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THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 0244)

DISCLOSABLE TRANSACTION IN RELATION TO RENEWAL OF LEASE

On 25 March 2024, (i) Right View, an indirect wholly-owned subsidiary of the Company, as tenant; (ii) the Company, as guarantor; and (iii) the Landlord, as landlord, entered into the Lease in respect of renewal of the existing tenancy of the Premises for a term of one year commencing from 1 March 2024 for operating the Group's department store.

Pursuant to HKFRS 16, following the conclusion of the Lease, the Group shall recognise the Premises as a right-of-use asset. Therefore, the transactions contemplated under the Lease will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset to be recognised by the Group under the Lease shall amount to approximately HK\$22.7 million.

As one or more of the applicable percentage ratio as defined under the Listing Rules in respect of the transactions contemplated under the Lease based on the value of right-of-use asset to be recognised by the Group pursuant to HKFRS 16 is more than 5% and all are below 25%, the Lease constitutes a disclosable transaction for the Company and is subject to the notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 25 March 2024, (i) Right View, an indirect wholly-owned subsidiary of the Company, as tenant; (ii) the Company, as guarantor; and (iii) the Landlord, as landlord, entered into the Lease in respect of renewal of the existing tenancy of the Premises for a term of one year commencing from 1 March 2024 for operating the Group's department store.

THE LEASE

Principal terms of the Lease are as follow:

- Date: 25 March 2024

- Parties: (i) Right View, as tenant;

(ii) the Company, as guarantor; and

(iii) the Landlord, as landlord.

- Premises: Unit No.100 on 1st Floor, 2nd Floor and 3rd Floor of Dragon Centre, No.37K Yen Chow Street, Shamshuipo, Kowloon, Hong Kong.

- Term: One year commencing from 1 March 2024 and expiring on 28 February 2025 (both days inclusive).

- Usage: For the use of department store only under the trade name of The Sincere Company, Limited.

- Monthly Rent: HK\$1,996,497 per calendar month, exclusive of rates, management charges and other outgoings.

- Payment Term: The rent is payable in advance on the first day of each calendar month.

- Deposit: HK\$7,073,986.50 (HK\$6,956,545.50 of which will be transferred from the existing tenancy)

- Guarantor's Covenants: The Guarantor covenants with the Landlord that the Tenant will throughout the term and any statutory extension or period of holding over or otherwise pay the rent or rents thereby reserved on the days and in manner set out in the Lease and will perform and observe all the Tenant's covenants therein contained or implied and that in the case of default in payment of the rents or in observing or performing any of the covenants, conditions or other terms of the Lease, the Guarantor will pay the rents and observe or perform the covenants, conditions or terms in respect of which the Tenant shall be in default and shall indemnify the Landlord from all losses, damages or expenses arising or incurred by the Landlord notwithstanding:

- (a) any time or indulgence granted by the Landlord to the Tenant, or any neglect or forbearance of the Landlord in enforcing the payment of rent or the observance or performance of the Tenant's covenants, or any refusal by the Landlord to accept rent tendered by or on behalf of the Tenant at a time when the Landlord was entitled to re-enter the Premises;
- (b) the terms of the Lease may have been varied by agreement between the parties;
- (c) that the Tenant shall have surrendered part of the Premises, in which event the liability of the Guarantor thereunder shall continue in respect of the part of the Premises not so surrendered after making any necessary apportionment; and
- (d) any other act or thing whereby but for this provision the Guarantor would have been released, and any such act shall not release or exonerate or in any way affect the liability of the Guarantor under the Lease.

If at any time during the term, the Tenant shall enter into liquidation and the trustee-in-bankruptcy or liquidator shall disclaim the Lease, the Guarantor will if the Landlord shall by notice within sixty (60) days after such disclaimer so require take from the Landlord an agreement of the Premises for the residue of the term which would have remained had there been no disclaimer at the rent then being paid thereunder and subject to the same covenants and conditions as in the Lease with exception under the Lease, such new agreement to take effect from the date of the said disclaimer and in such case, the Guarantor shall pay the costs and disbursement of such new agreement and execute and deliver to the Landlord a counterpart thereof.

INFORMATION OF THE PARTIES

Right View, an indirect wholly-owned subsidiary of the Company, is principally engaged in holding of properties for investment and leasing of properties.

The Company is principally engaged in investment holding and the operation of department stores.

The Landlord is principally engaged in management service. To the best knowledge, information and belief of the Board having made all reasonable enquiries, (i) the ultimate beneficial owner of the Landlord is Mr. Lucio Tan (“**Mr. Tan**”); and (ii) the Landlord and its ultimate beneficial owner are independent of the Company and its connected persons. Mr. Tan is a merchant and is the chairman and chief executive officer of LT Group, Inc. which is a corporation incorporated in the Philippines and listed on the Philippines Stock Exchange. LT Group, Inc. together with its subsidiaries are principally engaged in beverages, tobacco, property development and banking businesses in the Philippines.

REASONS FOR AND BENEFITS OF THE LEASE

The principal activities of the Group consisted of the operation of department stores, securities trading and provision of general and life insurances. Due to the nature of its retail business, the Group has to enter into tenancy agreements for the leasing of retail stores from time to time. The Premises have been leased by Right View under existing tenancy since 2022 for operating the Group’s department store. As the existing lease had expired on 29 February 2024, Right View and the Landlord entered into the Lease in respect of renewal of the existing tenancy of the Premises. Each of the retail stores, especially sizable stores like the Premises, contributes to and maintains the Group’s scale of operation which in turn benefits the Group in lowering the overall operation costs, enhancing the Group’s negotiations with its business partners and expanding its store network and market shares.

The terms of the Lease were determined after arm’s length negotiations between Right View, the Company and the Landlord with reference to the open market rent of comparable properties and the rental payment made for other retail stores operating by the Group. The entering into of the Lease is necessary for the operation of the retail business in the ordinary and usual course of business of the Group.

The Board considers that the terms of the Lease are on normal commercial terms and are fair and reasonable and the entering into of the Lease is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to HKFRS 16, following the conclusion of the Lease, the Group shall recognise the Premises as a right-of-use asset. Therefore, the transactions contemplated under the Lease will be regarded as an acquisition of asset by the Group under the Listing Rules. The value of right-of-use asset to be recognised by the Group under the Lease shall amount to approximately HK\$22.7 million.

As one or more of the applicable percentage ratio as defined under the Listing Rules in respect of the transactions contemplated under the Lease based on the value of right-of-use asset to be recognised by the Group pursuant to HKFRS 16 is more than 5% and all are below 25%, the Lease constitutes a disclosable transaction for the Company and is subject to the notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

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| “Board” | board of Directors |
| “Company” or “Guarantor” | The Sincere Company, Limited, a company incorporated in Hong Kong with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 0244) |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the directors of the Company |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “HKFRS” | Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People's Republic of China |
| “Landlord” | Dragon Centre Management Limited, a company incorporated in Hong Kong with limited liability, being the landlord of the Premises |
| “Lease” | the tenancy agreement entered into among Right View, the Company and the Landlord on 25 March 2024 in respect of renewal of the existing tenancy of the Premises |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

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| “Premises” | the premises situated at Unit No.100 on 1st Floor, 2nd Floor and 3rd Floor of Dragon Centre, No.37K Yen Chow Street, Shamshuipo, Kowloon, Hong Kong |
| “Right View” or “Tenant” | Right View Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company |
| “Shareholder(s)” | holders of the shares of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “%” | per cent. |

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

Hong Kong, 25 March 2024

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. Chung Chun Hung Simon and Mr. Lin Lin.