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If you have sold or transferred all your shares in The Sincere Company, Limited (the “**Company**”), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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**

Capitalised terms used in this cover page shall have the same meanings as defined in this circular unless requires otherwise. A letter from the Board is set out on pages 3 to 8 of this circular.

The Company had obtained a written shareholder’s approval from RGHL who was interested in 985,471,362 Shares, representing approximately 75% of the issued share capital of the Company as at the Latest Practicable Date, to approve the Provisional Agreement, the Disposal and the transactions contemplated thereunder. As such, no general meeting of the Company will be convened for the purpose of approving the Provisional Agreement, the Disposal and the transactions contemplated thereunder. This circular is being despatched to the Shareholders for information purposes only.

6 May 2024

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DEFINITIONS

In this circular, unless the context otherwise requires, 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
“Announcement”	the announcement of the Company dated 12 April 2024 in respect of the Disposal
“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 paid/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 (if any) 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
“Latest Practicable Date”	2 May 2024, being the latest practicable date for the purpose of ascertaining certain information contained in this circular
“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

DEFINITIONS

“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 Latest Practicable Date
“Vendor”	Right View Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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.

LETTER FROM THE BOARD

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THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 0244)

Executive Directors:

Dr. Lin Xiaohui (*Chairman*)

Madam Su Jiaohua (*Chief Executive Officer*)

Dr. Yu Lai

Registered office:

24th Floor

Jardine House,

1 Connaught Place, Central

Hong Kong

Non-executive Director:

Dr. Tai Tak Fung

Independent non-executive Directors:

Mr. Yu Leung Fai

Mr. Chung Chun Hung Simon

Mr. Lin Lin

6 May 2024

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Provisional Agreement and the Disposal.

The Disposal constitutes a major transaction for the Company and is subject to the notification, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. 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 Disposal, and therefore no Shareholder is required to abstain from voting if a general meeting of the Company were to be convened to approve the Provisional Agreement, the Disposal and the transactions contemplated thereunder.

LETTER FROM THE BOARD

Pursuant to Rule 14.44 of the Listing Rules, on 12 April 2024, the Company had obtained a written shareholder's approval from RGHL who was interested in 985,471,362 Shares, representing approximately 75% of the issued share capital of the Company as at the Latest Practicable Date, to approve the Provisional Agreement, the Disposal and transactions contemplated thereunder. As such, no general meeting of the Company will be convened for the purpose of approving the Provisional Agreement, the Disposal and the transactions contemplated thereunder.

The purpose of this circular is to provide you with further information relating to the Provisional Agreement and the Disposal together with other information of the Group as required by the Listing Rules.

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.

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.

LETTER FROM THE BOARD

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 Latest Practicable Date, an outstanding amount of bank borrowings of approximately HK\$84.5 million was 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 has been paid by the Purchaser on 22 April 2024; and
- (iii) the remaining balance of HK\$189,000,000 (the “**Balance**”) shall be payable by the Purchaser upon Completion.

Formal Agreement

Pursuant to the Provisional Agreement, the Formal Agreement shall be signed by the Vendor and the Purchaser on or before 22 April 2024.

As at the Latest Practicable Date, the Formal Agreement had not been signed yet. The Vendor and the Purchaser are still negotiating in good faith and with their reasonable endeavours to aim at reaching the Formal Agreement as soon as practicable. Based on the ongoing negotiation, the Directors do not expect the terms of the Formal Agreement, if having entered into, to have any material deviation from those of the Provisional Agreement. In the event that no Formal Agreement is entered into by the Vendor and the Purchaser, the Provisional Agreement shall remain valid and in full force and effect and the parties thereto shall continue to fulfill their respective obligations thereunder.

LETTER FROM THE BOARD

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. The monthly rent was determined after arm's length negotiation between the Vendor and the Purchaser taking into account (i) the gross floor area of the Property of approximately 40,280 square feet; and (ii) the rent rate of approximately HK\$10 per square foot. The term of six months for the Leaseback is to provide a sufficient period of time to facilitate the Group to acquire or lease another property and ensure a smooth transition during relocating its warehouse operations.

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 date of surrender, and the Vendor reserves its right to move out the fittings and fixtures in the Property.

The Group has been looking for a suitable property to relocate its warehouse. In the event that the Group has not acquired or leased another property before Completion, the Group intends to exercise the option for the Leaseback. As at the Latest Practicable Date, the Group had not yet identified any suitable properties.

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 market value of the Property of approximately HK\$177,000,000 as appraised by an independent qualified valuer as at 31 March 2024 (details of which are set out in Appendix II to this circular); (iii) the general economic conditions in Hong Kong remain challenging, and the property market sentiment remains low; and (iv) the financial position of the Group, in particular, the net current liabilities of approximately HK\$79.7 million as at 31 December 2023, 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

LETTER FROM THE BOARD

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, and thereby the warehouse operation and the department store operation of the Group will not be interrupted, and the Group would be able to ensure a smooth transition during relocating its warehouse. With reference to the rental transactions of similar units in the same building where the Property is located in recent two years, ranging from approximately HK\$13 to HK\$19 per square foot, the Directors are of the view that the Leaseback arrangement including the rent of approximately HK\$10 per square foot is fair and reasonable and in the interests of the Company and its Shareholders.

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 interests 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 (i) a gain of approximately HK\$30 million; (ii) a decrease of non-current assets of approximately HK\$177 million, being the carrying value of the Property as at 31 December 2023; and (iii) an increase in net current assets of approximately HK\$207 million, being the estimated net proceeds from the Disposal. It is expected that the Disposal will not result in any change to the liabilities of the Group. The aforesaid financial effect of the 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.

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.

LETTER FROM THE BOARD

The Company had 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 was the beneficial owner of 985,471,362 Shares, representing approximately 75% of the entire issued share capital of the Company as at the Latest Practicable Date.

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.

RECOMMENDATION

Although no general meeting will be convened for approving the Provisional Agreement, the Disposal and the transactions contemplated thereunder, the Directors are of the view that the terms of the Provisional Agreement are on normal commercial terms, fair and reasonable, and the Disposal is in the interests of the Company and the Shareholders as a whole.

Accordingly, if a general meeting were to be convened for approving the Provisional Agreement, the Disposal and transactions contemplated thereunder, the Directors would recommend the Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the general meeting to approve the Provisional Agreement, the Disposal and the transactions contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully
For and on behalf of the Board of
The Sincere Company, Limited
Lin Xiaohui
Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial information of the Group for the period from 1 March 2021 to 31 December 2021 and the two years ended 31 December 2022 and 2023 have been published in the annual reports of the Company, which are available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.sincere.com.hk). The hyperlinks to the aforesaid annual reports are set out below:

- (i) Annual report of the Company for the period from 1 March 2021 to 31 December 2021 published on 28 April 2022 (pages 60 to 168):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042803157.pdf>
- (ii) Annual report of the Company for the year ended 31 December 2022 published on 27 April 2023 (pages 58 to 164):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0427/2023042701457.pdf>
- (iii) Annual report of the Company for the year ended 31 December 2023 published on 25 April 2024 (pages 65 to 178):
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0425/2024042500630.pdf>

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 March 2024, being the latest practicable date for the purpose of this indebtedness statement, the Group had outstanding secured bank borrowings of approximately HK\$83.4 million, unsecured loan from the immediate holding company of approximately HK\$18.9 million, unsecured loan from a related company of approximately HK\$211.0 million, unsecured other loans of approximately HK\$2.9 million and lease liabilities of approximately HK\$27.1 million, respectively.

All of the Group's bank loans are secured. As at 31 March 2024, certain leasehold land and building with an aggregate carrying value of approximately HK\$177.0 million and certain bank balances and time deposits of approximately HK\$11.3 million were pledged to secure bank loans and banking facilities granted to the Group.

As at 31 March 2024, the Group had outstanding liabilities in respect of irrevocable letters of credit that amounted to HK\$13.5 million.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Group did not, at the close of business on 31 March 2024, being the latest practicable date for the purpose of this indebtedness statement, have any mortgages, charges, debts, securities issued and outstanding or agreed to be issued, loans or other similar indebtedness, liabilities under acceptances or acceptance credits, guarantees or other material contingent liabilities.

3. WORKING CAPITAL

The Directors are of the opinion that, having regard to (i) the financial resources available to the Group, including internally generated funds and available banking facilities; and (ii) the consideration to be received as contemplated under the Provisional Agreement, the Group will have sufficient working capital for its present requirements for the next twelve months from the date of this circular.

4. MATERIAL ADVERSE CHANGE

The Directors confirmed that there had not been any material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT

Looking ahead, the Group anticipates that the retail sector in Hong Kong will continue to be challenging amidst the increased trend of online shopping behavior of customers in retail sector. Meanwhile, the Group will keep on monitoring and adjusting nimbly the Group's operating strategies of the department store operation to cater the challenging operating environment.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from B.I. Appraisals Limited, an independent property valuer, in connection with its opinion of value of the Property as at 31 March 2024.



B.I. Appraisals Limited
保柏國際評估有限公司
Registered Professional Surveyors, Valuers & Property Consultants

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39 Gloucester Road, Wan Chai, Hong Kong
Tel: (852) 2127 7762 Fax: (852) 2137 9876
E-mail: info@biappraisals.com
Website: www.biappraisals.com

6 May 2024

The Board of Directors
The Sincere Company, Limited
24th Floor, Jardine House
1 Connaught Place
Central
Hong Kong

Dear Sirs/Madams,

Re: Unit A (including the store room thereof), Unit B, Unit C (including the store room thereof), Units D, E, F & G, Unit H (including the store room thereof) on 12th Floor, Carparking space No.L8 on 1st Floor, together with the extension to the Carparking Space and Carparking Space No.L26 on 2nd Floor together with the extension to the Carparking Space, Gemstar Tower, No. 23 Man Lok Street, Hung Hom, Kowloon, Hong Kong

In accordance with the instructions from The Sincere Company, Limited (hereinafter referred to as the “**Company**”) for us to value the captioned property (hereinafter referred to as the “**Property**”), which is held by Right View Limited, an indirect wholly-owned subsidiary of the Company (hereinafter together referred to as the “**Group**”), we confirm that we have carried out inspection, conducted land searches at the Land Registry, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of value of the Property as at 31 March 2024 (hereinafter referred to as the “**Date of Valuation**”).

It is our understanding that this valuation document is to be used by the Company for reference purpose regarding the proposed disposal of the Property.

This letter, forming part of our valuation report, identifies the property being valued, explains the basis and methodology of our valuation, and lists out the assumptions and title investigation that have been made in the course of our valuation, as well as the limiting conditions.

BASIS OF VALUATION

Our valuation of the Property is our opinion of its market value which we would define as intended to mean “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

Our valuation has been carried out in accordance with The HKIS Valuation Standards 2020 issued by The Hong Kong Institute of Surveyors and under generally accepted valuation procedures and practices, which are in compliance with the requirements set out in Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

VALUATION METHODOLOGY

In valuing property interest, which is held and occupied by the Group, we have adopted the Direct Comparison Method assuming sale of the Property in its existing state with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market.

The Direct Comparison Method is universally considered to provide the most reliable indication of value for property with a known market. We have adopted this method in line with the market practice.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the Property would be sold in the open market in existing state without the benefit of any deferred terms contract, leaseback, joint venture, management agreement or any similar arrangements that could affect the value of the Property. In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale and no forced sale situation in any manner is assumed in our valuation.

We have assumed that the Property has been constructed, occupied and used in full compliance with, and without contravention of, all ordinances, except only where otherwise stated. We have further assumed that all consents, approvals, required licences, permits, certificates, and authorizations have been obtained, except only where otherwise stated, for the use of the Property upon which our valuation is based.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property valued nor for any expenses or taxation that may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Property is free from encumbrances, restrictions and outgoings of an onerous nature that could affect its value.

TITLE INVESTIGATION

We have caused searches to be made at the Land Registry. However, we have not scrutinized the original documents to verify the ownership or to ascertain the existence of any amendments that may not appear on the copies handed to us. All documents have been used for reference only. We assume no responsibility for matters legal in nature nor do we render any opinion as to the title to the property interest that is assumed to be good and marketable.

LIMITING CONDITIONS

The exterior and, where possible, the interior of the Property was inspected on 12 March 2024 by Ms. Yukie P. Y. Tsang, an assistant manager of our firm who has more than 4 years of experience in the inspection and valuation of properties in Hong Kong. In the course of our inspection, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report whether the Property is free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

We have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development, nor have we undertaken environmental surveys. Our valuation is prepared on the basis that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during construction period.

Unless otherwise stated, we have not carried out any on-site measurements to verify the correctness of the floor areas of the Property but have assumed that the areas shown on the copies of the documents furnished to us are correct. Dimensions, measurements and areas included in the valuation report attached herewith are based on information contained in the documents provided to us by the Group and are, therefore, only approximations.

We have relied to a considerable extent on the information and advice given or made available to us by the Group and the relevant government authorities on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, user of the Property, and all other relevant matters. We have not seen original planning consents and have assumed that the Property is erected, occupied and used in accordance with such consents.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We were also advised by the Group that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information to reach an informed view and have no reason to suspect that any material information has been withheld.

CURRENCY

Unless otherwise stated, all monetary amounts stated in the valuation report attached herewith are in Hong Kong Dollars (HK\$).

REMARKS

We hereby confirm that we have neither present nor prospective interests in the Group, the Property or the value reported herein.

Our valuation report is enclosed herewith.

Yours faithfully,
For and on behalf of
B.I. APPRAISALS LIMITED

William C. K. Sham *MRICS, MHKIS, MCIREA*
Registered Professional Surveyor (G.P.)
Registered Business Valuer
China Real Estate Appraiser
Executive Director

Notes:

- (1) Mr. William C. K. Sham is a qualified valuer on the approved List of Property Valuers for Undertaking Valuation for Incorporation or Reference in Listing Particulars and Circulars and Valuations in Connection with Takeovers and Mergers published by the Hong Kong Institute of Surveyors. Mr. Sham has over 40 years' experience in the valuation of properties in Hong Kong and has over 25 years' experience in the valuation of properties in the People's Republic of China and the Asia Pacific regions.
- (2) Inspection of the Property was carried out on 12 March 2024 by Ms. Yukie P. Y. Tsang, Assistant Manager, who has more than 4 years' experience in the inspection and valuation of properties in Hong Kong.

Valuation Certificate

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 March 2024
Units A, C and H (each including the store room thereof), B, D, E, F and G on 12th Floor, Carparking space No.L8 on 1st Floor (together with the extension to the Carparking Space) and Carparking Space No.L26 on 2nd Floor (together with the extension to the Carparking Space), Gemstar Tower, No. 23 Man Lok Street, Hung Hom, Kowloon	<p>Gemstar Tower, completed in about 1992, was a block of 16-storey (Ground Floor to 15th Floor) godown/ industrial building with car parking spaces on the ground, 1st to 3rd floors. In 2007, three additional storeys (16th Floor to 18th Floor) were built on top of the 15th floor.</p> <p>It is located on the eastern side of Man Lok Street at its junction with Man Yue Street and bounded respectively on the east and the south by Hung Hom Road and Fat Kwong Street Flyover within Hung Hom District.</p>	The Property is owner-occupied for storage and lorry parking uses.	<p>HK\$177,000,000</p> <p>(100% interest attributable to the Group: HK\$177,000,000)</p>
36,524/691,680th equal and undivided parts or shares of and in Hung Hom Inland Lot No. 545	<p>The subject development falls within an area zoned for "Other Specific Uses" under the Approved Hung Hom Outline Zoning Plan No. S/K9/28 gazetted on 10 June 2022.</p> <p>The Property comprises all eight godown units and three store rooms on 12th Floor together with two lorry parking spaces on the 1st and 2nd Floor respectively of the subject development.</p> <p>The gross floor area and the saleable area of the Property, excluding the two lorry parking spaces, are approximately 3,742.10 sq.m. (40,280 sq.ft.) and 2,524.25 sq.m. (27,171 sq.ft.) respectively.</p> <p>Hung Hom Inland Lot No. 545 is held under Conditions of Sale No. UB12089 for a term from 23 January 1990 until 30 June 2047.</p> <p>The Government Rent payable for the Property is HK\$186,516 per annum.</p>		

Notes:

- 1) The registered owner of the Property is Right View Limited, an indirect wholly-owned subsidiary of the Company, via an assignment dated 30 September 1993, registered vide Memorial No. UB5829011.
- 2) The Property is subject to a Mortgage to secure all sums of money including general banking facilities granted in favour of DBS Bank (Hong Kong) Limited dated 5 August 2010, registered vide Memorial No. 10090302570058, the outstanding amount of which, as advised by the Company, was approximately HK\$84.5 million as at the Latest Practicable Date (i.e. 2 May 2024).
- 3) The weak logistics demand together with the high funding costs continued to affect the sales market of warehouse and industrial properties. The industrial sector continued to report a decline in capital values, whereas the investment market remained relative quiet for the 1st quarter of 2024. According to the statistics from Rating & Valuation Department, both number of transactions and consideration of industrial properties has reached the lowest since the 1st quarter of 2023. The rental index has experienced a 1.35% year-over-year increase and the yield of flatted factories is in an upward trend since the 2nd quarter of 2023 which is above 3%. Because of the subdued global trade and slower growth on e-commerce and retail activities, landlords of industrial properties are likely to compete for tenants with attractive rental packages. Recovery of the industrial property market is expected when interest rate begins to decline, which is expected to occur in the end of 2024.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, there were 1,313,962,560 Shares in issue.

As at the Latest Practicable Date, the Company had no other outstanding warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares and the Company had not entered into any agreement for the issue of any Shares or any warrants, derivatives, options or other securities which may confer any rights to the holder(s) thereof to subscribe for, convert or exchange into the Shares.

All Shares in issue rank *pari passu* in all respects with each other including as to rights to dividends, voting and return of capital.

3. DISCLOSURE OF INTERESTS

(i) Directors' and chief executives' interests and short positions in the Shares

As at the Latest Practicable Date, the interests of the Directors and chief executive of the Company in the Shares, underlying shares and debentures and the details of any right to subscribe for the Shares or any of its associated corporations (within the meaning of Part XV of the SFO) and of the exercise of any such rights, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in the Listing Rules, were as follows:

Long position in the Shares

Name of director	Nature of interest	Total number of Shares held	Approximate % of the total number of Shares in issue
Dr. Lin Xiaohui (“ Dr. Lin ”)	Interest of controlled corporation	985,471,362 (<i>Note 1</i>)	75.00
Madam Su Jiaohua (“ Madam Su ”)	Spousal interest	985,471,362 (<i>Note 2</i>)	75.00

Notes:

1. 985,471,362 Shares were held by RGHL, which was beneficially owned as to 62.69% by Manureen Holdings Limited (“MHL”). MHL was beneficially owned as to 70% by Dr. Lin and 30% by Madam Su. Dr. Lin was deemed to be interested in 985,471,362 shares by virtue of interest of controlled corporation under Part XV of the SFO.
2. Madam Su, the spouse of Dr. Lin, was deemed to be interested in 985,471,362 Shares which Dr. Lin was deemed to be interested under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the directors or chief executive of the Company had any interests or short position in any of the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that is required to be recorded and kept in the register in accordance with Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(ii) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

As at the Latest Practicable Date, to the best of the Company’s knowledge, the following Shareholders (other than the Directors or chief executives of the Company disclosed above) had an interest or long position or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under provisions of Divisions 2 and 3 of Part XV of the SFO or which were required pursuant to Section 336 of the SFO, to be entered in the register referred therein:

Long position in the Shares

Name of director	Nature of interest	Total number of Shares held	Approximate% of the total number of Shares in issue
RGHL (<i>Note</i>)	Beneficial owner	985,471,362	75.00
MHL (<i>Note</i>)	Interest in controlled corporation	985,471,362	75.00

Note: RGHL was beneficially owned as to 62.69% by MHL, which was in turn beneficially owned as to 70% by Dr. Lin and 30% by Madam Su. Dr. Lin was deemed to be interested in 985,471,362 shares by virtue of interest of controlled corporation under Part XV of the SFO.

Save as disclosed above, as at the Latest Practicable Date, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person or corporation (other than the Directors and chief executives of the Company as disclosed above) who had any interest or short position in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders nor their respective associates was interested in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with the Company or any other member of the Group which is not determinable within one year without payment of compensation, other than statutory compensation.

6. DIRECTORS' INTERESTS IN SIGNIFICANT TRANSACTIONS, ARRANGEMENT AND CONTRACTS

As at the Latest Practicable Date, there was no contract or arrangement subsisting in which any Director was materially interested and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up).

7. MATERIAL CONTRACTS

Save for the following, the Group has not entered into any contracts that are or may be material (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the Latest Practicable Date.

- (i) the Provisional Agreement; and
- (ii) the tenancy agreement dated 25 March 2024 entered into between the Group and Dragon Centre Management Limited in respect of renewal of the existing tenancy of the premises with a monthly rent of HK\$1,996,497 for a term of one year commencing from 1 March 2024 for operating the Group's department store.

8. LITIGATION

Deed and purported cancellation

The Company has been engaging in a litigation against Win Dynamic Limited (“**Win Dynamic**”), the then controlling shareholder, in respect of Win Dynamic’s purported cancellation of a deed executed by Win Dynamic on 29 October 2020 in favour of the Company at no consideration (the “**Deed**”). Pursuant to the Deed, Win Dynamic has irrevocably undertaken to the Company to gift to the Company the sum of approximately HK\$260,435,000 paid by RGHL to Win Dynamic upon Win Dynamic’s acceptance of RGHL’s offer to acquire the 662,525,276 Shares held by Win Dynamic. Details of the background and development of the litigation has been set out in the section headed “35. LITIGATION – Deed and purported cancellation” on pages 173 to 177 of the annual report of the Company for the year ended 31 December 2023 published on 25 April 2024. As at the Latest Practicable Date, the date of trial had not yet been fixed.

Claim from former director

Mr. Ma King Huen Philip (“**Philip Ma**”), the former chairman, chief executive officer and director of the Company, claimed against the Company for unpaid remuneration, director’s fees and wages in lieu of unused annual leave in the sum of approximately HK\$12,442,000 (the “**Claim**”). The trial in respect of the Claim took place on 5, 6, 11 December 2023 and heard by the Deputy High Court Judge Burns SC (“**DHCJ Burns SC**”). On 1 February 2024, DHCJ Burns SC handed down his judgment (the “**Judgment**”) in favour of Philip Ma and ordered the Company to pay to Philip Ma a sum of HK\$12,064,000 (the “**Judgment Sum**”) plus interest on the Judgment Sum and legal costs. The Company had effected payment of the Judgment Sum on or around 2 February 2024. Details of the background and development of the Claim has been set out in the section headed “36. EVENT AFTER REPORTING PERIOD – Claim from former director” on pages 177 to 178 of the annual report of the Company for the year ended 31 December 2023 published on 25 April 2024. As at the Latest Practicable Date, the amount of interest on the Judgment Sum and legal costs remained to be settled.

Save as disclosed above, as at the Latest Practicable Date, neither the Company nor any of its subsidiaries were engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

9. MISCELLANEOUS

- (i) The registered office and principal place of business of the Company is at 24/F, Jardine House 1 Connaught Place Central Hong Kong.
- (ii) The company secretary of the Company is Mr. Ip Ho Wing. Mr. Ip was appointed as the company secretary of the Company in January 2022. He is a member of the Hong Kong Institute of Certified Public Accountants.

- (iii) The share registrar of the Company is Tricor Tengis Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (iv) The English text of this circular shall prevail over the Chinese text.

10. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this circular:

Name	Qualifications
B.I. Appraisals Limited	Independent property valuer

The above expert has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its report and/or references to its name in the form and context in which it appears.

As at the Latest Practicable Date, the above expert has confirmed that it did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the above expert has confirmed that it did not have any direct or indirect interests in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated accounts of the Group were made up), acquired or disposed of by or leased to, any member of the Group, or which are proposed to be acquired or disposed of by or leased to, any member of the Group.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Company (www.sincere.com.hk) and the Stock Exchange (www.hkexnews.hk) for a period of not less than 14 days commencing from the date of this circular:

- (i) the material contracts referred to in the paragraph headed “Material Contracts” in this appendix;
- (ii) the property valuation report, the text of which is set out on Appendix II of this circular;
- (iii) the written consent referred to in the paragraph headed “Expert and Consent” in this appendix; and
- (iv) this circular.