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THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 0244)

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

THE DISPOSAL

After trading hours of the Stock Exchange on 12 April 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Agent entered into the Provisional Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property at the Consideration of HK\$210,000,000.

Completion shall take place on or before 22 July 2024.

Pursuant to the Provisional Agreement, the Vendor has the option to lease back the Property from the Purchaser for a term of six months commencing the day after the date of Completion at a monthly rent of HK\$400,000 (inclusive of all rates, Government rents and management fees), subject to early termination and in accordance with the terms and conditions of a tenancy agreement to be entered into between the Vendor and the Purchaser upon Completion.

LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios calculated by reference to Rule 14.07 of the Listing Rules in respect of the Disposal are more than 25% but all are less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.44 of the Listing Rules, Shareholders' approval for the Disposal may be obtained by way of written Shareholders' approval in lieu of holding a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (ii) written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

The Company has obtained written approval for the Provisional Agreement, the Disposal and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from RGHL, which is the beneficial owner of 985,471,362 Shares, representing approximately 75% of the entire issued share capital of the Company as at the date of this announcement.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder or any of their respective close associates have a material interest in the Provisional Agreement, the Disposal and the transactions contemplated thereunder and is required to abstain from voting for the resolution(s) to approve the entering into of the Provisional Agreement and the Disposal, should they be put forward to the Shareholders to approve at a general meeting of the Company. Accordingly, no general meeting will be convened to approve the entering into of the Provisional Agreement and the Disposal pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, (i) details of the Provisional Agreement, the Disposal and the transactions contemplated thereunder; and (ii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 6 May 2024.

THE DISPOSAL

The Board is pleased to announce that after trading hours of the Stock Exchange on 12 April 2024, the Vendor, an indirect wholly-owned subsidiary of the Company, the Purchaser and the Agent entered into the Provisional Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Property at the Consideration of HK\$210,000,000.

Details of the Provisional Agreement are set out as follows.

THE PROVISIONAL AGREEMENT

Date

12 April 2024

Parties

- (i) Right View Limited, as vendor;
- (ii) Honest Standard Limited, as purchaser; and
- (iii) China Point Property Consultant Limited, as agent.

The Vendor is a company incorporated in Hong Kong with limited liability and is an indirect wholly-owned subsidiary of the Company. It is principally engaged in holding of properties for investment and leasing of properties.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, (i) the Purchaser is principally engaged in property holding and investment; (ii) the Purchaser is wholly and beneficially owned by Mr. Tsui Kai Hung, who is a merchant; and (iii) the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

The Agent is a company incorporated in Hong Kong with limited liability and is a licensed property agent in Hong Kong. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Agent and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Property

The Property to be disposed of comprises (i) the units A to H on 12th Floor; (ii) the car parking space No.L8 on 1st Floor; and (iii) the car parking space No.L26 on 2nd Floor, Gemstar Tower, No. 23 Man Lok Street, Kowloon, Hong Kong. The total gross floor area of the Property is approximately 40,280 square feet. The Property is currently being self-used as warehouse and car parking spaces by the Group.

The Property is to be sold to the Purchaser on an “as is” basis. Pursuant to the Provisional Agreement and subject to the exercising of the option to lease back the Property by the Vendor (details of which are set out below), the Vendor shall deliver vacant possession of the Property to the Purchaser upon Completion.

As at the date of this announcement, an outstanding amount of bank borrowings of approximately HK\$80.2 million is secured by the Property. It is intended that such bank borrowings with the interest accrued up to the date of Completion will be repaid by the proceeds from the Disposal.

Consideration and payment terms

The Consideration of HK\$210,000,000 was determined after arm's length negotiation between the Vendor and the Purchaser with reference to the valuation of the Property prepared by an independent qualified valuer as at 31 March 2024 of approximately HK\$177,000,000 based on market approach and the market value of similar properties in Hong Kong, and is payable in the following manner:

- (i) an initial deposit of HK\$10,500,000 has been paid by the Purchaser upon signing of the Provisional Agreement;
- (ii) a further deposit of HK\$10,500,000 shall be payable by the Purchaser upon signing of the Formal Agreement; and
- (iii) the remaining balance of HK\$189,000,000 (the "**Balance**") shall be payable by the Purchaser upon Completion.

Formal Agreement

The Formal Agreement shall be signed by the Vendor and the Purchaser on or before 22 April 2024.

Completion

Completion shall take place on or before 22 July 2024.

Leaseback

Pursuant to the Provisional Agreement, the Vendor has the option to lease back the Property for a term of six months commencing the day after the date of Completion by giving a written notice to the Purchaser before the date of Completion. The monthly rent for the Leaseback shall be HK\$400,000, which is inclusive of all rates, Government rents and management fees. If the Vendor exercises the option for the Leaseback, a tenancy agreement shall be entered into between the Vendor and the Purchaser upon Completion and a deposit of HK\$400,000 shall be payable by the Vendor as tenant to the Purchaser as landlord. Such amount of deposit, plus one month of the rental payment and half of the stamp duty for the entering into of the tenancy agreement shall be set-off against the Balance payable by the Purchaser to the Vendor at the date of Completion. Subject to the entering into of the tenancy agreement, the Vendor is entitled to early terminate the tenancy agreement by giving not less than 14 days' written notice to the Purchaser. Upon expiry of the tenancy, the Vendor shall surrender the Property to the Purchaser on an "as-is" basis on the day of surrender, and the Vendor reserves its right to move out the fittings and fixtures in the Property.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The principal activities of the Group consisted of the operation of department stores, securities trading and provision of general and life insurances.

The Directors have been assessing the property market in Hong Kong and reviewing the usage of the Property from time to time. Having considered (i) the Property is mainly for warehousing the inventories of the Group; (ii) the current market value of the Property; (iii) the general economic conditions in Hong Kong; and (iv) the financial performance of the Group, the Directors are of the view that the Disposal represents a good opportunity for the Company to realise the value of the Property at a profitable price and the proceeds from the Disposal will improve the financial position and increase the general working capital of the Group. The Group intends to acquire or lease another property for use as warehouse following Completion. The Leaseback arrangement would allow the Group to continue to utilise the Property for warehousing its inventories after Completion before a suitable property is identified.

Accordingly, the Directors consider that the terms and conditions of the Disposal are on normal commercial terms, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

As at 31 December 2023, the carrying value of the Property as shown in the audited consolidated financial statements of the Company was approximately HK\$177 million. Based on the Consideration of HK\$210,000,000 and taking into account related expenses for the Disposal, the Group is expected to record a gain of approximately HK\$30 million from the Disposal. The aforesaid gain on disposal is for illustrative purpose only, which will have to be ascertained at the time of preparation of the Company's consolidated financial statements, and is subject to audit.

The net proceeds from the Disposal after deducting tax and related expenses are expected to be approximately HK\$207 million. The Company intends to use approximately HK\$87 million for repayment of outstanding bank borrowings and the interest accrued thereof and the remaining proceeds of approximately HK\$120 million will be applied as general working capital of the Group or utilised for the acquisition or leasing of a property as warehouse should a suitable one is identified.

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The Company has obtained written approval for the Provisional Agreement, the Disposal and the transactions contemplated thereunder in accordance with Rule 14.44 of the Listing Rules from RGHL, which is the beneficial owner of 985,471,362 Shares, representing approximately 75% of the entire issued share capital of the Company as at the date of this announcement.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiry, no Shareholder or any of their respective close associates have a material interest in the Provisional Agreement, the Disposal and the transactions contemplated thereunder and is required to abstain from voting for the resolution(s) to approve the entering into of the Provisional Agreement and the Disposal, should they be put forward to the Shareholders to approve at a general meeting of the Company. Accordingly, no general meeting will be convened to approve the entering into of the Provisional Agreement and the Disposal pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, (i) details of the Provisional Agreement, the Disposal and the transactions contemplated thereunder; and (ii) other information as required under the Listing Rules is expected to be despatched to the Shareholders on or before 6 May 2024.

DEFINITIONS

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

“Agent”	China Point Property Consultant Limited, a company incorporated in Hong Kong with limited liability and a licensed property agent in Hong Kong
“Board”	the board of Directors
“Company”	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)
“Completion”	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$210,000,000 payable by the Purchaser for the Disposal
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms of the Provisional Agreement
“Formal Agreement”	the formal agreement to be entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Property
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Leaseback”	the leaseback of the Property by the Vendor from the Purchaser pursuant to the terms of the Provisional Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Property”	Units A to H on 12th Floor, car parking space No.L8 on 1st Floor and car parking space No.L26 on 2nd Floor, Gemstar Tower, No.23 Man Lok Street, Kowloon, Hong Kong
“Provisional Agreement”	the provisional sale and purchase agreement dated 12 April 2024 entered into between the Vendor and the Purchaser in respect of the sale and purchase of the Property
“Purchaser”	Honest Standard Limited, a company incorporated in Hong Kong with limited liability
“RGHL”	Realord Group Holdings Limited, a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Stock Exchange (stock code: 1196), and the controlling shareholder interested in approximately 75% of the entire issued share capital of the Company as at the date of this announcement
“Vendor”	Right View Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Share(s)”	ordinary share(s) in the share capital of the Company
“Shareholder(s)”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 12 April 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.