THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0244)

ANNOUNCEMENT OF THE 2011 INTERIM RESULTS

The Board of Directors 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 2011 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 2011

	Notes	**2011** *HK$'000*	2010 *HK$'000*
REVENUE	*3*	**219,998**	180,015
Cost of sales		**(79,314)**	(64,041)
Other income and gains, net		**16,148**	7,201
Net unrealised loss on securities and future contracts trading		**(16,873)**	(4,642)
Selling and distribution costs		**(80,706)**	(70,152)
General and administrative expenses		**(70,185)**	(60,713)
Impairment on deposits and other receivables		**(28,599)**	–
Other operating expenses		**(2,417)**	–
Finance costs		**(597)**	(1,042)
Share of profits less losses of associates		**(1,008)**	(4,888)
LOSS BEFORE TAX	*4*	**(43,553)**	(18,262)
Income tax expense	*5*	**(138)**	(156)
LOSS FOR THE PERIOD		**(43,691)**	(18,418)
ATTRIBUTABLE TO:			
Equity holders of the Company		**(43,582)**	(18,348)
Non-controlling interests		**(109)**	(70)
		(43,691)	(18,418)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*6*		
Basic		**HK$(0.09)**	HK$(0.04)
Diluted		**HK$(0.09)**	HK$(0.04)

Details of the dividend are disclosed in note 7.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 31 August 2011

	2011	2010
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(43,691)**	(18,418)
OTHER COMPREHENSIVE INCOME/(LOSS):		
Exchange differences arising on translation of foreign operations	**(943)**	1,295
Realisation of exchange fluctuation reserve upon dissolution of an associate	**1,149**	–
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(43,485)**	(17,123)
ATTRIBUTABLE TO:		
Equity holders of the Company	**(43,283)**	(16,864)
Non-controlling interests	**(202)**	(259)
	(43,485)	(17,123)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Notes	**31 August 2011** *HK$'000* **(unaudited)**	28 February 2011 *HK$'000* (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**75,638**	77,179
Investment properties		**117,416**	113,963
Prepaid land premium		**742**	731
Interests in associates		**18,241**	20,671
Financial instruments		**39,094**	32,095
Rental deposits		**7,699**	7,753
Pension scheme assets		**3,563**	3,563
Total non-current assets		**262,393**	255,955
CURRENT ASSETS			
Properties under development		**129,599**	125,787
Inventories		**87,024**	64,436
Debtors	*8*	**3,471**	2,317
Prepayments, deposits and other receivables		**36,635**	55,343
Financial assets at fair value through profit or loss		**267,550**	260,645
Financial instruments		**–**	12,926
Derivative financial instruments		**7,234**	24,604
Pledged bank balances		**5,647**	9,073
Pledged deposits with banks		**17,055**	17,055
Cash and bank balances		**33,115**	72,354
Total current assets		**587,330**	644,540
CURRENT LIABILITIES			
Creditors	*9*	**126,976**	116,592
Deposits, accrued expenses and other payables		**39,749**	77,584
Interest-bearing bank borrowings		**46,364**	23,694
Tax payable		**90**	142
Total current liabilities		**213,179**	218,012
NET CURRENT ASSETS		**374,151**	426,528
TOTAL ASSETS LESS CURRENT LIABILITIES		**636,544**	682,483
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**14,491**	16,864
NET ASSETS		**622,053**	665,619

	Notes	**31 August 2011 HK$'000 (unaudited)**	28 February 2011 HK$'000 (audited)
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**287,154**	287,154
Share premium account		**26**	26
Reserves		**352,149**	395,432
		639,329	682,612
Non-controlling interests		**(17,276)**	(16,993)
TOTAL EQUITY		**622,053**	665,619

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 2011.

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 2011.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	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.

The Group has not applied the new and revised HKFRSs, that have been issued but are not yet effective, in these interim financial statements. The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. However, it is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

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	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**199,011**	163,388	**4,682**	4,721	**1,284**	2,578	**15,021**	9,328	**–**	–	**219,998**	180,015
Inter-segment sales	**–**	–	**14,851**	12,483	**–**	–	**4,869**	3,431	**(19,720)**	(15,914)	**–**	–
Other revenue	**146**	73	**–**	499	**57**	1	**231**	201	**–**	–	**434**	774
Total	**199,157**	163,461	**19,533**	17,703	**1,341**	2,579	**20,121**	12,960	**(19,720)**	(15,914)	**220,432**	180,789
Segment results	**2,951**	(3,743)	**(7,365)**	(3,880)	**(20,626)**	(6,853)	**(32,622)**	(4,283)	**–**	–	**(57,662)**	(18,759)
Interest income, dividend income and unallocated revenue											**15,714**	6,427
Finance costs											**(597)**	(1,042)
Share of profits less losses of associates											**(1,008)**	(4,888)
Loss before tax											**(43,553)**	(18,262)
Income tax expense											**(138)**	(156)
Loss for the period											**(43,691)**	(18,418)

(b) Geographical information

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

	Hong Kong		Mainland China		United Kingdom		Others		Consolidated	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
	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	**207,654**	166,348	**11,897**	8,737	**129**	151	**318**	4,779	**219,998**	180,015

4. LOSS BEFORE TAX

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

	For the six months ended 31 August	
	2011	2010
	HK$'000	*HK$'000*
Depreciation	**5,038**	4,219
Amortisation of prepaid land premium	**14**	13
Loss/(gain) on disposal of items of property, plant and equipment #	**(9)**	30
Impairment on deposits and other receivables Δ	**28,599**	–
Loss on dissolution of an associate, net *	**2,050**	–
Impairment on interests in associates *	**367**	–

\# *Amount is included in "Other income and gains, net" on the face of the condensed consolidated income statement.*

Δ *Impairment on deposits and other receivables included a total amount of approximately HK$16,826,000 relating to the Group's acquisition of non-negotiable convertible promissory notes of TR-BIZ, a private limited company in the United States and the related interest receivables of approximately HK$2,469,000.*

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

5. INCOME TAX

	For the six months ended 31 August	
	2011	2010
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – Elsewhere		
Charge for the period	**138**	156
Total tax charge for the period	**138**	156

No provision for Hong Kong profits tax has been made during the period (2010: Nil) as the Group did not generate any assessable profits arising in Hong Kong. Taxes on profits assessable elsewhere have been calculated at the rate of tax prevailing in the locations in which the Group operates.

6. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The calculation of basic loss per share is based on the net loss attributable to equity holders of the Company for the period of HK$43,582,000 (2010: HK$18,348,000) and the 486,233,000 ordinary shares (2010: 486,233,000) in issue throughout the period, as adjusted to reflect the number of shares held by an associate through reciprocal shareholding.

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

7. DIVIDEND

	For the six months ended 31 August	
	2011	2010
	HK$'000	*HK$'000*
Dividend paid during the period – Nil (2010: Final in respect of the financial year ended 28 February 2010 – HK0.8 cent per ordinary share)	**–**	4,595

The board of directors of the Company has decided not to declare an interim dividend for the six months ended 31 August 2011.

8. 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 2011	28 February 2011
	HK$'000	*HK$'000*
Within 3 months not past due	**3,042**	2,293
Within 3 months past due	**27**	–
Over 3 months past due	**402**	24
Total debtors	**3,471**	2,317
Impairment	**–**	–
Total	**3,471**	2,317

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.

9. CREDITORS

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

	31 August 2011 *HK$'000*	28 February 2011 *HK$'000*
Current – 3 months	**119,342**	110,836
4 – 6 months	**4,276**	3,528
7 – 12 months	**1,185**	1,262
Over 1 year	**2,173**	966
	126,976	116,592

INTERIM RESULTS

The Group's unaudited consolidated turnover for the six months ended 31 August 2011 was HK$220 million, representing an increase of 22%. The fourth department store at Tsuen Wan Citywalk 2 that opened in late September 2010 contributed to the increment. Due to the continuing financial crisis in several European countries, the mark to market value of the securities investment recorded a significant decline. Together with an impairment provision on an investment in a United States software developing company, the Group recorded a loss of HK$44 million as compared to a loss of HK$18 million from the last corresponding period.

BUSINESS REVIEW AND PROSPECTS

Facilitated by the continuing influx of Mainland tourists that fuelled the Hong Kong retail market growth; and further supported by the opening of the new Tsuen Wan store, the turnover of the department store operation recorded a satisfactory growth of over 20%. The bottom line also delivered a good growth and recorded a profit as compared to a loss from the last corresponding period. The gross profit margin lifted by over one percentage point. In view of the retail environment remain thriving; the management continued expanding the high value product assortments while reducing the consignment counters to maximize gross profit.

The Central store recorded a double digit growth in turnover and gross profit, mainly due to favourable demand on high-end merchandises, in particular men's suit and jacket from Italy. The Grand Century Place store has the best turnover and gross profit growth out of all stores; directly benefit from successful PRC tours organized by the shopping mall that increased the traffic flow. To grasp the opportunities, more European merchandises were introduced and the gross profit margin successfully lifted by almost two percentage points. On the Shamshuipo store, the turnover and gross profit only recorded a moderate growth because the entire store was refurbished with partial trading over a three-month period; this improved the shopping ambience with a brighter and uplifted environment that was very well received by customers. The new store Citywalk 2 at Tsuen Wan has became stabilized; this store has been operated for one year and has been running on target, though there will be further fine tuning to attract more hotel patrons nearby.

The promotional short term "Roadshow" has been facing keen competition from other retailers, both revenue and the bottom line has declined. The management focus to achieve operating efficiencies by differentiating the product mix among competitors and putting in counters with higher gross profit margin.

On securities trading, the global stock market plunged due to concerns over the weakening global economic growth and the European sovereign debt. In view of the market volatility, the management has reduced the transaction volume during the reported period while the bottom line recorded a loss of HK$21 million mainly attributable to the fair market value adjustment.

Given the robust retail market, more retail operators were seen willing to increase in the promotional campaigns. The turnover of the advertising operation posted a double digit growth and the gross profit margin lifted by over two percentage points that improved the bottom line.

On the furniture business, in view of the strong PRC domestic consumption, the management continued to expand into the second line provinces and further enhanced the production capacity to capture the growth momentum, this resulted an encouraging growth in both the revenue and bottom line.

The turnover of the travel business Uniglobe has gradually improved with more potential franchisees being approached in different PRC regions. During the reported period, one franchisee was granted.

In Dalian, the injunction to sell the upper floors of the Dalian Sincere Building has gone through certain legal proceedings and the legal counsels were still optimistic that the case would soon be resolved in favour of the Company. For the project at Kangaroo Point in Brisbane Australia, the remaining two units have been sold; of which one was recognized in the reported period while the other was completed in September 2011.

The performance of the investment in TR-BIZ, L. L. C., a software developing company in the United States, was below expectation. Even the company is undergoing reorganization and refinancing, the management was not optimistic and provided an impairment of HK$20 million during the reported period.

Looking ahead, owing to the going concerns over the sovereign debt crisis in Europe and the American economic recovery, the global stock market will inevitably remain volatile and shall weaken the consumer spending atmosphere. To leverage the business opportunities and risks, the Group will invest in a new store concept with only a few thousand square feet and has secured the first such smaller store at Phase Two of the Olympian City to be operated by the end of the year. This store will focus at a younger clientele than the department store and more of these smaller stores would be launched as a chain concept. The first phase of the new internal operating ERP systems has been launched as scheduled in the second half year; it is expected that the new system shall provide more timely information for better strategic decision making.

On the securities trading, the stock market shall remain volatile for some time and the management will stay cautious on the investment approach. The advertising business will grasp the continuing demand from the local operators and focus more on Hong Kong. The furniture business will continue expanding the sales network into the other PRC regions to exploit the maximum production capacity of the Dongguan factory. The travel franchise business has satisfied the local government requirements to operate as a master franchisor; upon completing the registration, the management will actively extend the franchise network. As for Dalian, the Group will focus and push the legal case forward so as to launch again the sales and marketing program previously planned.

In summary, the Group is prepared to face the challenges in light of various external uncertainties, meanwhile, will continue to explore whenever there are any business opportunities.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 August 2011, the Group had cash and bank balances of HK$56 million (28 February 2011: HK$98 million) of which HK$23 million (28 February 2011: HK$26 million) were pledged. The Group's gearing increased by 4% to 10% in total debt to the shareholders' funds as compared to that of 28 February 2011. The maturity of all bank borrowings ranged from less than one year to four years. The bank borrowings were mainly in HK dollars, US dollars, AUD and Euro with interest rates ranging from 1% to 5%. The interest expense charged to the consolidated income statement for the period was HK$0.6 million (2010: HK$1 million).

The current ratio decreased by 0.2 from 3.0 to 2.8 as compared to that of 28 February 2011. The Group currently has a foreign currency hedging policy on Euro for the purchase of inventories, which hedges 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 2011, the Group had 544 employees (28 February 2011: 587) 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 2011.

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 2011.

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 2011 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 but are 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, 27 October 2011