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THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 0244)

PROFIT WARNING

This announcement is made by The Sincere Company, Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the announcement of the Company dated 2 December 2021 (the “**Announcement**”) in relation to the change of financial year end date of the Company. As mentioned in the Announcement, the financial year end date of the Company has been changed to 31 December 2021 and the forthcoming audited consolidated financial statements of the Company will be for the period of ten months from 1 March 2021 to 31 December 2021 (“**FP2021**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on the Group’s unaudited consolidated management accounts (the “**Management Accounts**”) for FP2021, the Group is expected to record net loss attributable to the Shareholders ranging from HK\$75.0 million to HK\$78.0 million for FP2021, with revenue of approximately HK\$140.1 million. As set out in the Company’s interim report for the six months ended 31 August 2021 (the “**2021 Interim Period**”), the net loss attributable to the Shareholders for the period was approximately HK\$60.6 million, with revenue of approximately HK\$80.2 million.

It is noted that the operating loss recorded by the Group for the last four months of FP2021, on an annualised basis, was less than the first six months of FP2021, on an annualised basis, which decrease was primarily due to (i) an increase in revenue of the department store operations of the Group as recorded for the last four months of FP2021 (as adjusted on an annualised basis) by approximately 12%, as compared to the revenue of the department store operations for the 2021 Interim Period (as adjusted on an annualised basis); and (ii) an improvement in the Group’s gross profit margin from 50.7% for 2021 Interim Period to 52.9% for FP2021. When comparing the results of FP2021 with that of the 2021 Interim Period, it is further noted that (i) legal and professional fee of approximately HK\$3.0 million was incurred in the last four months of FP2021 (2021 Interim Period: approximately HK\$9.0 million); and (ii) other income of approximately HK\$9.3 million was recognised as imputed interest income calculated based on the discounted present value of the net proceeds of approximately HK\$260.4 million expected to be received from Win Dynamic Limited pursuant to the deed of gift executed by it in favour of the Company on 29 October 2020.

The Company is in the process of finalising the audit of the financial results of the Group in respect of FP2021. The information contained in this announcement is based on the Management Accounts. Details of the audited financial information of the Group shall be disclosed in the Company’s results announcement for FP2021 which is expected to be published on 31 March 2022.

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

By Order of the Board
The Sincere Company, Limited
Lin Xiaohui
Chairman

Hong Kong, 29 March 2022

As at the date of this announcement, the executive directors are Dr. Lin Xiaohui, Madam Su Jiaohua and Dr. Yu Lai; the non-executive director is Dr. Tai Tak Fung; and the independent non-executive directors are Mr. Yu Leung Fai, Mr. Yuan Baoyu and Mr. Chung Chun Hung Simon