THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0244)

ANNOUNCEMENT OF THE 2010 INTERIM RESULTS

The Board of Directors (the "Board") of The Sincere Company, Limited (the "Company") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 31 August 2010 together with the comparative amounts. The interim results of the Group are unaudited but have been reviewed by the Audit Committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT – UNAUDITED

For the six months ended 31 August 2010

	Notes	**2010** *HK$'000*	2009 *HK$'000*
REVENUE	*3*	**180,015**	169,611
Cost of sales		**(64,041)**	(58,547)
Other income and gains, net		**7,201**	6,174
Net unrealised gain/(loss) on securities and future contracts trading		**(4,642)**	32,515
Selling and distribution costs		**(70,152)**	(65,026)
General and administrative expenses		**(60,713)**	(59,739)
Other operating expenses		**–**	(600)
Finance costs		**(1,042)**	(1,249)
Share of profits less losses of associates		**(4,888)**	(8,906)
PROFIT/(LOSS) BEFORE TAX	*4*	**(18,262)**	14,233
Income tax expense	*5*	**(156)**	(44)
PROFIT/(LOSS) FOR THE PERIOD		**(18,418)**	14,189
ATTRIBUTABLE TO:			
Ordinary equity holders of the Company		**(18,348)**	13,992
Non-controlling interests		**(70)**	197
		(18,418)	14,189
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*6*		
Basic		**HK$(0.04)**	HK$0.03
Diluted		**N/A**	N/A

Details of the dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 31 August 2010

	2010	2009
	HK$'000	*HK$'000*
PROFIT/(LOSS) FOR THE PERIOD	**(18,418)**	14,189
OTHER COMPREHENSIVE INCOME/(LOSS):		
Exchange differences arising on translation of foreign operations	**1,295**	(1,462)
Realisation of exchange fluctuation reserve upon deregistration of a subsidiary	**–**	11
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(17,123)**	12,738
ATTRIBUTABLE TO:		
Ordinary equity holders of the Company	**(16,864)**	14,559
Non-controlling interests	**(259)**	(1,821)
	(17,123)	12,738

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Notes	**31 August 2010 *HK$'000* (unaudited)**	28 February 2010 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**62,988**	66,712
Investment properties		**102,980**	102,535
Prepaid land premium		**713**	722
Interests in associates		**33,929**	49,133
Financial instruments		**29,992**	46,017
Rental deposits		**7,994**	6,015
Pension scheme assets		**3,604**	3,604
Total non-current assets		**242,200**	274,738
CURRENT ASSETS			
Properties under development	*8*	**121,234**	120,705
Inventories		**67,005**	54,852
Debtors	*9*	**2,031**	2,621
Prepayments, deposits and other receivables		**38,819**	32,467
Financial instruments		**17,550**	3,900
Financial assets at fair value through profit or loss		**241,660**	250,701
Derivative financial instruments		**1,229**	5,081
Pledged bank balances		**7,964**	2,892
Pledged deposits with banks		**17,055**	17,055
Cash and bank balances		**70,424**	54,856
Total current assets		**584,971**	545,130
CURRENT LIABILITIES			
Creditors	*10*	**84,611**	92,292
Deposits, accrued expenses and other payables		**47,221**	55,116
Derivative financial instruments		**85**	–
Interest-bearing bank borrowings		**48,436**	24,128
Tax payable		**104**	359
Total current liabilities		**180,457**	171,895
NET CURRENT ASSETS		**404,514**	373,235
TOTAL ASSETS LESS CURRENT LIABILITIES		**646,714**	647,973
NON-CURRENT LIABILITY			
Interest-bearing bank borrowings		**19,200**	–
NET ASSETS		**627,514**	647,973

	31 August 2010	28 February 2010
	HK$'000	*HK$'000*
	(unaudited)	(audited)
EQUITY		
Equity attributable to ordinary equity holders of the Company		
Issued share capital	**287,154**	287,154
Share premium account	**26**	26
Reserves	**355,670**	375,943
	642,850	663,123
Non-controlling interests	**(15,336)**	(15,150)
TOTAL EQUITY	**627,514**	647,973

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The unaudited condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" and other relevant HKASs and Interpretations, Hong Kong Financial Reporting Standards (collectively, the ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). Save for those new and revised HKFRSs adopted during the period as set out in note 2, the accounting policies and basis of preparation adopted in the preparation of the interim financial statements are the same as those used in the annual financial statements for the year ended 28 February 2010.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The Group has applied, for the first time, the following new and revised standards, amendments and interpretations ("new HKFRSs") issued by HKICPA which are effective for the Group's financial year beginning on 1 March 2010.

HKFRS 1 (Revised)	*First-time Adoption of Hong Kong Financial Reporting Standards*
HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Additional Exemptions for First-time Adopters*
HKFRS 2 Amendments	Amendments to HKFRS 2 *Share-based Payment – Group Cash-settled Share-based Payment Transactions*
HKFRS 3 (Revised)	*Business Combinations*
HKAS 27 (Revised)	*Consolidated and Separate Financial Statements*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments: Presentation – Classification of Rights Issues*
HKAS 39 Amendment	Amendment to HKAS 39 *Financial Instruments: Recognition and Measurement – Eligible Hedged Items*
HK(IFRIC)-Int 17	*Distributions of Non-cash Assets to Owners*
Amendments to HKFRS 5 included in *Improvements to HKFRSs* issued in October 2008	Amendments to HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations – Plan to Sell the Controlling Interest in a Subsidiary*
HK Interpretation 4 (Revised in December 2009)	*Leases – Determination of the Length of Lease Term in respect of Hong Kong Land Leases*
Improvements to HKFRSs 2009	Amendments to a number of HKFRSs

The adoption of the new HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

3. SEGMENT INFORMATION

(a) Operating segments

The following table presents revenue and results for the Group's operating segments.

	Department store operations		Property rental and development		Securities trading		Others		Eliminations		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:												
Sales to external customers	**163,388**	137,604	**4,721**	4,830	**2,578**	19,702	**9,328**	7,475	**–**	–	**180,015**	169,611
Inter-segment sales	**–**	–	**12,483**	12,449	**–**	–	**3,431**	2,827	**(15,914)**	(15,276)	**–**	–
Other revenue	**73**	15	**499**	2,879	**1**	7	**201**	47	**–**	–	**774**	2,948
Total	**163,461**	137,619	**17,703**	20,158	**2,579**	19,709	**12,960**	10,349	**(15,914)**	(15,276)	**180,789**	172,559
Segment results	**(7,034)**	(19,585)	**(3,172)**	(3,776)	**(5,780)**	48,662	**(2,773)**	(4,139)	**–**	–	**(18,759)**	21,162
Interest income, dividend income and unallocated revenue											**6,427**	3,226
Finance costs											**(1,042)**	(1,249)
Share of profits less losses of associates											**(4,888)**	(8,906)
Profit/(loss) before tax											**(18,262)**	14,233
Income tax expense											**(156)**	(44)
Profit/(loss) for the period											**(18,418)**	14,189

(b) Geographical information

The following table presents revenue for the Group's geographical information.

	Hong Kong		Mainland China		United Kingdom		Others		Consolidated	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Segment revenue:										
Sales to external customers	**166,348**	157,632	**8,737**	6,249	**151**	206	**4,779**	5,524	**180,015**	169,611

4. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 31 August	
	2010	2009
	HK$'000	*HK$'000*
Depreciation	**4,219**	5,362
Amortisation of prepaid land premium	**13**	40
Loss on disposal of items of property, plant and equipment #	**30**	64
Gain on disposal of investment properties #	**–**	(1,489)
Loss on deregistration of a subsidiary, net #	**–**	11
Impairment loss on financial instruments *	**–**	600

Amounts are included in "Other income and gains, net" on the face of the condensed consolidated income statement.

* *Amount is included in "Other operating expenses" on the face of the condensed consolidated income statement.*

5. INCOME TAX

	For the six months ended 31 August	
	2010	2009
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – Elsewhere		
Charge for the period	**156**	44
Total tax charge for the period	**156**	44

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2009: Nil). Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the locations in which the Group operates.

6. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of basic earnings/(loss) per share is based on the net loss attributable to ordinary equity holders of the Company for the period of HK$18,348,000 (2009: net profit HK$13,992,000) and the 486,233,000 ordinary shares (2009: 486,233,000) in issue throughout the period, as adjusted to reflect the weighted average number of shares held by an associate through reciprocal shareholding.

No adjustments have been made to the basic earnings/(loss) per share for the current and prior periods, respectively, as there were no dilutive ordinary shares in existence during these periods.

7. DIVIDEND

	For the six months ended 31 August	
	2010	2009
	HK$'000	*HK$'000*
Dividend paid during the period		
Final in respect of the financial year ended 28 February 2010		
– HK0.8 cent per ordinary share (2009: Nil)	**4,595**	–

The Board of Directors of the Company has decided not to declare an interim dividend for the six months ended 31 August 2010.

8. PROPERTIES UNDER DEVELOPMENT

As at 31 August 2010, properties under development of HK$121,234,000 (28 February 2010: HK$120,705,000) were located in Dalian, the People's Republic of China.

9. DEBTORS

The Group's trading terms with its customers are mainly on credit, except for department store operations, where payment is normally made on a cash basis. The credit period is generally for a period of one month. The Group seeks to maintain strict control over its outstanding receivables from the sales department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the debtors as at the end of the reporting period, based on the payment due date, is as follows:

	31 August 2010	28 February 2010
	HK$'000	*HK$'000*
Within 3 months not past due	**1,471**	2,186
Within 3 months past due	**–**	77
Over 3 months past due	**560**	358
Total debtors	**2,031**	2,621
Impairment	**–**	–
Total	**2,031**	2,621

Debtors that were neither past due nor impaired relate to a number of customers for whom there was no recent history of default. Debtors that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

10. CREDITORS

An aged analysis of the creditors as at the end of the reporting period is as follows:

	31 August 2010	28 February 2010
	HK$'000	*HK$'000*
Current – 3 months	**80,509**	88,344
4 – 6 months	**2,763**	2,452
7 – 12 months	**603**	760
Over 1 year	**736**	736
	84,611	92,292

11. CONTINGENT LIABILITIES

The Group's share of guarantee provided by certain associates amounted to approximately HK$28,096,000 (28 February 2010: HK$39,058,000) as at the end of the reporting period in respect of a banking facility utilised by their associates.

INTERIM RESULTS

The Group's unaudited consolidated turnover for the six months ended 31 August 2010 was HK$180 million, representing 6% increase. Given the continued economic rebound and improved consumer sentiment, the turnover of the department store recorded a double digit growth; while the turnover of the securities trading curtailed as the stock market stabilized and generating a mark to market loss. As a whole, there were marginal losses from each segment though the securities trading contributed for the major variance against last year. The Group recorded a loss of HK$18 million as compared to a profit of HK$14 million from the last reported period.

BUSINESS REVIEW AND FUTURE PROSPECTS

The turnover of the department store operation recorded 19% growth and the segment results substantially improved. With the improved consumer spending owing to the retail market recovery, the management focused on the higher quality European merchandises with better margin and lesser markdowns, this successfully lifted the gross profit margin over one percentage point. There were also more advertising and promotional campaigns including enhanced joint promotions with vendors to provide exclusive offers, enlarging coupon redemption programs, extending different themes of food fairs and increasing magazine print advertisements to enhance the brand awareness. The management has made substantial efforts to grasp the growth momentum and the improved results proven these strategies were effective.

The turnover of the Central store recorded a healthy growth and the gross profit margin improved. To shorten the lead time for the retrieval of merchandise for better customer service, the selling floor designs were improved. The turnover of the Grand Century Place store recorded the best growth in sales and gross profit margin. It was attributable to the increasing demand on the Ladies Italian merchandises, while the turnover of luggage bags also improved as a result of the increased PRC visiting tourists. The turnover of the Shamshuipo store recorded a modest growth and more European merchandises were put in this store and received favorable response from customers.

The turnover of Roadshow had slowed, the direct operating profit reported a decline as a result of the increased rental costs in the booming property market. To challenge the tough operating environment, the retail management will continue to explore new venues at different localities, and a new management approach to re-blend the product mix to achieve a higher gross profit margin.

The turnover of the securities trading were reduced substantially. It was attributable to lesser equities being realized during the current period as the stock market has became steady; while major disposal of equities were realized in the last reporting period when the stock market has bounced back after the financial crisis.

The advertising operation recorded a satisfactory growth and the gross profit margin increased. It was attributable to the economic rebound where retail clients from hotel and jewelry sectors in the past year has shelved their advertising campaigns has now started to be active again.

The turnover of the furniture business Sincere Living recorded a satisfactory growth predominant from the solid business growth of famous retail chain operator in the PRC. In addition, the company-operated factory at Dongguan has been running smoothly since late last year that directly supplied with furniture at a higher gross profit margin and better quality control.

The travel business Uniglobe had restructured the new franchisee agreement with more competitive terms and a branch has been established in Shanghai to expand the customer network.

In Dalian, the retail floors continued to contribute stable rental income; while the upper floors, following the agency agreement being signed in May 2010, the agent had commenced the preparatory work of the re-development and lined up with the design and marketing firms. In UK, the last flat at Lancaster Gate has been sold and recognized in July 2010. For the project at Kangaroo Point in Brisbane Australia of an associate company, two flats were sold and recognized during the period while the remaining four flats were being offered to the market.

Looking ahead, with the opening of the new department store at Tsuen Wan Citywalk 2 on 28th September 2010, the Group is confident that the core retail business will sustain a stable growth; in particular for this new store, the management will closely monitor the customer feedback and carefully blend the merchandising mix to achieve the optimum level of trading operations. The new rewrite card program has commenced to launch in September 2010 as scheduled; it is expected that the full implementation will take place at the end of November 2010 by which the VIP customers shall be able to enjoy more offers and shopping benefits.

The Group will remain cautious on the investment strategy. Since the end of the reporting period, the securities trading position has improved along with the market. On the advertising business, the Group will continue to take hold of the recovery opportunity to enlarge the business volume. On the furniture business, the management will explore opportunities to enlarge the range of factory output, including sofa and high-end residential furniture. On the travel business, two franchisees were granted subsequent to the period end and it is expected that the business will contribute revenue to the Group. In Dalian, the re-development will enter its major construction stage guided by professional contractors under the re-development plan; show-room is expected to complete by the end of the calendar year 2010 followed by public offer for selling the individual units.

In summary, the Group believed the economics will remain stable in the near term and is cautiously optimistic for the entire year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 August 2010, the Group had cash and bank balance of total HK$95 million (28 February 2010: HK$75 million) of which HK$25 million were pledged. The Group's gearing increased by 7% from 4% to 11% in total debt to the shareholders' funds as compared to that of 28 February 2010. The maturity of bank borrowings ranged from one to five years. The bank borrowings were mainly in HK dollars, US dollars, AUD, EUR and GBP with interest rates ranging from 1% to 5%. The interest expense charged to the condensed consolidated income statement for the period was HK$1 million (2009: HK$1 million).

The current ratio kept at 3.2 same as that of 28 February 2010. The Group currently has a foreign currency hedging policy on Euro for the purchase of inventories, which is to hedge half of anticipated total value of the European inventory purchase for re-sale at the department stores. In addition to the internal generated cash flows, the Group also made use of short term borrowings to finance its operation during the period. All borrowings were secured against the securities investment, certain properties and bank deposits.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 August 2010, the Group had 541 employees (including part time staff). The Group operates different remuneration schemes for sales and non-sales employees to motivate front-line and back office staff towards higher sales achievement and operating efficiencies. Apart from basic salary and discretionary year-end bonuses based on individual merit, sales personnel are further remunerated on the basis of goal-oriented packages comprising several scheme of sales commission. The Group provides employee benefits such as staff purchase discounts, subsidized medical care and training courses.

INTERIM DIVIDEND

The Board of Directors of the Company has decided not to declare an interim dividend for the six months ended 31 August 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares during the period.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting including the review of the unaudited condensed consolidated interim financial statements for the six months ended 31 August 2010.

ADOPTION OF THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS ("MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as the code of conduct regarding Director's securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during the period under review.

CORPORATE GOVERNANCE

The Company has complied throughout the period ended 31 August 2010 with the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules, except that the non-executive directors were not appointed for a specific term, subject to retirement by rotation and re-election at the Company's annual general meetings in accordance with the Company's articles of association.

DIRECTORS

As at the date of this announcement, the Executive Directors of the Company are Mr. Walter K. W. Ma and Mr. Philip K. H. Ma and the Independent Non-Executive Directors of the Company are Mr. King Wing Ma, Mr. Eric K. K. Lo and Mr. Charles M. W. Chan.

By order of the Board
Walter K W MA
Chairman

Hong Kong, 28 October 2010