party acting in concert with it on the one hand, and Win Dynamic and the Sincere Companies or any parties acting in concert with any of them and any parties acting in concert with any of them on the other hand; and (ii) between (1) any SinCo Shareholder; and (2)(a) the Offeror and any party acting in concert with it; or (b) Sincere, its subsidiaries or associated companies.

THE IRREVOCABLE UNDERTAKINGS

Pursuant to the WD Irrevocable Undertaking, Win Dynamic has irrevocably undertaken to the Offeror (i) to tender, or procure the tender of, all of the 662,525,276 SinCo Shares (representing approximately 50.42% of the SinCo Shares in issue as at the date of this joint announcement) beneficially owned by it for acceptance under the Offer no later than the fifth business day following the despatch of the Composite Document; and (ii) that it will be the beneficial owner of the 662,525,276 SinCo Shares until the tender of the SinCo Shares owned by it under the Offer.

Pursuant to the SC Irrevocable Undertakings, each of the Sincere Companies has irrevocably undertaken to the Offeror (i) to tender, or procure the tender of, all of the SinCo Shares beneficially owned by it, being 183,136,032 SinCo Shares in the case of Sincere LA, 75,608,064 SinCo Shares in the case of Sincere II and 1,699,104 SinCo Shares in the case of Perfumery (representing approximately 13.94%, 5.75% and 0.13% of the SinCo Shares in issue respectively as at the date of this joint announcement), for acceptance under the Offer no later than the fifth business day following the despatch of the Composite Document; and (ii) that it will be the beneficial owner of the SinCo Shares it holds until the tender of the SinCo Shares owned by it under the Offer.

INFORMATION OF THE OFFEROR

The Offeror is a company incorporated in Bermuda with limited liability and the shares of which are listed and traded on the Main Board of the Stock Exchange. As at the date of this joint announcement, MHL is the controlling shareholder of the Offeror beneficially interested in 1,073,160,000 Realord Shares, representing approximately 74.62% of the issued share capital of the Offeror. MHL is owned as to 70% by Dr. Lin Xiaohui and as to 30% by Madam Su Jiaohua.

The Realord Group is principally engaged in (i) provision of financial printing, digital printing and other related services; (ii) sales of hangtags, labels, shirt paper boards and plastic bags principally to manufacturers of consumer products; (iii) distribution and sales of motor vehicle parts; (iv) provision of corporate finance advisory, asset management, securities brokerage services and margin financing; (v) property investment and development and commercial operation; and (vi) environmental protection industry.

To the best of the knowledge, information and belief of the Offeror's directors having made all reasonable enquiries, Sincere, Win Dynamic and its ultimate beneficial owners are third parties independent of the Offeror and its connected persons save that (i) Realord Asia Pacific acted as placing agent for Sincere in connection with an open offer in July 2019, and subsequently made an offer on behalf of Win Dynamic to acquire all outstanding SinCo Shares and options to acquire SinCo Shares in August 2019; and (ii) Optima Capital acted as the financial adviser of Sincere for the open offer and the offer mentioned in (i) above, and the Offer.

THE OFFEROR’S INTENTION ON SINCERE

It is the intention of the Offeror to continue with the SinCo Group’s existing principal business. The Offeror will conduct a detailed review on the business and operations of the SinCo Group in order to formulate a long-term strategy for the SinCo Group. The Offeror reserves the right to make any changes it deems necessary or appropriate to Sincere’s business and operations to enhance the value of Sincere and strengthen its revenue. As at the date of this joint announcement, save for the intention to assess the feasibility of possible co-operation in the development and management of the retail properties of the Realord Group as discussed in the paragraph headed “Reasons for and benefits of the Offer for the Offeror” below, the Offeror has no plan, and has not engaged in any discussion or negotiation, on any injection of any assets or businesses into the SinCo Group, and has no intention to discontinue the employment of the employees, or to dispose of or re-deploy the assets of the SinCo Group. Meanwhile, the Offeror has not decided on the future composition of the board of Sincere as mentioned below. Subject to the result of the detailed review and the working capital requirements of the SinCo Group, it is the intention of the Offeror to consider providing additional loan financing to members of the SinCo Group to support its future working capital needs.

PROPOSED CHANGE TO THE BOARD COMPOSITION OF SINCERE

As at the date of this joint announcement, the Offeror has not decided on the future composition of the board of Sincere. The current directors of Sincere have not decided on whether to resign when permitted to do so under the Takeovers Code. Any changes to the board of Sincere will be made in compliance with the Takeovers Code and the Listing Rules and further announcement will be made by Sincere as and when appropriate.

MAINTENANCE OF THE LISTING STATUS OF SINCERE

The Offeror intends to maintain the listing of the SinCo Shares on the Stock Exchange after the close of the Offer. The directors of the Offeror and the directors of Sincere will jointly and severally undertake to the Stock Exchange to take appropriate steps as soon as possible following the close of the Offer to ensure that sufficient public float exists for the SinCo Shares. The Stock Exchange has stated that if, at the close of the Offer, less than the minimum prescribed percentage applicable to Sincere, being 25%, of the SinCo Shares are held by the public or if the Stock Exchange believes that (i) a false market exists or may exist in the trading of the SinCo Shares; or (ii) there are insufficient SinCo Shares held in public hands to maintain an orderly market, it will consider exercising its discretion to suspend trading in the SinCo Shares until the prescribed level of public float is restored.

CONDITIONAL MAJOR ACQUISITION FOR THE OFFEROR

The making of the Offer and the acquisition of the SinCo Shares pursuant to the Offer constitute a transaction for the Offeror under Chapter 14 of the Listing Rules. As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Offer is more than 25% but less than 100%, the making of the Offer and the acquisition of the SinCo Shares pursuant to the Offer constitute a major acquisition for the Offeror under Chapter 14 of the Listing Rules and is therefore subject to the requirements of notification, announcement and approval from the Realord Shareholders.

As at the date of this joint announcement, MHL is the controlling shareholder of the Offeror beneficially interested in 1,073,160,000 Realord Shares, representing approximately 74.62% of the issued share capital of the Offeror. The Offeror has obtained a written shareholders' approval from MHL on 15 May 2020 for the making of the Offer and the acquisition of the SinCo Shares pursuant to the Offer. To the best of the knowledge, information and belief of the Offeror's directors having made all reasonable enquiries, no Realord Shareholder or its/his/her associate(s) has a material interest in the Offer and accordingly, no Realord Shareholder is required to abstain from voting if the Offeror were to convene a shareholders' meeting for approving the Offer. Pursuant to Rule 14.44(2) of the Listing Rules, the written shareholders' approval from MHL will be accepted in lieu of holding a general meeting of the Realord Shareholders. Accordingly, no physical shareholders' meeting will be held by the Offeror to approve the Offer.

A circular containing, among other things, details of the Offer for their information is expected to be despatched to the Realord Shareholders on or before 5 June 2020.

Basis of the Offer Price

The Offer Price was determined on a commercial basis after taking into account, among other things, (i) the historical market prices of the SinCo Shares traded on the Stock Exchange; (ii) the unaudited net assets of the SinCo Group attributable to the SinCo Shareholders as at 31 August 2019; (iii) the February 2020 NAV; (iv) historical financial performance of the SinCo Group; and (v) given the Irrevocable Undertakings, upon the Offer is being made, the Offeror will acquire a controlling stake in Sincere to at least approximately 70%.

The property interests of the SinCo Group were not accounted for at its market value in preparing the unaudited consolidated net assets of the SinCo Group as at 31 August 2019 in its interim financial statements and accordingly, revaluation surplus representing the difference between the market value of the property interests of the SinCo Group as at 29 February 2020 and their respective book value may be resulted. The February 2020 NAV of HK\$123 million for the purpose of the adjustment of the Initial Offer Price as set out in the section headed “The Offer” above is determined with reference to (i) the unaudited net assets of the SinCo Group attributable to the SinCo Shareholders as at 31 August 2019; (ii) the revaluation surplus arising from the difference between the preliminary fair market value of the property interests held by the SinCo Group as at 29 February 2020 and the book value of such property interests as at 31 August 2019; (iii) the loss attributable to the Sinco Shareholders for the six months ended 31 August 2019; and (iv) the business environment of retail and department store business in Hong Kong for the six months ended 29 February 2020.

Reasons for and benefits of the Offer for the Offeror

The Offeror is of the view that Sincere, a company incorporated in Hong Kong back in 1919, has a long history of development for more than 100 years and operates one of the most well-known and well-established department stores in Hong Kong which stays connected with its customers through generations (further details are discussed in the section headed “Financial information of the SinCo Group” in this joint announcements). Currently, the SinCo Group operates five retail outlets in Mongkok, Central, Sham Shui Po, Yau Tong and Tsuen Wan. The revenue generated by the SinCo Group for the year ended 28 February 2019 was over HK\$300 million. Although it is mentioned in the announcement dated 8 April 2020 of Sincere that the SinCo Group is estimated to record an increase in loss for the year ended 29 February 2020, the Offeror remains confident in the performance of the SinCo Group in the long run given its solid foundation in the department store operation and, in particular, in contemplation of the potential rebound of business upon the suppressed purchasing power to be released following the ease and containment of the COVID-19 epidemic.

In view of the pressure of meeting its financial needs for daily operation amid the outbreak of the COVID-19, an unsecured loan in the principal amount of HK\$80 million, carrying an interest of 10% per annum, was sought by Sincere from and granted by Realord Finance, a subsidiary of the Offeror, on 3 April 2020 for a term of 18 months and such loan was fully drawn. During the discussion between the Offeror and Sincere for the loan, it occurred to the Offeror there was a possibility for it to become the controlling shareholder of Sincere.

The Offeror considers that the acquisition as a result of making the Offer would provide an opportunity for the Realord Group to diversify its business and tap into the department stores business in Hong Kong. Further, having considered that one of the principal businesses of the Realord Group is property investment and development and commercial operation, there may be potential synergy effects for developing the property development and commercial operation of the Realord Group leveraging on the experience of the SinCo Group in the department store operation by cooperating and/or utilising the properties held by the Realord Group. As at 31 December 2019, the Realord Group's investment properties include a commercial complex project, namely "Realord Villas" (偉祿雅苑), situated in Longhua District, Shenzhen, the PRC. The Realord Group holds the business apartment building, a shopping mall named "Realord Vcity" (偉祿Vcity), retail shops and car parking spaces with a gross floor area of approximately 51,039 square metres in Realord Villas. Realord Vcity is expected to be the first community mall project of the Realord Group which is built as a business and shopping centre that integrates local amenities, entertainment and leisure, parent-child education and specialty food and beverage experience. It is the intention of the Offeror to assess the possibility to co-operate with SinCo Group in the development and management of Realord Vcity, including tenants management and marketing and promotion of the mall. Leveraging on the long history and experience of the department store operation of Sincere, the Realord Group will be in the position to consolidate and further develop its property development and commercial operation business in the PRC. Accordingly, the directors of the Offeror are of the view that the terms of the Offer are fair and reasonable and the acquisition as a result of making the Offer is in the interests of the Offeror and the Realord Shareholders as a whole.

Financial effects of the Offer on the Offeror

Upon the final closing of the Offer, in the event that the Offeror and parties acting in concert with it together having held not less than 50% of the voting rights of Sincere, Sincere will be a non wholly-owned subsidiary of the Offeror and the financial results of the SinCo Group will be consolidated into the financial statements of the Realord Group.

INFORMATION OF SINCERE

Sincere is a company incorporated in Hong Kong with limited liability and the issued shares of which are listed and traded on the Main Board of the Stock Exchange. The SinCo Group is principally engaged in the operation of department stores, securities trading, securities investments and the provision of general and life insurances.

Sincere considers that it controls Sincere LA and its subsidiary, Sincere II and its subsidiary and Perfumery even though it owns less than 50% of the voting rights in each of them because Sincere is the single largest shareholder of Sincere LA, Sincere II and Perfumery with 48.09%, 40.67% and 37.15% direct equity interests, respectively. Based on the Sincere's absolute size of holding in Sincere LA, Sincere II and Perfumery, the relative size and dispersion of the shareholdings owned by the other shareholders who acted as principal of their investments in Sincere LA Sincere II and Perfumery, and past history of voting patterns in the shareholders' meetings of Sincere LA, Sincere II and Perfumery, the directors of Sincere concluded that Sincere has had control over Sincere LA and its subsidiary, Sincere II and its subsidiary and Perfumery since the dates on which the SinCo Group obtained control. As such, the Sincere Companies are accounted for as subsidiaries of Sincere and the results of the Sincere Companies are consolidated into the consolidated financial statements of the SinCo Group.

To the best of the knowledge, information and belief of Sincere's directors having made all reasonable enquiries, the Offeror, MHL and its ultimate beneficial owners (Dr. Lin Xiaohui and Madam Su Jiaohua) are third parties independent of Sincere and its connected persons save that Realord Finance, a subsidiary of the Offeror, has advanced a loan to Sincere (as disclosed in the section headed "Reasons for and benefits of the Offer for the Offeror" in this joint announcement) which remains outstanding at the date of this joint announcement, and that (i) Realord Asia Pacific acted as placing agent for Sincere and subsequently made an offer on behalf of Win Dynamic; and (ii) Optima Capital acted as the financial adviser of Sincere for the open offer and the offer in 2019 as mentioned above, and the Offer.

Financial information of the SinCo Group

Set out below are extracts from the annual reports of Sincere for the three years ended 28 February 2019 prepared in accordance with Hong Kong Financial Reporting Standards:

	For the year ended		
	28 February		
	2017	2018	2019
	HK\$'000	HK\$'000	HK\$'000
Revenue	375,276	355,865	311,865
Net loss before tax	(94,994)	(92,862)	(134,727)
Net loss after tax	(95,024)	(92,880)	(134,743)
Net loss after tax attributable to the SinCo Shareholders	(92,614)	(90,497)	(132,068)

As at 31 August 2019, the unaudited net assets of the SinCo Group attributable to the SinCo Shareholders were approximately HK\$39.2 million.

The Department Store Operations

Sincere operates department stores selling a wide range of consumer products (the “**Department Store Operations**”) which has a long heritage in Hong Kong retail industry. Its history can be traced back to as early as 1900. Over the hundred years of operations, the brand of “Sincere” has become well known and symbolic to local community as one of the most renowned local department stores in Hong Kong. Throughout the years of development, the SinCo Group had expanded to other business sectors including properties investment, property development, securities trading and other businesses such as provision of advertising agency services and travel agency franchising services. While some of these businesses had been loss making and had not continued, the Department Store Operations continue to be the core business of the SinCo Group. The long history and experience lay a solid foundation for the continuing operation of the Department Store Operations. Over the years, the SinCo Group disposed its self-owned properties for operating the flagship shops for the Department Store Operations. Thereafter and particularly in the past decade, the Department Store Operations have been suffering from increasing rental and/or relocation expenses as a result of the boom of property markets in Hong Kong, resulting in staggering operation results of the Department Store Operations in recent years. Downsized and/or closed down of major stores as a result of landlords’ requests had adversely affected the Department Store Operations. While efforts had been put on improving store layouts and merchandising mix in order to boost sales, management of Sincere had also worked hard on cutting operating expenses. During the year ended 28 February 2017, Sincere succeeded in trimming down a number of expenses, in particular store rentals through landlord negotiations, which helped alleviate the loss in the Department Store Operations. Continuous cost control measures have been implemented in this regard. However, as disclosed in the annual report of Sincere for the year ended 28 February 2019, revenue generated from Department Store Operations were affected by the intensifying of the China-US trade war since the second quarter of 2018 as well as the unseasonably warm winter in 2018, which resulting in a decrease in gross profit of the Department Store Operations. As disclosed in the announcement of Sincere dated 8 April 2020, the retail environment has been significantly weakened and the Department Store Operations had been adversely affected, in particular, since February 2020 as a result of the outbreak and wide spreading of COVID-19, social distancing policies and various other measures have been recommended and implemented by the Hong Kong government in order to contain COVID-19 in Hong Kong. Following the ease of the social distancing policies and the gradual resumption of the retail activities recently, the management is cautiously optimistic about the gradual recovery of the Department Store Operations going forward.

Perfumery

Perfumery was incorporated in Hong Kong on 13 May 1926 with limited liability and its principal activities consist of investments in securities and earning interest income. Other than investments in securities, Perfumery does not have any operation or any subsidiary.

Sincere II

Sincere II was incorporated in Hong Kong on 12 July 1915 with limited liability and its principal activities consist of general insurance and investment in securities. Sincere II has minimal operations which mainly involve the annual renewal of certain property damage insurance. It has no other active business operation and recorded revenue of HK\$38,203 and HK\$66,545 for the two years ended 28 February 2018 and 2019. As at the date of this joint announcement, Sincere II has one subsidiary which is incorporated in the British Virgin Islands and is dormant. As set out in the announcement of Sincere dated 22 May 2019, a non-compliance matter occurred in which certain Insurance Authority regulatory filings/prior written consents were not made/sought by Sincere II in connection with Win Dynamic acquiring 26.48% of the SinCo Shares in issue and becoming a substantial shareholder of Sincere (the “**Change**”) as a result of the completion (the “**Rights Issue Completion**”) of the rights issue of Sincere in December 2017. As a result of the Rights Issue Completion, Win Dynamic and Mr. Philip K H Ma each became a new “controller” within the meaning of section 9(1)(a)(iii)(B) of the Insurance Ordinance of Sincere II on 20 December 2017 and, pursuant to a directive which was imposed by the Insurance Authority on Sincere II in its letter in March 2016, Sincere II was required to obtain the written consent of the Insurance Authority for the Change before it took place. Sincere II was also required under the Insurance Ordinance to file for the Change to the Insurance Authority by January 2018. Sincere II is in the process of carrying out the requisite remediation actions. As a result of the non-compliance matter, Sincere II may be subject to the potential liability and supervisory actions under the Insurance Ordinance.

Sincere LA

Sincere LA was incorporated in Hong Kong on 14 October 1922 with limited liability and its principal activities consist of life insurance and investments in securities. Sincere LA has minimal operations which mainly involve the maintenance of insurance contracts entered into more than 10 years ago. Sincere LA has ceased to carry on new business and did not record any revenue for the two years ended 28 February 2018 and 2019. As at the date of this joint announcement, Sincere LA has one subsidiary, which is incorporated in the British Virgin Islands and is dormant. As set out in the announcement of Sincere dated 22 May 2019, a non-compliance matter occurred in which certain Insurance Authority regulatory filings were not made by Sincere LA in connection with the Change as a result of the Rights Issue Completion. As a result of the Rights Issue Completion, Win Dynamic and Mr. Philip K H Ma each became a new “controller” within the meaning of section 9(1)(a)(iii)(B) of the Insurance Ordinance of Sincere LA on 20 December 2017 and filings in this respect were required to be made by Sincere LA to the Insurance Authority by January 2018. Sincere LA is in the process of carrying out the requisite remediation actions. As a result of the non-compliance matter, Sincere LA may be subject to the potential liability and supervisory actions under the Insurance Ordinance.

Profit Warning Announcement

It is mentioned in the announcement dated 8 April 2020 of Sincere that the SinCo Group is estimated to record an increase in loss for the year ended 29 February 2020 (the “**Profit Warning Announcement**”). Pursuant to Rule 10 of the Takeovers Code, the profit warning constituted by the Profit Warning Announcement constitutes a profit forecast and is required to be reported on by Sincere’s financial adviser and its auditor or accountant in accordance with Rule 10.4 and Practice Note 2 of the Takeovers Code. The profit warning as set out in the Profit Warning Announcement will be reported on in accordance with Rule 10 of the Takeovers Code and such reports will be included in the next document to be sent to the SinCo Shareholders in connection with the Offer, which is expected to be the Composite Document. It is expected that the 2020 Annual Report will be published by end of June 2020, which is envisaged to be prior to the despatch of the Composite Document. If this is the case, the requirement under Rule 10 of the Takeovers Code to report on the profit forecast contained in the Profit Warning Announcement will be superseded by the publication of the 2020 Annual Report. Otherwise, the profit forecast contained in the Profit Warning Announcement shall be reported on in accordance with Rule 10 of the Takeovers Code and the relevant reports will be included in the Composite Document to be sent to the SinCo Shareholders.

The SinCo Shareholders and potential investors of Sincere should also note that the Profit Warning Announcement does not meet the standard required by Rule 10 of the Takeovers Code and has not been reported on in accordance with the Takeovers Code. The SinCo Shareholders and potential investors of Sincere should therefore exercise caution in placing reliance on the Profit Warning Announcement in assessing the merits and demerits of the Offer and/or when dealing in the securities of Sincere.

CONDITIONAL DISCLOSEABLE TRANSACTION FOR SINCERE

As at the date of this joint announcement, the Sincere Companies hold in aggregate 260,443,200 SinCo Shares, of which (i) 183,136,032 SinCo Shares are held by Sincere LA; (ii) 75,608,064 SinCo Shares are held by Sincere II; and (iii) 1,699,104 SinCo Shares are held by Perfumery. Pursuant to the SC Irrevocable Undertakings, the Sincere Companies will accept the Offer when it is made. Accordingly, the SC Irrevocable Undertakings and the transactions contemplated thereunder, namely acceptances of the Offer, constitute a disposal for Sincere under Chapter 14 of the Listing Rules. As all of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of acceptances of the Offer by the Sincere Companies are below 25%, the SC Irrevocable Undertakings and the tender of all the SinCo Shares held by the Sincere Companies for acceptance of the Offer pursuant to the SC Irrevocable Undertakings constitute a discloseable transaction for Sincere under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements.

Reasons for and benefits of accepting the Offer by the Sincere Companies

Depending on the final Offer Price, the aggregate consideration that the Sincere Companies will receive when they all accept the Offer pursuant to the SC Irrevocable Undertakings will be not less than approximately HK\$99.1 million and not more than approximately HK\$102.5 million. In arriving at the audited consolidated net assets of the SinCo Group, the SinCo Shares held by the Sincere Companies were recognised as treasury shares directly in equity at historical acquisition cost. By accepting the Offer, the value of the SinCo Shares held by the Sincere Companies will be unlocked and cash will be received by the SinCo Group. Having considered the above, the directors of Sincere are of the view, having considered the financial effect on the SinCo Group of accepting the Offer, that the terms of the SC Irrevocable Undertakings are fair and reasonable and the provision of the SC Irrevocable Undertakings to accept the Offer is in the interests of Sincere and the SinCo Shareholders as a whole.

Financial effect on the SinCo Group of acceptance of the Offer and use of proceeds

Depending on the final Offer Price, the gross proceeds received by the SinCo Group on accepting the Offer pursuant to the SC Irrevocable Undertakings are expected to be not less than approximately HK\$99.1 million and not more than approximately HK\$102.5 million. The net proceeds received by the SinCo Group after deducting related expenses are estimated to be not less than approximately HK\$98.7 million and not more than approximately HK\$102.1 million. The cash consideration received by the SinCo Group by accepting the Offer is intended by the current directors of Sincere to be applied as general working capital of the SinCo Group.

Upon acceptance of the Offer by the Sincere Companies, the SinCo Group will derecognise the book value of the SinCo Shares held by the Sincere Companies which is currently recognised as treasury shares, and the SinCo Group will receive net cash proceeds of approximately HK\$98.7 million to HK\$102.1 million from the disposal of the SinCo Shares. The difference between the book value of the SinCo Shares and the net cash proceeds from the acceptance of the Offer will be recognised through consolidated equity account (including the change of non-controlling interests) of the SinCo Group. It is expected that no profit or loss will be recognised by the SinCo Group from such disposal. Such estimation is only provided for illustrative purposes and is subject to review by the auditors of Sincere.

TAKEOVERS CODE IMPLICATIONS

The Offer

The making of the Offer is subject to the satisfaction or waiver (as the case may be) of the Pre-Conditions.

No-bid Confirmation

Each of the Sincere Companies is a public company for the purposes of the Takeovers Code. In the event that the Offeror and parties acting in concert with it acquire more than 50% of the voting rights, i.e. statutory control, in Sincere upon closing of the Offer, the Offeror may be required to make a general offer for all the shares in each of the Sincere Companies not then owned by it and parties acting in concert with it in respect of the relevant company under the “chain principle” under Note 8 to Rule 26.1 of the Takeovers Code. Considering (i) Sincere’s holdings in the Sincere Companies are not significant to its assets and profits based on its latest published audited consolidated accounts for the year ended 28 February 2019; and (ii) the main purpose for the Offeror to make the Offer is not to secure control of the Sincere Companies but for the reasons and benefits as mentioned in the paragraph headed “Reasons benefits of the Offer for the Offeror” in this joint announcement, and that any such securing of control of the Sincere Companies is only incidental to the Offer, the Offeror will seek confirmation from the Executive that it will not be required to make a general offer for any of the Sincere Companies in the event that it and parties acting in concert with it shall hold or control more than 50% of the SinCo Shares upon closing of the Offer.

WARNING: The obtaining of the No-bid Confirmation is one of the Pre-Conditions and is not waivable. If the No-bid Confirmation is not obtained from the Executive, the Offer will not proceed.

ESTABLISHMENT OF THE SINCO IBC AND APPOINTMENT OF THE SINCO IFA

Sincere has established the SinCo IBC, comprising all independent non-executive directors of Sincere, being Mr. King Wing Ma, Mr. Eric K K Lo, Mr. Peter Tan and Mr. Anders W L Lau, to advise the independent SinCo Shareholders in respect of the terms of the Offer and as to acceptance of the Offer. Mr. Charles M.W. Chan, a non-executive director, is not part of the SinCo IBC because of his interest in the WD Irrevocable Undertaking through Win Dynamic.

The SinCo IFA will be appointed by Sincere with the approval of the SinCo IBC to advise the SinCo IBC in respect of the Offer. A further announcement will be made as soon as practicable after the SinCo IFA has been appointed.

DESPATCH OF COMPOSITE DOCUMENT

Pursuant to the Takeovers Code, within 21 days after the date of this joint announcement or such later date as the Executive may approve, the Offeror is required to despatch an offer document in relation to the Offer and Sincere is required to send to the SinCo Shareholders within 14 days of the posting of the offer document a response circular containing, among other things, financial information of Sincere and other information required under the Takeovers Code. It is the intention of the Offeror and Sincere that the offer document and the offeree board circular in respect of the Offer be combined in the Composite Document. Pursuant to Note 2 to Rule 8.2 of the Takeovers Code, the consent of the Executive is required if the making of the Offer is subject to the prior fulfilment or waiver (as the case may be) of the Pre-Conditions and the Pre-Conditions cannot be fulfilled within the time period required by Rule 8.2 of the Takeovers Code.

As the making of the Offer is conditional upon satisfaction or, where permitted, waiver of the Pre-Conditions, an application will be made to the Executive to extend the deadline for the despatch of the Composite Document, together with the form of acceptance and transfer or cancellation, as the case may be, to a date within seven days after the satisfaction or waiver (as the case may be) of the Pre-Conditions or such later date as the Executive may approve. Further announcement(s) will be made in this regard as and when necessary.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the respective associates of the Offeror and Sincere (including but not limited to a person who owns or controls 5% or more of any class of relevant securities of the Offeror and Sincere or any person who as a result of any transaction owns or controls 5% or more of any class of relevant securities of the Offeror and Sincere) are reminded to disclose their dealings in the relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of Sincere. Reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code in accordance with Rule 3.8 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates of an offeror or the offeree company and other persons under Rule 22 and that those clients are willing to comply with them.

Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING OF THE RISKS OF DEALING IN SHARES

The Realord Shareholders, the SinCo Shareholders and prospective investors should note that the making of the Offer is conditional upon the satisfaction or waiver (as the case may be) of the Pre-Conditions. The Offer is a possibility only and may or may not be made.

Closing of the Offer is subject to the condition of the Offer being fulfilled and the Offer becoming unconditional.

The Realord Shareholders, the SinCo Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Offeror or Sincere, and if they are in any doubt about their position, they should consult their professional advisers.

RESUMPTION OF TRADING

At the request of the Offeror, trading in the Realord Shares on the Main Board of the Stock Exchange was suspended with effect from 9:00 a.m. on 5 May 2020 pending the release of this joint announcement. An application has been made by the Offeror to the Stock Exchange for resumption of trading in the Realord Shares on the Stock Exchange with effect from 9:00 a.m. on 18 May 2020.

At the request of Sincere, trading in the SinCo Shares on the Main Board of the Stock Exchange was suspended with effect from 9:00 a.m. on 5 May 2020 pending the release of this joint announcement. An application has been made by Sincere to the Stock Exchange for resumption of trading in the SinCo Shares on the Stock Exchange with effect from 9:00 a.m. on 18 May 2020.

DEFINITIONS

In this joint announcement, unless the context otherwise requires, the following expressions have the following meanings:

“2020 Annual Report”	the meaning ascribed thereto in the paragraph headed “The Offer” in this joint announcement
“2020 Final Dividend”	dividend for the year ended 29 February 2020 which may be recommended to be paid to the SinCo Shareholders by the board of directors of Sincere
“acting in concert”	the meaning ascribed thereto under the Takeovers Code
“Altus Capital”	Altus Capital Limited, a corporation licensed to carry out type 4 (advising on securities), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities under the SFO, being the financial adviser to the Offeror in relation to the Offer
“associate”	the meaning ascribed thereto under the Takeovers Code
“business day”	the meaning ascribed thereto under the Takeovers Code
“Closing Date”	the date which is the 14th day after the date on which the Offer is declared unconditional as to acceptances provided that the Offer will be open for acceptance for at least 21 days following the despatch of the Composite Document, or any subsequent closing date as may be decided and announced by the Offeror and approved by the Executive
“Composite Document”	the composite offer and response document expected to be jointly issued by the Offeror and Sincere in connection with the Offer in accordance with the Takeovers Code
“connected persons”	the meaning ascribed thereto under the Listing Rules
“Dr. Lin Xiaohui”	Lin Xiaohui, the chairman and executive director of the Offeror and the owner as to 70% of the issued share capital of MHL, which is the controlling shareholder of the Offeror
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any of his delegate(s)
“February 2020 NAV”	the meaning ascribed thereto in the paragraph headed “The Offer” in this joint announcement

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Initial Offer Price”	HK\$0.3806 per SinCo Share, subject to upward adjustment
“Insurance Authority”	the Insurance Authority established under the Insurance Ordinance
“Insurance Ordinance”	the Insurance Ordinance (Chapter 41 of the Laws of Hong Kong)
“Irrevocable Undertakings”	the SC Irrevocable Undertakings and the WD Irrevocable Undertaking
“Last Trading Date”	4 May 2020, being the last trading day of the Shares on the Stock Exchange prior to the issuance of this joint announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MHL”	Manureen Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and the controlling shareholder of the Offeror, which is owned as to 70% by Dr. Lin Xiaohui and as to 30% by Madam Su Jiaohua
“Madam Su Jiaohua”	Su Jiaohua, spouse of Dr. Lin Xiaohui and the owner of 30% of the issued share capital of MHL, which is the controlling shareholder of the Offeror
“Main Board”	the main board maintained and operated by the Stock Exchange
“Maximum Offer Price”	HK\$0.3935 per SinCo Share
“No-bid Confirmation”	confirmation from the Executive that the Offeror will not be required to make general offers for each of the Sincere Companies following the completion of the Offer
“Offer”	the pre-conditional voluntary cash general offer intended to be made by Realord Asia Pacific for and on behalf of the Offeror to acquire all of the issued SinCo Shares on the terms and conditions to be set out in the Composite Document and in compliance with the Takeovers Code

“Offer Period”	the meaning ascribed thereto under the Takeovers Code
“Offer Price”	the offer price per SinCo Share under the Offer, subject to upward adjustment
“Offeror” or “Realord”	Realord Group Holdings Limited, a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 1196)
“Optima Capital”	Optima Capital Limited, a non wholly-owned subsidiary of Realord and a corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser to Sincere in relation to the Offer
“Overseas SinCo Shareholder(s)”	SinCo Shareholders whose names appear on the register of members of Sincere during the acceptance period under the Offer and whose addresses as shown on such register are outside Hong Kong
“Perfumery”	The Sincere Company (Perfumery Manufacturers), Limited, a company incorporated in Hong Kong with limited liability and accounted for as a subsidiary of Sincere
“PRC”	the People’s Republic of China which, for the purpose of this joint announcement, does not include Hong Kong, the Macau Special Administrative Region and Taiwan
“Pre-Conditions”	the pre-conditions of the Offer described in the section headed “The Pre-Conditions” in this joint announcement
“Pre-Conditions Long Stop Date”	30 April 2021, being the long stop date for the satisfaction or waiver (as the case may be) of the Pre-Conditions in respect of the Offer or such other date as the Offeror and Sincere may agree with the consent of the Executive
“Profit Warning Announcement”	the meaning ascribed thereto in the paragraph headed “Profit Warning Announcement” in this joint announcement

“Realord Asia Pacific”	Realord Asia Pacific Securities Limited (formerly known as Realord Manureen Securities Limited), a non wholly-owned subsidiary of the Offeror and a corporation licensed to carry out type 1 (dealing in securities) regulated activity under the SFO, which is making the Offer on behalf of the Offeror
“Realord Finance”	Realord Finance Limited, a wholly-owned subsidiary of the Offeror principally engaged in the money lending business
“Realord Group”	the Offeror and its subsidiaries
“Realord Shareholders”	holders of Realord Shares
“Realord Shares”	ordinary shares in the issued share capital of the Offeror
“SC Irrevocable Undertakings”	collectively, the irrevocable undertakings to accept the Offer all dated 15 May 2020 given by each of the Sincere Companies to the Offeror as described in the section headed “The Irrevocable Undertakings” in this joint announcement
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Sincere”	The Sincere Company, Limited, a company incorporated in Hong Kong with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 0244)
“Sincere Companies”	Sincere LA, Sincere II and Perfumery
“Sincere II”	The Sincere Insurance & Investment Company, Limited, a company incorporated in Hong Kong with limited liability and accounted for as a subsidiary of Sincere
“Sincere LA”	The Sincere Life Assurance Company Limited, a company incorporated in Hong Kong with limited liability and accounted for as a subsidiary of Sincere
“SinCo Group”	Sincere and its subsidiaries

“SinCo IBC”	the independent committee of the board of directors of Sincere comprising all the independent non-executive directors of Sincere, namely Mr. King Wing Ma, Mr. Eric K K Lo, Mr. Peter Tan and Mr. Anders W L Lau, which has been established to advise the independent SinCo Shareholders in respect of the Offer
“SinCo IFA”	the independent financial adviser which will be appointed by Sincere with the approval of the SinCo IBC to advise the SinCo IBC in respect of the Offer
“SinCo Shareholders”	holders of SinCo Shares
“SinCo Shares”	ordinary shares in the issued share capital of Sincere
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers (as amended and supplemented from time to time)
“WD Irrevocable Undertaking”	the irrevocable undertaking to accept the Offer dated 15 May 2020 given by Win Dynamic to the Offeror as described in the section headed “The Irrevocable Undertakings” in this joint announcement
“Win Dynamic”	Win Dynamic Limited, a company incorporated in Hong Kong with limited liability and the controlling shareholder of Sincere, which is owned as to 70% by Mr. Philip K H Ma and 30% by Mr. Charles M W Chan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the board of
Realord Group Holdings Limited
Lin Xiaohui
Chairman

By order of the Board
The Sincere Company, Limited
Philip K H Ma
Chairman & CEO

Hong Kong, 15 May 2020

As at the date of this joint announcement, the executive directors of the Offeror are Dr. Lin Xiaohui, Madam Su Jiaohua and Mr. Lin Xiaodong and the independent non-executive directors of the Offeror are Mr. Yu Leung Fai, Mr. Fang Jixin and Dr. Li Jue.

As at the date of this joint announcement, the executive director of Sincere is Mr. Philip K H Ma, the non-executive director of Sincere is Mr. Charles M W Chan, and the independent non-executive directors of Sincere are Mr. King Wing Ma, Mr. Eric K K Lo, Mr. Peter Tan and Mr. Anders W L Lau.

The directors of the Offeror jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the SinCo Group) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of Sincere) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

The directors of Sincere jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the directors of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.