THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0244)

ANNOUNCEMENT OF THE 2012 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 2012 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 2012

	Notes	**2012** *HK\$'000*	2011 *HK\$'000*
REVENUE	*3*	**228,064**	219,998
Cost of sales		**(79,754)**	(79,314)
Other income and gains, net		**8,720**	16,148
Net unrealised loss on securities trading		**(12,623)**	(16,873)
Selling and distribution costs		**(97,607)**	(94,255)
General and administrative expenses		**(61,597)**	(56,636)
Write-back of impairment/(impairment) on deposits, other receivables and financial instruments		**312**	(28,599)
Other operating expenses		**(157)**	(2,417)
Finance costs		**(914)**	(597)
Share of profits less losses of associates		**3,246**	(1,008)
LOSS BEFORE TAX	*4*	**(12,310)**	(43,553)
Income tax expense	*5*	**(275)**	(138)
LOSS FOR THE PERIOD		**(12,585)**	(43,691)
ATTRIBUTABLE TO:			
Equity holders of the Company		**(12,382)**	(43,582)
Non-controlling interests		**(203)**	(109)
		(12,585)	(43,691)
LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	*6*		
Basic		**HK\$(0.03)**	HK\$(0.09)
Diluted		**HK\$(0.03)**	HK\$(0.09)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 31 August 2012

	2012	2011
	HK$'000	*HK$'000*
LOSS FOR THE PERIOD	**(12,585)**	(43,691)
OTHER COMPREHENSIVE INCOME/(LOSS):		
Exchange differences arising on translation of foreign operations	**(1,713)**	(943)
Realisation of exchange fluctuation reserve upon dissolution of an associate	**–**	1,149
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	**(14,298)**	(43,485)
ATTRIBUTABLE TO:		
Equity holders of the Company	**(14,219)**	(43,283)
Non-controlling interests	**(79)**	(202)
	(14,298)	(43,485)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED

	Notes	31 August 2012 HK$'000 (unaudited)	29 February 2012 HK$'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**77,227**	81,804
Investment properties		**126,660**	127,695
Prepaid land premium		**714**	735
Interests in associates		**18,807**	14,788
Financial instruments		**47,626**	38,674
Rental deposits		**6,486**	6,351
Pension scheme assets		**3,286**	3,286
Total non-current assets		**280,806**	273,333
CURRENT ASSETS			
Properties under development		**129,599**	130,658
Inventories		**82,084**	69,005
Debtors	*7*	**4,436**	7,333
Prepayments, deposits and other receivables		**41,875**	36,736
Financial assets at fair value through profit or loss		**245,339**	257,775
Pledged bank balances		**21,961**	15,514
Pledged deposits with banks		**27,412**	27,386
Cash and bank balances		**33,988**	52,649
Total current assets		**586,694**	597,056
CURRENT LIABILITIES			
Creditors	*8*	**94,384**	97,997
Deposits, accrued expenses and other payables		**39,547**	50,376
Interest-bearing bank borrowings		**72,370**	42,966
Tax payable		**48**	106
Total current liabilities		**206,349**	191,445
NET CURRENT ASSETS		**380,345**	405,611
TOTAL ASSETS LESS CURRENT LIABILITIES		**661,151**	678,944
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		**15,725**	19,308
NET ASSETS		**645,426**	659,636

	Notes	**31 August 2012 HK$'000 (unaudited)**	29 February 2012 HK$'000 (audited)
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital		**287,154**	287,154
Share premium account		**26**	26
Reserves		**374,849**	389,068
		662,029	676,248
Non-controlling interests		**(16,603)**	(16,612)
TOTAL EQUITY		**645,426**	659,636

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"). They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. 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 29 February 2012.

2. CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has applied, for the first time, the following new and revised HKFRSs issued by HKICPA which are effective for the Group's financial year beginning on 1 March 2012.

HKFRS 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of the new and revised HKFRSs had no material effect on the results and financial position for the current or prior accounting periods which have been prepared and presented.

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	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**205,849**	199,011	**4,733**	4,682	**421**	1,284	**17,061**	15,021	**–**	–	**228,064**	219,998
Inter-segment sales	**–**	–	**14,596**	14,851	**–**	–	**2,086**	4,869	**(16,682)**	(19,720)	**–**	–
Other revenue	**30**	146	**189**	–	**98**	57	**74**	231	**–**	–	**391**	434
Total	**205,879**	199,157	**19,518**	19,533	**519**	1,341	**19,221**	20,121	**(16,682)**	(19,720)	**228,455**	220,432
Segment results	**5,856**	2,951	**(6,374)**	(7,365)	**(17,688)**	(20,626)	**(4,765)**	(32,622)	**–**	–	**(22,971)**	(57,662)
Interest income, dividend income and unallocated revenue											**8,329**	15,714
Finance costs											**(914)**	(597)
Share of profits less losses of associates											**3,246**	(1,008)
Loss before tax											**(12,310)**	(43,553)
Income tax expense											**(275)**	(138)
Loss for the period											**(12,585)**	(43,691)

(b) Geographical information

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

	Hong Kong		Mainland China		United Kingdom		Others		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**212,334**	207,654	**15,314**	11,897	**125**	129	**291**	318	**228,064**	219,998

4. LOSS BEFORE TAX

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

	For the six months ended 31 August	
	2012	2011
	HK$'000	*HK$'000*
Depreciation	**6,955**	5,038
Amortisation of prepaid land premium	**14**	14
Gain on disposal of items of property, plant and equipment #	**23**	9
Impairment/(write-back of impairment) on deposits, other receivables and financial instruments Δ	**(312)**	28,599
Loss on dissolution of an associate, net *	**–**	2,050
Impairment on interests in associates *	**147**	367

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

Δ *During the period ended 31 August 2011, impairment on deposits, other receivables and financial instruments represented by 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, and HK$9,304,000 mainly for the Group's deposit for investment in Mainland China. During the period ended 31 August 2012, write-back of impairment on other receivables of approximately HK$312,000 was recorded.*

* *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	
	2012	2011
	HK$'000	*HK$'000*
Current – Hong Kong	**–**	–
Current – Elsewhere		
Charge for the period	**275**	138
Total tax charge for the period	**275**	138

No provision for Hong Kong profits tax has been made during the period (2011: 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$12,382,000 (2011: HK$43,582,000) and the 486,233,000 (2011: 486,233,000) ordinary shares 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. 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. The Group does not hold any collateral or other credit enhancements over its debtor balances. 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 2012 *HK$'000*	29 February 2012 *HK$'000*
Within 3 months not past due	**573**	612
Within 3 months past due	**2,666**	4,870
Over 3 months past due	**1,197**	1,851
Total debtors	**4,436**	7,333
Impairment	**–**	–
Total	**4,436**	7,333

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.

8. CREDITORS

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

	31 August 2012 *HK$'000*	29 February 2012 *HK$'000*
Current – 3 months	**92,073**	94,159
4 – 6 months	**1,811**	2,220
7 – 12 months	**458**	1,579
Over 1 year	**42**	39
	94,384	97,997

9. OUTSTANDING COMMITMENTS

Outstanding commitments at the end of the reporting period were as follows:

	31 August 2012 *HK$'000*	29 February 2012 *HK$'000*
Irrevocable letters of credit	**14,744**	7,762

In addition, the Group had contracted, but not provided for, commitments in respect of fitting out works and system implementation relating to property, plant and equipment amounting to approximately HK$8,990,000 (29 February 2012: Nil) and no commitments in respect of construction works relating to properties under development (29 February 2012: HK$4,473,000) as at 31 August 2012.

INTERIM RESULTS

The Group's unaudited consolidated turnover for the six months ended 31 August 2012 was HK$228 million. The department store business continued to improve. The loss attributable to shareholders was HK$12 million, representing an improvement when compared to a loss of HK$44 million from the last corresponding period. The loss for the period was mainly due to the mark to market unrealized loss of the securities investment.

BUSINESS REVIEW AND FUTURE PROSPECTS

Despite general slowdown of the economy, the retail operation is holding its own. The turnover of the department stores operation recorded a moderate growth of 3% while the gross profit improved with 6% increase with the better performance of the European goods.

The Central store turnover was similar to the last corresponding period while the gross profit grew by 4%. The Grand Century Place store turnover and the gross profit achieved a moderate growth despite shopping mall major renovation. From the first quarter of the year, one third of the retail tenants have moved out and certain escalators were suspended that impaired the foot traffic. The store management has successfully re-merchandised the store to cater for the renovation with favourable hit rate improvement. The Shamshuipo store has improved after renovations last year. Sales went up over 10% and the dollars per ticket sales up by 15%. The Tsuen Wan Citywalk store turnover and the gross profit both recorded a healthy growth of 6%, this store is now better known in the vicinity and commenced to gain loyal customers with repeated purchases.

The turnover and the gross profit of the promotional short term "Roadshow" decreased by 14% due to the continuous keen competition on sites availability and higher operating cost during the reported period.

The performance of the boutique store "22nd Avenue" was below expectation, the management has been fine tuning on the product mix to suit the consumers.

On securities trading, a loss of HK$18 million was recorded though it has improved from last year. The loss was mainly attributable to the fair market value accounting adjustment as of the reporting date and that was the major hit on the overall reported results of the Group.

On the advertising business, the turnover recorded a decline with the gross profit maintained at the similar level. The decline in turnover was due to the unfavorable performance in the PRC region, the economic growth in the PRC has been slowing down and many operators curtailed the advertising budget.

On the furniture business, turnover recorded a satisfactory growth of 19%, although the gross profit margin slightly reduced with the increased direct costs, an improvement in the bottom line has been achieved.

For the Dalian project, the Company announced on 27 September 2012 that it has entered into a conditional sale and purchase agreement on 14 September 2012 to dispose of the entire equity interest and related debt of a wholly-owned subsidiary at total consideration of RMB301,000,000. The transaction is subject to shareholders' approval and the fulfillment of certain precedent conditions. Management is optimistic the sale will proceed and full payment will be received within six months.

Looking ahead, a new department store namely SU-PA-DE-PA was opened on 29 September 2012 at Domain, a new shopping mall at the Yau Tong MTR station, this new retailing concept store has 45,000 square feet splits over two floors where around 20,000 square feet on the first floor is the department store operated by the Company and features some of the better-known international brands. The second floor is the supermarket operated by the A.S. Watson Group features international Asian flavours. SU-PA-DE-PA is a new shopping experience for the people of East Kowloon, and the Company is proud to work on this new business concept with the A.S. Watson Group to provide the best of both worlds – a famous supermarket with a great department store – in a contemporary environment. Apart from this new store, the Group will continue exploring new locations to open further stores. The Grand Century Place store will downsize commencing from the third quarter of the year due to the mall remodeling. This store has performed very well since the opening of the mall in 1997.

On securities trading, the Hang Seng Index has been improving after the reported period and the financial development in the eurozone were more positive. The investment philosophy remains conservative and management is cautiously optimistic on a better return. The advertising business will continue pushing new media in the PRC, including social media and online advertising. The travel franchise business will concentrate on expanding the franchisees network over different regions in the PRC. On the Dalian property development, upon shareholders' approval, the management will ensure a smooth completion of the sale transaction with careful consideration on managing the sales proceeds to be received upon completion early next year.

Facing the uncertainty in the economy in the coming months, the Group will be prudent and conservative in its approach in the coming year.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 August 2012, the Group had cash and bank balance of total HK$83 million (29 February 2012: HK$96 million) of which HK$49 million (29 February 2012: HK$43 million) were pledged. The Group's gearing increased by 4% to 13% in total debt to the shareholders' funds as compared to that of 29 February 2012. The maturity of all bank borrowings ranged from less than one year to four years. The bank borrowings were mainly in HK dollars, AUD and Euro with interest rates ranging from 1% to 5%. The net interest expense charged to the consolidated income statement for the period was HK$0.9 million (2011: HK$0.6 million).

The current ratio decreased by 0.3 from 3.1 to 2.8 as compared to that of 29 February 2012. The Group currently has a foreign currency hedging policy on Euro for the purchase of inventories, which hedges half of the 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 2012, the Group had 589 employees (29 February 2012: 597) (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 2012.

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 2012.

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 2012 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, Mr. Philip K. H. Ma and Mr. John Y. C. Fu and the Independent Non-Executive Directors of the Company are Mr. King Wing Ma, Mr. Eric K. K. Lo, Mr. Charles M. W. Chan and Mr. Peter Tan.

By order of the Board
Walter K W MA
Executive Chairman

Hong Kong, 25 October 2012