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THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 0244)

PROFIT WARNING

This announcement is made by The Sincere Company, Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited and Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong).

Based on the preliminary review of the Group’s unaudited management accounts for the year ended 29 February 2020 and other information currently available, the board (the “**Board**”) of directors of the Company (the “**Directors**”) estimates that the Group would record an increase in loss attributable to shareholders of the Company (the “**Shareholders**”) for the year ended 29 February 2020 by a range of approximately 10%-15% as compared with that for the year ended 28 February 2019. The increase in expected loss attributable to the Shareholders was mainly due to (i) the decrease in sales of the department store operations (the “**Department Store Operations**”) in Hong Kong; and (ii) the impairment on right-of-use assets related to the Department Store Operations, which was initially recorded in the accounts of the Group on 1 March 2019 in accordance with the adoption of the applicable accounting policy for leases. The social and political incidents in Hong Kong since June 2019 have negatively affected the retail market sentiment of Hong Kong in general and reduced the number of visitors from Mainland China. The threat of the China-US trade war further deteriorated the consumer sentiment. On the other hand, the Group’s deteriorating performance was partially offset by the rental concessions obtained during the second half of 2019. The Group has not yet completed the impairment assessment of its assets and therefore has not finalised the amount of impairment, if any. Accordingly, the results of the Group for the year ended 29 February 2020 might be affected subject to the finalisation of such impairment assessment.

In addition, due to the outbreak and wide spreading of COVID-19, social distancing policies and various other measures have been recommended and implemented by the Hong Kong government in order to contain COVID-19 in Hong Kong. As a result, the retail environment has been significantly weakened and the department store operations of the Group have been adversely affected, in particular, since February 2020. Despite the measures implemented by the Hong Kong government, it remains uncertain whether COVID-19 could be effectively contained and until when the epidemic would continue affecting the overall economy, in particular the retail industry. The Board is of the view that going forward the Department Store Operations would be challenging. The Group will take a cautious approach in its business planning to weather the current unfavourable environment.

The information contained in this announcement is based only on the Board's preliminary assessment of the unaudited management accounts and other information currently available which have not been audited or reviewed by the auditors of the Group and have not been confirmed by the audit committee of the Board. **Shareholders and potential investors are advised to read carefully the results announcement of the Company for the year ended 29 February 2020, which is expected to be published by end of May 2020, and to exercise caution when dealing in the securities of the Company.**

By order of the Board
The Sincere Company, Limited
Philip K H Ma
Chairman & CEO

Hong Kong, 8 April 2020

As at the date of this announcement, the executive Director is Mr Philip K H Ma; the non-executive Director is Mr Charles M W Chan; and the independent non-executive Directors are Mr King Wing Ma, Mr Eric K K Lo, Mr Peter Tan and Mr Anders W L Lau.