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## IMPORTANT

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**If you are in any doubt** about this circular or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in The Sincere Company, Limited (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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### **THE SINCERE COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**Stock Code: 00244**

*Executive Director:*

Ma King Huen Philip (*Chairman & CEO*)

*Non-Executive Director:*

Chan Man Wai Charles

*Independent Non-Executive Directors:*

Ma King Wing

Lo Kai Kin Eric

Tan Peter

Lau Wai Leung Anders

*Registered Office:*

24th Floor

Leighton Centre

77 Leighton Road

Hong Kong

20 June 2019

*To the shareholders and, for information only, the optionholders*

Dear Sir or Madam,

**RE-ELECTION OF THE RETIRING DIRECTORS  
AND  
PROPOSED GRANTING OF GENERAL MANDATES TO  
REPURCHASE SHARES  
AND TO ISSUE NEW SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

## 1. INTRODUCTION

The purpose of this circular is to provide you with information relating to the Ordinary Resolutions to be proposed at the Company's forthcoming Annual General Meeting to be held on 2 August 2019 at 10:00 a.m. (the "**Annual General Meeting**") for (i) granting of a general mandate to the directors of the Company (the "**Directors**") to exercise the powers of the Company to undertake repurchases of the Company's fully paid up shares representing up to a maximum of 10% of the total number of shares of the Company in issue on the date of the passing of the relevant Ordinary Resolution (the "**Repurchase Mandate**"); (ii) granting of a general mandate to the Directors to issue new shares up to a maximum of 20% of the total number of shares of the Company in issue on the date of passing of the relevant Ordinary Resolution (the "**Issuance Mandate**"). As at 12 June 2019, being the latest practicable date, the number of shares in issue was 918,892,800. Assuming no further shares will be issued before the date of passing such resolution, the Directors would be authorised to issue up to 183,778,560 new shares; (iii) extension of the Issuance Mandate by the number of shares repurchased under the Repurchase Mandate; and (iv) re-election of the retiring Directors; and to give you Notice of the Annual General Meeting at which the ordinary resolutions as set out in the Notice of Annual General Meeting will be proposed.

The existing Repurchase Mandate and Issuance Mandate shall be expired in the conclusion of the forthcoming Annual General Meeting of the Company.

In accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), this circular also serves as the explanatory statement to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution on the granting of the Repurchase Mandate.

## 2. RESOLUTIONS TO BE PROPOSED AT THE ANNUAL GENERAL MEETING

The Ordinary Resolution no. 2 to be proposed at the Annual General Meeting relates to the re-election of the retiring Directors. Details of the Directors to be re-elected are set out in Appendix I to this circular.

The Ordinary Resolution no. 4 to be proposed at the Annual General Meeting relates to the granting of the Repurchase Mandate.

The Ordinary Resolution no. 5 to be proposed at the Annual General Meeting relates to the granting of the Issuance Mandate.

The Ordinary Resolution no. 6 to be proposed at the Annual General Meeting relates to the extension of the Issuance Mandate by adding to it the number of shares purchased under the Repurchase Mandate, if any.

### 3. RE-ELECTION OF THE RETIRING DIRECTORS

In accordance with Article 85 and 93 of the Articles of Association of the Company, Mr Ma King Huen Philip and Mr Chan Man Wai Charles shall retire by rotation at the Annual General Meeting. These retiring Directors are eligible for re-election at the Annual General Meeting. Details of these two Directors as required by Rule 13.51(2) of the Listing Rules are set out in Appendix I to this circular.

### 4. REPURCHASE MANDATE

#### Reasons for Share Buyback

Although the Directors have no present intention of repurchasing any shares, they believe that the flexibility afforded by the Repurchase Mandate would be beneficial to the Company and its shareholders. Trading conditions on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) have sometimes been volatile in recent years. At any time in the future when shares are trading at a discount to their underlying value, the ability of the Company to repurchase shares will be beneficial to those shareholders who retain their investment in the Company since their percentage interest in the assets of the Company would increase in proportion to the number of shares repurchased by the Company and thereby resulting in an increase in net assets and/or earnings per share of the Company.

Such repurchases will only be made when the Directors believe that such repurchases will benefit the Company and its shareholders.

#### Share Capital

A maximum of 10% of the total number of shares of the Company in issue as at the date of passing of the relevant resolution may be repurchased on the Stock Exchange.

As at 12 June 2019, being the latest practicable date prior to the printing of this circular, the total number of shares of the Company in issue was 918,892,800 shares (the “**Shares**”).

Subject to the passing of the Ordinary Resolution no. 4, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 91,889,280 Shares on the basis that no further shares will be issued or repurchased prior to the date of the Annual General Meeting.

#### Funding of Repurchases

The Directors propose that repurchases of Shares under the Repurchase Mandate in these circumstances would be financed by the Company’s internal resources.

Repurchases must be funded out of funds legally available for the purpose in accordance with the Company’s Articles of Association and the Companies Ordinance, Chapter 622 of the Laws of Hong Kong (the “**Companies Ordinance**”).

There might be material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts contained in the Annual Report for the year ended 28 February 2019) in the event that the Repurchase Mandate

was to be carried out in full at any time during the proposed repurchase period. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time inappropriate for the Company. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are purchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining.

### Share Prices

The highest and lowest prices at which Shares of the Company have been traded on the Stock Exchange during each of the previous 12 months were as follows:

	Shares	
	Highest HK\$	Lowest HK\$
<b>2018:</b>		
June	0.285	0.250
July	0.238	0.222
August	0.225	0.174
September	0.175	0.157
October	0.173	0.138
November	0.150	0.137
December	0.177	0.150
<b>2019:</b>		
January	0.197	0.146
February	0.335	0.250
March	0.275	0.250
April	0.275	0.255
May	0.270	0.222
June (latest practicable date)	0.249	0.226

### Share Purchases Made by the Company

No purchases of Shares have been made by the Company during the last 6 months (whether on the Stock Exchange or otherwise).

### Disclosure of Interests

The Directors have undertaken to the Stock Exchange to exercise the powers of the Company to make purchases under the Repurchase Mandate in accordance with the Listing Rules and the Companies Ordinance.

If as a result of a share repurchase by the Company, a substantial shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of The Hong Kong Code on Takeovers and Mergers (the “Code”). Accordingly, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company or become obliged to make a mandatory offer in accordance with Rule 26 and Rule 32 of the Code.

As at 12 June 2019, being the latest practicable date prior to the printing of this circular, Win Dynamic Limited (“Win Dynamic”), The Sincere Life Assurance Company Limited (“Sincere Life”) and The Sincere Insurance & Investment Company, Limited (“Sincere Insurance”) were interested in 243,282,367, 183,136,032 and 75,608,064 Shares representing 26.48%, 19.93% and 8.23% of the total number of shares in issue of the Company, respectively, and were acting in concert (together with others) for the purposes of the Code. In the event that the Directors were to exercised in full the power to repurchase Shares of the Company in accordance with the terms of the Ordinary Resolution to be proposed at the Annual General Meeting, on the basis of the number of Shares in issue as at 12 June 2019 and on the assumption that the interests of Win Dynamic, Sincere Life and Sincere Insurance in the Shares of the Company would not be changed by then, their respective interests would be increased to approximately 29.42%, 22.14% and 9.14%, or approximately 60.70% in aggregate, of the total number of shares in issue of the Company. Win Dynamic, Sincere Life and Sincere Insurance or others with whom they are now acting in concert would not, as a result of such increase in percentage shareholding in the Company, be required to make a general offer for the Shares held by other shareholders of the Company under the Code, for the reason that they already hold in aggregate over 50% of the total number of shares in issue before such increase.

The Directors will take necessary steps to comply with the Listing Rules and the Code if and when appropriate. The Company has no present intention to exercise the Repurchase Mandate to the extent that would give rise to an obligation to make a general offer under the Code.

None of the Directors, or, to the best of their knowledge having made all reasonable enquires, any of their associates presently intends to sell Shares to the Company under the Repurchase Mandate in the event that the granting of the Repurchase Mandate is approved by the shareholders of the Company.

The Company has not been notified by any connected persons of the Company that they have a present intention to sell any Shares or that they have undertaken not to sell any Shares held by them to the Company in the event that the granting of the Repurchase Mandate is approved by its shareholders.

## **5. ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held on 2 August 2019 at 2/F Hibiscus Room, Hotel Jen Hong Kong, 508 Queen's Road West, Western District, Hong Kong (the “Notice”) is set out in Appendix II to this circular.

The Notice is also set out in the 2018/19 Annual Report which is dispatched to the shareholders together with this circular.

According to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. Therefore, all the resolutions put to the vote at the Annual General Meeting will be taken by way of poll.

Proxy form for use at the Annual General Meeting is enclosed with the Annual Report. To be valid, the proxy form must be completed in accordance with the instructions printed thereon and deposited together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of that power of attorney or authority at the Company's Registrar, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (Tricor Tengis Limited will relocate to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019) not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and delivery of the form of proxy will not prevent you from attending and voting at the Annual General Meeting.

## **6. RECOMMENDATION**

The Directors consider that the Ordinary Resolutions in relation to the granting of the Repurchase Mandate, the granting and extension of the Issuance Mandate and re-election of the retiring Directors as set out in the Notice are in the best interests of the Company and its shareholders as a whole and accordingly recommend that all shareholders should vote in favour of the proposed Resolutions nos. 2 and 4 to 6 at the Annual General Meeting.

Yours faithfully  
**Ma King Huen Philip**  
*Chairman & CEO*

The following are the particulars of the two Directors proposed to be re-elected at the Annual General Meeting:

1. **Ma King Huen Philip**, aged 63, Chairman & CEO of the Company. Mr Ma joined the Board of Directors in 1990, who became an Executive Director in 1992, then became the President of the Company in 1993, was re-titled as Group Managing Director in 1996, re-designated as Deputy Chairman & CEO of the Company in 2012 and appointed as Chairman and CEO in 2014. Mr Ma holds an MBA degree. He is the cousin of Mr Ma King Wing who is also a director of the Company. He holds directorship in Sincere Life, Sincere Insurance, The Sincere Company (Perfumery Manufacturers), Limited, Win Dynamic Limited (“Win Dynamic”) and various other subsidiaries of the Company. He is also a shareholder of Sincere Life and Win Dynamic, being the substantial shareholders of the Company. Save as disclosed above, Mr Ma does not have any relationship with any other Directors, senior management, substantial shareholders or controlling shareholders of the Company. Mr Ma was interested in 648,369,985 shares of the Company within the meaning of Part XV of the SFO. There is no service contract and proposed length of service between Mr Ma and the Company. Mr Ma received remuneration of HK\$14 million for the year 2018/19 and it was determined on the basis of his level of responsibilities and by reference to the market benchmark.

Save as disclosed above, there is no other information which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.

2. **Chan Man Wai Charles**, aged 63, Non-executive Director and a member of each of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr Chan became an Independent Non-Executive Director of the Company in 1995 and was re-designated as Non-Executive Director of the Company since 18 September 2017. He is an Executive Director of Victoria Park Hotels Limited. He is also a director and shareholder of Win Dynamic, being the substantial shareholder of the Company. Mr Chan is a member of the American Institute of Certified Public Accountants. Save as disclosed above, Mr Chan does not have any relationship with any Directors, senior management, substantial shareholders or controlling shareholders of the Company. Mr Chan was interested in 648,369,985 shares of the Company within the meaning of Part XV of the SFO. There is no service contract and proposed length of service between Mr Chan and the Company. Mr Chan received remuneration of HK\$160,000 for the year 2018/19 and it was determined on the basis of his level of responsibilities and by reference to the market benchmark.

Save as disclosed above, there is no other information which is required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules nor are there other matters that need to be brought to the attention of the shareholders of the Company.

**THE SINCERE COMPANY, LIMITED***(Incorporated in Hong Kong with limited liability)***Stock Code: 00244**

**NOTICE IS HEREBY GIVEN THAT** the Annual General Meeting of shareholders of the Company will be held at 2/F Hibiscus Room, Hotel Jen Hong Kong, 508 Queen's Road West, Western District, Hong Kong on 2 August 2019 at 10:00 a.m. for the following purposes:

1. To receive and consider the audited financial statements and the Reports of the Directors and Independent Auditor for the year ended 28 February 2019.
2.
  - (a) To re-elect Mr. Ma King Huen Philip as Executive Director of the Company.
  - (b) To re-elect Mr. Chan Man Wai Charles as Non-Executive Director of the Company.
  - (c) To authorize the Board of Directors to fix the Directors' remuneration.
3. To re-appoint Ernst & Young as independent auditors and to authorise the Board of Directors to fix their remuneration.
4. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to purchase its shares be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company to be purchased pursuant to the approval in paragraph (a) above shall not exceed 10% of the total number of shares of the Company in issue on the date of this Resolution; and
- (c) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
  - (i) the conclusion of the next Annual General Meeting of the Company;



- (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Company's Articles of Association or any applicable laws to be held; or
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting."
5. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

**"THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers at any time during or after the Relevant Period;
- (c) the total number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors of the Company pursuant to paragraph (a) above, otherwise than pursuant to: (i) a Rights Issue; or (ii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Articles of Association of the Company; or (iii) the exercise of subscription rights under the Share Option Scheme of the Company should not exceed 20% of the number of shares of the Company in issue on the date of this Resolution and the said approval shall be limited accordingly; and

- (d) for the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:
  - (i) the conclusion of the next Annual General Meeting of the Company;
  - (ii) the expiration of the period within which the next Annual General Meeting of the Company is required by the Company’s Articles of Association or any applicable laws to be held; or
  - (iii) the revocation or variation of the authority given under this Resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of shares open for a period fixed by the Directors of the Company to holders of shares on the Register of Members on a fixed record date in proportion to their holdings of shares (subject to such exclusions or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlement or having regard to any restrictions and obligations under the laws of, or the requirements of, any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

- 6. To consider and, if thought fit, pass with or without amendments, the following resolution as an ordinary resolution:

“**THAT** the general mandate granted to the Directors of the Company and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers, be and is hereby extended by the addition thereto of such number of shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors of the Company pursuant to such general mandate of such number of shares of the Company which has been purchased by the Company since the granting of such general mandate pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares, provided that such number of shares shall not exceed 10% of the total number of shares of the Company in issue on the date of this resolution.”

By order of the Board  
**Ada S P CHEUNG**  
*Company Secretary*

Hong Kong, 20 June 2019

*Notes:*

1. For determining the entitlement to attend and vote at the Annual General Meeting to be held on Friday, 2 August 2019, the register of members of the Company will be closed from Monday, 29 July 2019 to Friday, 2 August 2019, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch share registrar in Hong Kong Tricor Tengis Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong\* no later than 4:30 p.m. on Friday, 26 July 2019.
2. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
3. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company's Share Registrars, Tricor Tengis Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong\*, not less than 48 hours before the time fixed for holding the meeting or any adjournment thereof. Completion and return of a proxy form will not preclude a member from attending the meeting and voting in person.
4. Concerning item 4 above, the Directors will exercise the powers conferred thereby to repurchase shares of the Company in circumstances which they deem appropriate for the benefits of the shareholders.
5. Concerning item 5 above, approval is being sought from the members for a general mandate to authorise allotment of shares under the Companies Ordinance and the Listing Rules. The directors have no immediate plan to issue any new shares of the Company under that mandate, if granted.
6. Concerning item 6 above, approval is being sought to increase the number of shares which the Directors may issue under their general mandate by the number of any shares repurchased during the Relevant Period.
7. A circular containing further details in respect of the above items 2 and 4 to 6 will be sent to members together with the 2018/19 Annual Report.
8. As at the date of this notice, the executive director of the Company is Mr. Philip K H Ma, the non-executive director of the Company 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.
- \* Tricor Tengis Limited will relocate to Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong with effect from 11 July 2019.