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THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 0244)

**ANNOUNCEMENT OF FINAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024**

The board of directors (the “Board”) of the Company announces that the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Revenue	4(a)	131,289	146,147
Cost of sales	6	(62,042)	(62,213)
Other income and gains, net	4(b)	50,089	18,745
Net unrealised (loss)/gain on securities trading		(134)	221
Selling and distribution expenses		(66,685)	(69,111)
General and administrative expenses		(49,960)	(48,194)
Non-operating expenses		(18,434)	(10,327)
Finance costs	5	(23,099)	(26,866)
Loss before income tax	6	(38,976)	(51,598)
Income tax expense	7	(2)	(14)
Loss for the year		(38,978)	(51,612)
Attributable to:			
Equity holders of the Company		(40,140)	(50,477)
Non-controlling interests		1,162	(1,135)
		(38,978)	(51,612)
Loss per share attributable to equity holders of the Company			
Basic and diluted	9	HK\$(0.03)	HK\$(0.04)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss for the year	<u>(38,978)</u>	<u>(51,612)</u>
Other comprehensive income/(loss)		
<i>Item that may be reclassified subsequently to the consolidated income statement:</i>		
Exchange differences arising on translation of foreign operations	<u>169</u>	<u>37</u>
<i>Items that will not be reclassified subsequently to the consolidated income statement:</i>		
Actuarial gains on a defined benefit plan	1,606	89
Actuarial gains/(losses) on long service payment	128	(84)
Surplus on revaluation of leasehold land and owned buildings	1,883	3,388
Changes in fair value of equity investments at fair value through other comprehensive income ("FVTOCI")	<u>2,038</u>	<u>86</u>
	<u>5,655</u>	<u>3,479</u>
Total comprehensive loss for the year	<u><u>(33,154)</u></u>	<u><u>(48,096)</u></u>
Attributable to:		
Equity holders of the Company	(34,535)	(46,584)
Non-controlling interests	<u>1,381</u>	<u>(1,512)</u>
	<u><u>(33,154)</u></u>	<u><u>(48,096)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 HK\$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	16,083	189,260
Equity investments at FVTOCI		6,165	4,127
Prepayments, deposits, other receivables and other assets		218,630	202,049
Pension scheme assets		25,758	23,777
		266,636	419,213
Current assets			
Inventories		37,619	29,844
Prepayments, deposits, other receivables and other assets		16,678	35,899
Financial assets at fair value through profit or loss ("FVTPL")		846	3,689
Pledged bank balances and deposits	13(a)	11,216	11,277
Cash and bank balances		10,947	92,694
		77,306	173,403
Current liabilities			
Creditors	11	41,392	37,954
Lease liabilities	12	7,319	11,291
Insurance contracts liabilities		465	1,154
Deposits, accrued expenses and other payables		22,179	42,773
Contract liabilities		1,418	1,377
Bank borrowings	13(a)	8,572	84,314
Other loans	13(b)	–	2,292
Loan from the then immediate holding company	13(c)	–	71,900
Long service payment obligations		162	59
Tax payable		29	20
		81,536	253,134

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

As at 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Net current liabilities		(4,230)	(79,731)
Total assets less current liabilities		262,406	339,482
Non-current liabilities			
Deposits, accrued expenses and other payables		3,790	84
Other loans	13(b)	570	559
Loan from a related company	13(d)	157,553	211,000
Lease liabilities	12	6,324	622
Long service payment obligations		1,779	1,673
		170,016	213,938
Net assets		92,390	125,544
EQUITY			
Share capital	14	469,977	469,977
Deficits		(423,387)	(388,852)
Equity attributable to equity holders of the Company		46,590	81,125
Non-controlling interests		45,800	44,419
Total equity		92,390	125,544

Notes:

1. CORPORATE AND GROUP INFORMATION

The Sincere Company, Limited (the “Company”) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) during the financial year mainly consisted of the operation of department stores, securities trading and the provision of life insurances.

In the opinion of the directors, prior to 23 December 2024, Realord Group Holdings Limited (“Realord”), a company incorporated in Bermuda with limited liability and the shares of which are listed on the Main Board of the Stock Exchange, was the immediate holding company of the Company. The ultimate holding company is Manureen Holdings Limited (“Manureen Holdings”), a company incorporated in the British Virgin Islands (“BVI”) with limited liability. The ultimate shareholders of Manureen Holdings are Dr. Lin Xiaohui (“Dr. Lin”) and Madam Su Jiaohua (“Madam Su”), who own 70% and 30% equity interests of Manureen Holdings, respectively. With effective from 23 December 2024, the immediate holding company of the Company changed from Realord to Manureen Holdings.

The consolidated financial statements for the year ended 31 December 2024 were approved for issue by the board of directors (the “Board”) on 31 March 2025.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the applicable requirements of the Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

The consolidated financial statements have been prepared on the historical cost basis except for leasehold land and owned buildings, equity investments at FVTOCI and financial assets at FVTPL which are stated at fair values.

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (HK\$’000) except when otherwise indicated.

2.1 BASIS OF PREPARATION *(Continued)*

Going concern basis

During the year ended 31 December 2024, the Group recorded a net loss of HK\$38,978,000. The Group's operations are financed by bank and other borrowings, loan from a related company and internal resources. As at 31 December 2024, the Group had net current liabilities of HK\$4,230,000 and the Company had net current liabilities of HK\$193,532,000 and net liabilities of HK\$83,274,000. The Group's cash and bank balances amounted to HK\$10,947,000 as at 31 December 2024.

Management closely monitors the Group's financial performance and liquidity position to assess the Group's ability to continue as a going concern. In view of these circumstances, management has been continuously implementing measures to improve profitability, control operating costs and reduce capital expenditures in order to improve the Group's operating performance and alleviate its liquidity risk. These measures include (i) continuously remapping its marketing strategies and pricing policies; (ii) continuing its measures to control capital and operating expenditures; (iii) negotiating with its landlords for rental reductions; and (iv) identifying the opportunity in realisation of certain assets of the Group. Management believes that these measures will further improve the Group's operating profitability and the resulting cash flows.

As at 31 December 2024, the Group has unutilised trade financing banking facilities of HK\$947,000. Besides, Dr. Lin and Manureen Holdings have undertaken to provide continuous financial support to the Group to meet its liabilities and obligations as and when they fall due for at least next 18 months from 31 December 2024.

On 21 March 2022, a related company, in which Dr. Lin and Madam Su own 70% and 30% equity interests respectively, entered into a loan facility agreement with the Company, pursuant to which the related company had agreed to provide a loan facility up to HK\$200,000,000 for 36 months in order to support the operation of the Group. During the year ended 31 December 2023, the term of the loan was revised with a facility limit of HK\$260,000,000. The loan is unsecured, bears interest at HIBOR plus 5% per annum and is repayable on 20 March 2026. As at 31 December 2024, the Group had unutilised loan facility of HK\$102,447,000.

The Company's directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than 18 months from 31 December 2024. Management's projections make certain key assumptions with regard to (i) the anticipated cash flows from the Group's operations and capital expenditures; (ii) the continuous availability of bank and other borrowings facilities; and (iii) the continuous availability of loan from a related company. The Group's ability to achieve the projected cash flows depends on management's ability to successfully implement the aforementioned improvement measures on profitability and liquidity and the continuous availability of bank and other borrowings facilities and loan from a related company.

2.1 BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

The directors, after making due enquiries and considering the basis of management's projections described above and after taking into account (i) the reasonably possible changes in the operational performance; (ii) the continuous availability of bank and other borrowings facilities; and (iii) the financial support from a related company, believe that the Group will have sufficient financial resources to operate as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to reclassify non-current assets and liabilities as current assets and liabilities, respectively and to provide for any future liabilities which might arise. The effect of these potential adjustments has not been reflected in these consolidated financial statements.

2.2 ADOPTION OF NEW AND AMENDED HKFRSs

Amended HKFRSs that are effective for annual periods beginning on 1 January 2024

In the current year, the Group has applied for the first time the following amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 January 2024:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The adoption of the amended HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

2.2 ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs

The Group has not early adopted the following new and amended HKFRSs that have been issued but are not yet effective in these consolidated financial statements.

HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 21	Lack of Exchangeability ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ³

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. The new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

3. SEGMENT INFORMATION

Segment information is presented by way of two segment formats: (i) operating segments; and (ii) geographical information.

The Group's operating businesses are structured and managed separately, according to the nature of their operations and the products and services they provide. Each of the Group's operating segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other operating segments. Summary details of the operating segments are as follows:

- (a) the department store operation segment consists of the operation of department stores offering a wide range of consumer products;
- (b) the securities trading segment consists of the trading of Hong Kong and overseas securities; and
- (c) the others segment mainly consists of the sub-lease of properties and the provision of life insurances.

In determining the Group's geographical information, revenues are attributed to the segments based on the location of the operations.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted loss before income tax. The adjusted loss before income tax is measured consistently with the Group's loss before income tax except that certain interest income, unallocated income/(expenses) and finance costs are excluded from such measurement.

Segment assets exclude gift receivable from Win Dynamic Limited ("Win Dynamic"), pledged bank balances and deposits and cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude bank borrowings, other loans and loans from related parties as these liabilities are managed on a group basis.

Inter-segment sales are transacted based on the direct costs incurred or in the case of rental income and income from the provision of warehouse services, at an agreed rate.

3. SEGMENT INFORMATION (Continued)

(a) Operating segments

The following tables present revenue, loss and certain assets, liabilities and expenditure information for the Group's operating segments for the years ended 31 December 2024 and 2023.

	Department store operation HK\$'000	Securities trading HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
Year ended 31 December 2024					
Segment revenue:					
– Sales to external customers	131,433	(330)	186	–	131,289
– Inter-segment sales	–	–	30,848	(30,848)	–
– Other income and gains, net	14	72	31,269	–	31,355
	<u>131,447</u>	<u>(258)</u>	<u>62,303</u>	<u>(30,848)</u>	<u>162,644</u>
Total					
Segment results	(39,255)	(2,364)	23,976	–	(17,643)
Interest income and unallocated other income and gains, net					18,734
Loss on modification of gift receivable from Win Dynamic					(18,434)
ECL allowance on other receivables					(143)
Finance costs (other than interest on lease liabilities)					(21,490)
					<u>(38,976)</u>
Loss before income tax					(38,976)
Income tax expense					(2)
					<u>(38,978)</u>
Loss for the year					<u>(38,978)</u>
As at 31 December 2024					
Segment assets	116,979	7,636	36,165	(30,848)	129,932
Unallocated assets					214,010
					<u>343,942</u>
Total assets					<u>343,942</u>
Segment liabilities	109,563	948	5,194	(30,848)	84,857
Unallocated liabilities					166,695
					<u>251,552</u>
Total liabilities					<u>251,552</u>
Year ended 31 December 2024					
Other segment information:					
– Depreciation	30,324	–	2,317	–	32,641
– Capital expenditure of property, plant and equipment	11,852	–	–	–	11,852
– Provision for inventories	998	–	–	–	998
	<u>43,174</u>	<u>–</u>	<u>2,317</u>	<u>–</u>	<u>46,491</u>

3. SEGMENT INFORMATION *(Continued)*

(a) Operating segments *(Continued)*

	Department store operation <i>HK\$'000</i>	Securities trading <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2023					
Segment revenue:					
– Sales to external customers	146,043	(94)	198	–	146,147
– Inter-segment sales	–	–	31,541	(31,541)	–
– Other income and gains, net	353	493	1	–	847
	<u>146,396</u>	<u>399</u>	<u>31,740</u>	<u>(31,541)</u>	<u>146,994</u>
Total	<u>146,396</u>	<u>399</u>	<u>31,740</u>	<u>(31,541)</u>	<u>146,994</u>
Segment results	(25,928)	(3,090)	(15,562)	–	(44,580)
Interest income and unallocated other income and gains, net					17,897
ECL allowance on other receivables					(84)
Finance costs (other than interest on lease liabilities)					(24,831)
					<u>(51,598)</u>
Loss before income tax					(51,598)
Income tax expense					(14)
					<u>(51,612)</u>
Loss for the year					<u>(51,612)</u>
As at 31 December 2023					
Segment assets	105,850	8,452	213,945	(31,541)	296,706
Unallocated assets					295,910
					<u>592,616</u>
Total assets					<u>592,616</u>
Segment liabilities	110,765	6,298	11,485	(31,541)	97,007
Unallocated liabilities					370,065
					<u>467,072</u>
Total liabilities					<u>467,072</u>
Year ended 31 December 2023					
Other segment information:					
– Depreciation	27,309	–	7,820	–	35,129
– Capital expenditure of property, plant and equipment	2,267	–	–	–	2,267
– Reversal of provision for inventories	(1,365)	–	–	–	(1,365)
	<u>27,309</u>	<u>–</u>	<u>7,820</u>	<u>–</u>	<u>35,129</u>

3. SEGMENT INFORMATION *(Continued)*

(b) Geographical information

The following tables present revenue and non-current asset information.

	Hong Kong <i>HK\$'000</i>	United Kingdom <i>HK\$'000</i>	Others <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Year ended 31 December 2024					
Segment revenue:					
– Sales to external customers	<u>131,103</u>	<u>186</u>	<u>–</u>	<u>–</u>	<u>131,289</u>
As at 31 December 2024					
Non-current assets	<u>18,504</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>18,504</u>
Year ended 31 December 2023					
Segment revenue:					
– Sales to external customers	<u>145,998</u>	<u>198</u>	<u>(49)</u>	<u>–</u>	<u>146,147</u>
As at 31 December 2023					
Non-current assets	<u>191,681</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>191,681</u>

The non-current asset information above is based on the locations of the assets and includes property, plant and equipment and other assets.

(c) Information about major customers

For the years ended 31 December 2024 and 2023, as no revenue derived from an individual customer of the Group has accounted for over 10% of the Group's total revenues, no information about major customers is presented under HKFRS 8 "Operating Segments".

4. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

	2024 HK\$'000	2023 HK\$'000
Revenue from contracts with customers		
Sale of goods – own goods	101,281	107,314
Income from counter and consignment sale	30,151	38,729
Revenue from other sources		
Net realised losses on securities trading	(329)	(94)
Rental income	186	198
	<u>131,289</u>	<u>146,147</u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

All the revenue from contracts with customers are recognised at a point in time and are derived from Hong Kong.

(ii) *Performance obligations*

Sale of goods – own goods

For the sale of goods, revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the department stores. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Income from counter and consignment sale

For income from counter and consignment sale, the counters and consignors will pay the commission income based on a certain percentage of sales in accordance with the terms of contracts. The Group receives the entire sales proceeds from ultimate customers on behalf of the counters and consignors and reimburses the sales proceeds back to counters and consignors after deducting the commission income.

4. REVENUE, OTHER INCOME AND GAINS, NET *(Continued)*

(a) Revenue *(Continued)*

Revenue from contracts with customers *(Continued)*

(ii) Performance obligations *(Continued)*

Provision for loyalty points programme

The performance obligation is satisfied upon utilisation of loyalty points. The Group allocated a portion of the transaction prices to the loyalty programme which is based on the relative stand-alone selling price. The transaction price of HK\$1,418,000 (2023: HK\$1,377,000) was allocated to the remaining performance obligations as at 31 December 2024 which are expected to be recognised as revenue within one year.

(b) Other income and gains, net

	2024 HK\$'000	2023 HK\$'000
Bank interest income	350	236
Imputed interest income on gift receivable from Win Dynamic <i>(note 15)</i>	18,484	17,623
Dividends from financial assets at FVTPL	72	493
Foreign exchange (losses)/gains, net	(100)	39
Gain on disposal of property, plant and equipment	30,593	223
Others	690	131
	<u>50,089</u>	<u>18,745</u>

5. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest charges on:		
– bank borrowings	3,028	5,182
– lease liabilities <i>(note 12)</i>	1,609	2,035
– other loans	29	56
– loan from the then immediate holding company	602	1,139
– loan from a related company	17,831	18,454
	<u>23,099</u>	<u>26,866</u>

6. LOSS BEFORE INCOME TAX

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	61,044	63,578
Provision/(Reversal of provision) for inventories	998	(1,365)
Cost of sales	<u>62,042</u>	<u>62,213</u>
Employee benefit expenses, excluding directors' and chief executive's remunerations:		
– Wages and salaries	33,793	36,442
– Pension contributions, including pension credit for a defined benefit plan of HK\$375,000 (2023: HK\$528,000) (<i>note</i>)	869	711
– Expenses arising from LSP obligations	428	576
	<u>35,090</u>	<u>37,729</u>
Depreciation	32,641	35,129
Auditor's remuneration	2,155	2,295
ECL allowance on other receivables	143	84
Other charges in respect of rental premises	20,598	18,634
Lease payments not included in the measurement of lease liabilities	15	4
Gain on disposal of property, plant and equipment (<i>note 4(b)</i>)	(30,593)	(223)
Net realised losses on securities trading (<i>note 4(a)</i>)	329	94
Foreign exchange losses/(gains), net (<i>note 4(b)</i>)	100	(39)

Note: As at 31 December 2024 and 2023, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax had been made as there were no assessable profits arising in Hong Kong for both years. Taxes on assessable profits elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	2024 HK\$'000	2023 HK\$'000
Current tax		
– Hong Kong	–	–
– Elsewhere	2	14
	<u>2</u>	<u>14</u>
	<u><u>2</u></u>	<u><u>14</u></u>

A reconciliation of the tax expense applicable to loss before income tax at the statutory rates for the locations in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

	2024 HK\$'000	2023 HK\$'000
Loss before income tax	<u>(38,976)</u>	<u>(51,598)</u>
Tax at the statutory tax rates	(6,750)	(8,639)
Income not subject to tax	(5,106)	(3,053)
Expenses not deductible for tax	4,248	4,694
Tax losses not recognised	7,964	7,243
Utilisation of tax losses previously not recognised	(2,616)	–
Deductible temporary differences not recognised	2,457	–
Others	<u>(195)</u>	<u>(231)</u>
	<u><u>2</u></u>	<u><u>14</u></u>

As at 31 December 2024, the Group has tax losses arising in Hong Kong of approximately HK\$2,167,000,000 (2023: HK\$2,119,000,000) that are available indefinitely for offsetting against future taxable profits of the Company and certain of its subsidiaries. No deferred tax assets have been recognised in respect of these losses as the Company and certain of its subsidiaries have been loss-making for some time.

8. DIVIDENDS

The Board did not recommend the payment of any dividend for the years ended 31 December 2024 and 2023.

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

The calculation of the basic loss per share is based on the loss for the year ended 31 December 2024 of HK\$40,140,000 (2023: HK\$50,477,000) attributable to equity holders of the Company and the weighted average number of ordinary shares of 1,313,962,560 (2023: 1,313,962,560) in issue throughout the year.

Diluted loss per share is the same as basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2024 and 2023.

10. PROPERTY, PLANT AND EQUIPMENT

	Owne d assets HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Year ended 31 December 2024			
At the beginning of the year, net of accumulated depreciation and impairment	22,636	166,624	189,260
Additions	1,216	10,636	11,852
Modification of lease	–	22,729	22,729
Depreciation	(1,075)	(31,566)	(32,641)
Revaluation adjustment	226	1,657	1,883
Disposals	(21,239)	(155,761)	(177,000)
	<u> </u>	<u> </u>	<u> </u>
At the end of the year, net of accumulated depreciation and impairment	<u>1,764</u>	<u>14,319</u>	<u>16,083</u>

11. CREDITORS

An ageing analysis of the creditors at the end of the reporting period, based on the invoice date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Current – 3 months	38,083	34,437
4 – 6 months	1,195	1,490
7 – 12 months	55	123
Over 1 year	2,059	1,904
	<u>41,392</u>	<u>37,954</u>

12. LEASE LIABILITIES

	2024 HK\$'000	2023 HK\$'000
At the beginning of the year	11,913	39,557
Accretion of interest recognised during the year (<i>note 5</i>)	1,609	2,035
Payments	(31,997)	(31,012)
Additions	9,389	1,333
Modification of lease	22,729	–
	<u>13,643</u>	<u>11,913</u>
At the end of the year	<u>13,643</u>	<u>11,913</u>
Analysed into:		
– Within one year	7,319	11,291
– In the second to fifth years, inclusive	6,324	622
	<u>13,643</u>	<u>11,913</u>
Carrying amount at the end of the year	13,643	11,913
Less: current portion	(7,319)	(11,291)
	<u>6,324</u>	<u>622</u>
Non-current portion	<u>6,324</u>	<u>622</u>

13. BANK BORROWINGS, OTHER LOANS AND LOANS FROM RELATED PARTIES

(a) Bank borrowings

	2024			2023		
	Effective interest rate %	Maturity	HK\$'000	Effective interest rate %	Maturity	HK\$'000
	Hong Kong Interbank Offered Rate ("HIBOR")					
Secured bank borrowings	+1.0	2025	8,572	HIBOR +1.5	2024	84,314
				2024 HK\$'000	2023 HK\$'000	

Analysed into:

– Within one year or on demand	8,572	84,314
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Bill payables of HK\$8,572,000 (2023: HK\$14,314,000) with the effective interest rate of HIBOR plus 1.0% (2023: HIBOR plus 1.5%) are included in bank borrowings. The maturity dates of bill payables are normally with 120 days (2023: 120 days).

As at 31 December 2024, the Group's bank borrowings and banking facilities are secured by:

- (i) the pledge of the Group's bank balances and time deposits of HK\$11,216,000 (2023: HK\$11,277,000); and
- (ii) the mortgages over the Group's leasehold land and owned buildings with an aggregate carrying amount of Nil (2023: HK\$177,000,000).

13. BANK BORROWINGS, OTHER LOANS AND LOANS FROM RELATED PARTIES

(Continued)

(b) Other loans

	2024 HK\$'000	2023 HK\$'000
Other loans	570	2,851
Less: amount repayable within one year or on demand and classified as current portion	—	(2,292)
Amount classified as non-current portion	<u>570</u>	<u>559</u>
Analysed into:		
– Within one year or on demand	—	2,292
– In the second year	<u>570</u>	<u>559</u>
	<u>570</u>	<u>2,851</u>

As at 31 December 2024, the other loans are unsecured, bear interest at 2% (2023: 2%) per annum and repayable on demand, except for an amount of HK\$570,000 (2023: HK\$559,000) which is not repayable in the next 12 months after the end of the reporting period.

(c) Loan from the then immediate holding company

On 11 June 2021, the Group has obtained a transitional loan facility from Realord up to a limit of HK\$40,000,000 for additional working capital. The loan bore interest at HIBOR plus 1.75% per annum, was unsecured and repayable 2 months after drawdown. On 10 August 2021, the terms of the loan was revised with a facility limit of HK\$100,000,000 (the “Supplemental Loan”).

The Supplemental Loan bears interest at 8.2% (2023: 8.2%) per annum, is unsecured and repayable on or before 10 August 2024. As at 31 December 2023, the carrying amount of the Supplemental Loan was HK\$71,900,000. The Supplemental Loan was fully settled during the year ended 31 December 2024.

(d) Loan from a related company

On 21 March 2022, a related company, in which Dr. Lin and Madam Su own 70% and 30% equity interests respectively, entered into a loan facility agreement with the Company, pursuant to which the related company had agreed to provide a loan facility up to HK\$200,000,000 for 36 months in order to support the operation of the Group.

During the year ended 31 December 2023, the term of the loan was revised with a facility limit of HK\$260,000,000. The loan is unsecured, bears interest at HIBOR plus 5% (2023: HIBOR plus 5%) per annum and is repayable on 20 March 2026 (2023: 20 March 2025). As at 31 December 2024, the carrying amount of loan from a related company was HK\$157,553,000 (2023: HK\$211,000,000).

14. SHARE CAPITAL

	2024 HK\$'000	2023 HK\$'000
Issued and fully paid:		
1,313,962,560 ordinary shares	<u>469,977</u>	<u>469,977</u>

There is no movement in the Company's share capital for the years ended 31 December 2024 and 2023.

15. LITIGATION

Deed and purported cancellation

On 15 May 2020, Realord and the Company jointly announced a voluntary conditional cash offer (subject to the satisfaction or waiver (as the case may be) of certain pre-conditions) to acquire all of the issued shares of the Company (the "Offer").

On 29 October 2020, Win Dynamic, the then controlling shareholder of the Company, executed a deed 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 falling to be paid by Realord to Win Dynamic upon its acceptance of the Offer relating to all the 662,525,276 shares of the Company held by it, which was expected to amount to approximately HK\$260,443,000 (after deducting Win Dynamic's ad valorem stamp duty). As disclosed in the announcement of the Company dated 29 October 2020, the Company at that time intended that this gift from Win Dynamic, when received, would be applied as working capital of the Group.

On 4 February 2021, the Company announced that the Board had received a letter from Win Dynamic dated 3 February 2021 stating Win Dynamic's declaration that the Deed was null and void and cancelled with immediate effect, for the reason that it was executed by Win Dynamic under undue influence and duress, given without separate legal representation or proper advice, and was an undervalue transaction pursuant to section 265D of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) (the "Purported Cancellation").

As stated in the Company's announcement dated 4 February 2021, the Board (with Mr. Philip Ma and Mr. Charles M W Chan (collectively the "Dissenting Directors") disagreeing) did not admit that the Deed was null or void or had been cancelled. For the interest of the Company and its shareholders as a whole, the Board had resolved to include the review of the implication of the Purported Cancellation to the term of reference of the independent committee of the Board comprising independent non-executive directors, namely Mr. King Wing Ma, Mr. Eric K K Lo, Mr. Peter Tan and Mr. Anders W L Lau (collectively the "IBC"). The IBC had thereafter sought separate legal advice in respect of the Purported Cancellation.

In response to a letter from the legal adviser of the IBC to Win Dynamic requesting for evidence to support its reason for the Purported Cancellation, Win Dynamic responded in its reply letter that its professional adviser had advised it not to provide to the Company any information relating to the Deed.

15. LITIGATION (*Continued*)

Deed and purported cancellation (*Continued*)

Realord was informed, amongst other things, that the Board (except for the Dissenting Directors) (i.e. the IBC) did not admit that the Purported Cancellation was valid or effective. In response to an email from the legal adviser of the IBC to the legal adviser of Realord requiring the proceeds received by Win Dynamic from its sale of shares of the Company to Realord to be paid to the Company and not Win Dynamic, the legal adviser of Realord responded, amongst other things, that Realord would conduct the Offer, including but not limited to the settlement of the cash consideration for the valid acceptances of the Offer, in accordance with the terms and conditions of the Offer and in compliance with the Code on Takeovers and Mergers.

On 12 May 2021, the Company was informed by the legal adviser of Realord that Realord had issued a writ of summons (the “Writ”) in the High Court of the Hong Kong Special Administrative Region (the “High Court”) against Win Dynamic on 10 May 2021 in relation to the Purported Cancellation (the “Action”). Realord claimed against Win Dynamic, among others, for an order of specific performance requiring Win Dynamic to forthwith pay the Company the net proceeds in respect of the Company’s shares tendered by Win Dynamic for acceptance of the Offer, after deducting the seller’s ad valorem stamp duty payable by it, amounted to approximately HK\$260,435,000 (the “WD Proceeds”).

Realord also applied to the High Court for an interlocutory injunction against Win Dynamic (the “Injunction Application”) on 11 May 2021 which was heard by the High Court on 14 May 2021. Upon hearing submissions from the parties, the High Court has adjourned the hearing of the Injunction Application to a date to be fixed for substantive argument, and the High Court has granted an interim-interim injunction, which shall remain in force pending the substantive determination of the Injunction Application, restraining Win Dynamic from, among others, (a) removing from Hong Kong any of its assets which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, up to the value of the WD Proceeds, or (b) in any way disposing of or dealing with or diminishing the value of any of its assets, which are within Hong Kong, whether in its own name or not, and whether solely or jointly owned, and whether or not Win Dynamic assets a beneficial interest in them up to the value of the WD Proceeds.

The Company on 16 July 2021 resolved that it was in the interest of the Company and its shareholders to commence legal proceedings against Win Dynamic in relation to the Purported Cancellation. At the initiation of Realord, the Company agreed to be joined as a party to the Action. By the consent of Realord and Win Dynamic, on 9 November 2021, the High Court ordered, amongst other things, Realord be given leave to (i) join the Company as the 2nd plaintiff and Mr. Philip Ma as the 2nd defendant in the Action, and (ii) amend the Writ and the statement of claim in relation to the Purported Cancellation.

On 15 November 2021, Realord and the Company amended the statement of claim against Win Dynamic and Mr. Philip Ma. The Company claimed against Win Dynamic and Mr. Philip Ma for, among others, (i) an order of specific performance of the Deed requiring Win Dynamic to forthwith pay the Company the WD Proceeds, or such other sum as the High Court may determine, and (ii) a declaration that the Deed is valid and binding, and Mr. Philip Ma had breached his contractual and/or fiduciary duties to the Company.

15. LITIGATION (*Continued*)

Deed and purported cancellation (*Continued*)

Win Dynamic and Mr. Philip Ma filed and served their Defence and Counterclaim in the Action on 18 January 2022 and 14 March 2022 respectively. Win Dynamic and Mr. Philip Ma averred, among others, that Realord and the Company were not entitled to any remedy against them. They further counterclaimed against Realord and the Company for, among others, a declaration that the Deed is null and void and/or unenforceable, or alternatively, that the Deed was lawfully rescinded, cancelled or revoked by Win Dynamic and is of no legal effect.

Further details were disclosed in the announcements of the Company dated 29 October 2020 and 4 February 2021, the offer document of Realord dated 5 May 2021 (the “Offer Document”) and the response document of the Company dated 20 May 2021 (the “Response Document”).

Realord and the Company filed and served their Reply and Defence to Win Dynamic’s Counterclaim on 10 May 2022, and their Reply and Defence to Mr. Philip Ma’s Counterclaim on 8 June 2022 respectively. Realord and the Company averred that the Deed is enforceable and cannot be legally revoked.

Realord and the Company filed and served their Re-Amended Statement of Claim on 14 November 2022. Realord and the Company averred that the Company is a joint promisee under the 2nd agreement together with Realord. The 2nd agreement of which the Deed is an integral part was intended to benefit the Company and consisted of an undertaking or promise on the part of Win Dynamic to benefit the Company, namely to vest the benefit of the WD Proceeds or an equivalent sum in the Company, which shall be used as its working capital after Realord becomes its controlling shareholder.

Win Dynamic filed and served its Amended Defence and Counterclaim and Mr. Philip Ma filed and served his Amended Defence and Counterclaim on 9 December 2022. Win Dynamic and Mr. Philip Ma averred that the alleged 2nd Agreement (even if existed) and the Deed are null and void or unenforceable. They further averred that neither Dr. Lin, who had no authority to act on behalf of the Company at the material time whether as alleged or at all, nor Mr. Philip Ma had agreed on behalf of the Company that the Company would apply the WD Proceeds as working capital after Realord becomes the controlling shareholder of the Company.

Realord and the Company filed and served their Amended Reply and Defence to the Counterclaim of Win Dynamic, and their Amended Reply and Defence to the Counterclaim of Mr. Philip Ma on 9 February 2023. Realord and the Company averred that Dr. Lin was acting on behalf of the Company in respect of a promise which would take effect after Realord becomes the Company’s controlling shareholder.

On 7 September 2023, Win Dynamic informed Realord that the WD Proceeds which was maintained with Citibank N.A. Hong Kong (“Citibank”) had been placed in its fixed deposit account on 31 July 2023.

15. LITIGATION (*Continued*)

Deed and purported cancellation (*Continued*)

On 22 February 2024, Win Dynamic applied to the High Court to further amend the injunction order made on 14 May 2021 as continued and varied by the order made on 6 April 2022 (the “Injunction Order”) thereby allowing the WD Proceeds to be placed in fixed deposit account to generate interest returns.

On 5 March 2024, Realord applied to the High Court for an order that Win Dynamic to disclose the current location of the WD Proceeds maintained with Citibank.

On 8 March 2024, the High Court granted leave to Win Dynamic that it is at liberty, with Realord’s written consent, to place the WD Proceeds maintained with Citibank in fixed deposit account, and further ordered Win Dynamic to disclose the current location of the WD Proceeds maintained with Citibank.

On 14 March 2024, Win Dynamic made disclosure pursuant to the High Court’s order made on 8 March 2024.

On 18 March 2024, the parties filed and exchanged their respective witness statements.

On 18 June 2024, Win Dynamic and Mr. Philip Ma applied to the High Court for leave to adduce expert evidence (“Expert Application”). Realord opposed to the Expert Application.

On 23 July 2024, Mr. Philip Ma filed a supplemental witness statement.

On 10 September 2024, Realord applied to the High Court for disclosure of Win Dynamic’s business expenses and legal expenses in respect of the WD Proceeds maintained with Morton Securities Limited (“Morton” and “WD-Morton Disclosure Application” respectively). Win Dynamic opposed to the WD-Morton Disclosure Application.

The Company and Realord filed supplemental witness statements on 11 November 2024, 20 December 2024 and 7 February 2025.

On 6 March 2025, Win Dynamic and Mr. Philip Ma filed a further supplemental witness statement.

On 14 April 2025, the parties are due to attend the High Court to argue on the Expert Application and the WD-Morton Disclosure Application substantively.

15. LITIGATION (*Continued*)

Deed and purported cancellation (*Continued*)

The date of trial has not been fixed.

During the period from 1 March 2021 to 31 December 2021, the Company sought legal advice in respect of this Action and was advised that (i) the Deed is enforceable, and (ii) the Company has legal and contractual rights over the WD Proceeds. Therefore, the WD Proceeds is initially recognised as “Gift receivable from Win Dynamic” under “Prepayments, deposits, other receivables and other assets” with an amount of HK\$150,001,000, being the fair value of the WD Proceeds which is determined based on a credit-adjusted effective interest rate of 9.66%, with a corresponding gift receivable from the then controlling shareholder of the Company recognised under “General and other reserves”.

During the years ended 31 December 2024 and 2023, the Company sought legal advices in respect of the recoverability of gift receivable from Win Dynamic.

As at 31 December 2024, the carrying amount of gift receivable from Win Dynamic amounted to HK\$191,847,000, net of ECL allowance of HK\$1,254,000 (2023: HK\$191,939,000, net of ECL allowance of HK\$1,111,000). During the year ended 31 December 2024, the Group has also recognised imputed interest income on gift receivable from Win Dynamic under “Other income and gains, net” of HK\$18,484,000 (2023: HK\$17,623,000) and loss on modification of gift receivable from Win Dynamic under “Non-operating expenses” of HK\$18,434,000 (2023: Nil).

RESULTS

The principal activities of the Group during FY2024 are the operation of department stores, securities trading and the provision of life insurances (FY2023: the operation of department stores, securities trading and the provision of general and life insurances).

Overall Financial Review

The consolidated revenue of the Group for FY2024 was approximately HK\$131.3 million, decreased by approximately HK\$14.8 million or 10.1% as compared to the year ended 31 December 2023 (“FY2023”). The net loss of the Group for FY2024 was approximately HK\$39.0 million, decreased by approximately HK\$12.6 million or 24.4% as compared to FY2023.

During FY2024, the consumer and retail market in Hong Kong remained sluggish, and had adversely affected the results of the department store operation of the Group. The gross profit recorded by the Group for FY2024 has decreased to approximately HK\$69.2 million (FY2023: approximately HK\$83.9 million). The impact of the drop in gross profit had been offset by the gain of approximately HK\$30.6 million (FY2023: nil) recorded by the Group from the disposal of a property (details of the property disposal have been disclosed in the circular of the Company dated 6 May 2024), and a decrease in finance costs of approximately HK\$3.8 million to approximately HK\$23.1 million. However, in view of the pending litigation against Win Dynamic and the extended procedures and time to hearing, there was a modification loss of gift receivable from Win Dynamic of approximately HK\$18.4 million recorded during 2024. Overall, the net loss of the Group for FY2024 has improved when compared with FY2023.

Revenue

During FY2024, the revenue of the Group was approximately HK\$131.3 million, decreased by approximately HK\$14.8 million or 10.1% as compared to approximately HK\$146.1 million in FY2023. The revenue was mainly contributed from the operation of department stores of approximately HK\$131.4 million (FY2023: approximately HK\$146.0 million). Detailed analysis are set out in the sections “Business Review” below.

Other income and gains, net

During FY2024, other income and gains, net was approximately HK\$50.1 million, increased by approximately HK\$31.4 million or 167.9% as compared to approximately HK\$18.7 million in FY2023. The increase in other income and gains, net was mainly attributable to the gain of disposal of a property of approximately HK\$30.6 million completed in July 2024.

Selling and distribution expenses

During FY2024, the selling and distribution expenses was approximately HK\$66.7 million, decreased by approximately HK\$2.4 million or 3.5% as compared to approximately HK\$69.1 million in FY2023. The selling and distribution expenses was mainly contributed from (i) the depreciation expenses of approximately HK\$31.7 million (FY2023: approximately HK\$34.7 million) and (ii) the employee benefit expenses of approximately HK\$17.6 million (FY2023: approximately HK\$17.9 million). The decrease in selling and distribution expenses of approximately HK\$2.4 million was mainly arising from the decrease in depreciation expenses of approximately HK\$3.0 million.

General and administrative expenses

During FY2024, the general and administrative expenses was approximately HK\$50.0 million (FY2023: approximately HK\$48.2 million), which was mainly attributable to the employee benefit expenses of approximately HK\$17.5 million (FY2023: approximately HK\$19.8 million) and various general and administrative expenses. The increase in general and administrative expenses of approximately HK\$1.8 million was mainly arising from the increase of trademark registration fee of approximately HK\$3.5 million and was partly offset by the decrease in employee benefit expenses of approximately HK\$2.3 million.

Non-operating expenses

During FY2024, non-operating expenses of approximately HK\$18.4 million represented the modification loss of gift receivable from Win Dynamic due to the extended procedures and time to hearing of the pending litigation against Win Dynamic.

During FY2023, non-operating expenses of approximately HK\$10.3 million represented the accrued settlement demands in relation to the claim from the former director. The demand was subsequent settled in FY2024. In the opinion of the Board, the High Court Proceedings brought by the former director has been fully finalised.

Finance costs

During FY2024, the finance costs of the Group was approximately HK\$23.1 million, decreased by approximately HK\$3.8 million or 14.1% as compared to approximately HK\$26.9 million in FY2023. The decrease was mainly attributable to the decrease in interest charges on bank borrowings, loan from the then immediate holding company, loan from a related company and lease liabilities of approximately HK\$2.2 million, HK\$0.6 million, HK\$0.5 million and HK\$0.4 million respectively.

Loss attributable to equity holders of the Company

During FY2024, the loss attributable to equity holders of the Company was approximately HK\$40.1 million (FY2023: approximately HK\$50.5 million), representing a decrease of approximately HK\$10.4 million or 20.6%. Financial review of each segment was further explained below.

BUSINESS REVIEW

DEPARTMENT STORE OPERATION

During FY2024, our department store operations recorded revenue of approximately HK\$131.4 million (FY2023: approximately HK\$146.0 million), represented a decrease by approximately 10.0% against FY2023. It was mainly attributable to the sluggish consumer and retail market in Hong Kong during FY2024. As a result, the overall segment loss increased to approximately HK\$39.3 million, representing an increase in loss of approximately HK\$13.4 million or 51.7% as compared to approximately HK\$25.9 million in FY2023.

The inventory level increased to approximately HK\$37.6 million as at 31 December 2024, representing an increase of approximately HK\$7.8 million or 26.2% as compared to approximately HK\$29.8 million as at 31 December 2023. As a result, a provision for inventories of approximately HK\$1.0 million (FY2023: reversal of provision for inventories of approximately HK\$1.4 million) was recognised in FY2024.

SECURITIES TRADING OPERATION

The Group recorded net realised loss on securities trading of approximately HK\$0.3 million for FY2024 (FY2023: approximately HK\$0.1 million). Dividend income was approximately HK\$0.1 million for FY2024 (FY2023: approximately HK\$0.5 million). Hence, a segment loss of approximately HK\$2.4 million (FY2023: approximately HK\$3.1 million) was resulted for FY2024. The Group holds these investments for trading. The Group would review and refine its investment portfolio regularly based on market conditions and its capital needs.

PROSPECTS

Looking ahead, the Group anticipates that the retail sector in Hong Kong will continue to be challenging amidst the sluggish consumer and retail market and the increased trend of online shopping behavior of customers in the 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.

With the support of Dr. Lin and Manureen Holdings, the Board is optimistic about the prospects of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had cash and bank balances, pledged bank balances and deposits of approximately HK\$22.2 million (31 December 2023: approximately HK\$104.0 million), of which approximately HK\$11.2 million (31 December 2023: approximately HK\$11.3 million) were pledged. As at 31 December 2024, the Group's gearing ratio, being the bank borrowings, other loans, lease liabilities and loan from a related company to net assets of approximately 195% (31 December 2023: approximately 304%).

The interest expense charged to the consolidated income statement for FY2024 was approximately HK\$23.1 million (FY2023: approximately HK\$26.9 million). The interest-bearing bank borrowings of the Group as of 31 December 2024 were approximately HK\$8.6 million (31 December 2023: approximately HK\$84.3 million), which were repayable within one year or on demand. As at 31 December 2024, the bank borrowings were in Hong Kong dollars, with interest rates of HIBOR plus 1% per annum (31 December 2023: HIBOR plus 1.5% per annum). All bank borrowings were secured against bank deposits. The current ratio was approximately 0.95 (31 December 2023: approximately 0.69).

As at 31 December 2024, the Group has utilised loan from a related company of approximately HK\$157.6 million (31 December 2023: approximately HK\$211.0 million).

As at 31 December 2024, the Group had net current liabilities of approximately HK\$4.2 million (31 December 2023: approximately HK\$79.7 million) and an equity attributable to the equity holders of the Company of approximately HK\$46.6 million (31 December 2023: approximately HK\$81.1 million). The Group's cash and bank balances amounted to approximately HK\$10.9 million (31 December 2023: approximately HK\$92.7 million) as at 31 December 2024.

Management closely monitors the Group's financial performance and liquidity position to assess the Group's ability to continue as a going concern. In view of these circumstances, the management has been continuously implementing measures to improve profitability, control operating costs and reduce capital expenditures in order to improve the Group's operating performance and alleviate its liquidity risk. These measures include (i) continuously remapping its marketing strategies and pricing policies, (ii) continuing its measures to control capital and operating expenditures, (iii) negotiating with its landlords for rental reductions, and (iv) identifying the opportunity in realisation of certain assets of the Group. Management believes that these measures will further improve the Group's operating profitability and the resulting cash flows.

The Group's products are partly imported from Europe and settled by Euro. Although the Group currently does not have a foreign currency hedging policy, the management will continue to monitor the foreign exchange exposure closely and will consider hedging if there is significant foreign currency exposure.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 199 employees (31 December 2023: 178), including part-time staff. The Group operates various remuneration schemes for sales and non-sales employees to motivate front-line and back-office staff towards achieving higher sales and operating efficiencies. Apart from basic salary and discretionary bonuses based on individual merit, sales personnel are further remunerated on the basis of goal-oriented packages, comprising several sales commission schemes. The Group also provides employee benefits such as defined benefit pension scheme, mandatory provident fund scheme, staff purchase discounts, subsidised medical care and training courses.

LITIGATION

Save as disclosed in notes 15 to this announcement, the Group do not have other material litigation.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

There was no purchase, sale or redemption of the Company's listed shares by the Company or any of its subsidiaries during FY2024.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of independent auditor's report issued by the Group's independent auditor:

“Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the Companies Ordinance.

Material uncertainty related to going concern

We draw attention to note 2.1 to the consolidated financial statements, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

CORPORATE GOVERNANCE PRACTICE

The Company's corporate governance practices are based on the principles as set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules.

During FY2024, the Company has complied with the Code Provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix C3 of the Listing Rules as the code governing the transactions of securities by the directors. After making specific enquiry to all directors, it is confirmed that all directors of the Company had complied with the relevant standard as provided in the Model Code throughout FY2024.

AUDIT COMMITTEE AND REVIEW OF FINAL RESULTS

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, and the related notes thereto for the year ended 31 December 2024 as set out in this announcement have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by the Company's auditors in this respect did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Grant Thornton Hong Kong Limited on this announcement.

The Company has established the Audit Committee with written terms of reference in accordance with the Listing Rules. The Audit Committee comprises three members, whom are independent non-executive Directors, namely Mr. Yu Leung Fai, Mr. Chung Chun Hung Simon and Mr. Lin Lin. The Audit Committee is chaired by Mr. Yu Leung Fai. The Audit Committee has reviewed with the management about the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters of the Group. The Audit Committee has also reviewed the consolidated financial statements of the Group for the year ended 31 December 2024.

DIVIDENDS

The Board does not recommend the payment of any dividend in respect of FY2024.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (“AGM”) will be held on Friday, 6 June 2025, and the notice of the AGM will be published and dispatched in the manner as required by the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM to be held on Friday, 6 June 2025, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June, 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company’s registrar Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Monday, 2 June 2025.

PUBLICATION OF THE FINAL RESULTS AND 2024 ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sincere.com.hk), and the 2024 annual report containing all the information required by the Listing Rules will be despatched to the shareholders and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Board, I would like to express its sincere gratitude to all our staff for their dedication and contribution, as well as to all our customers, suppliers, business associates and shareholders for their continuous support to the Group throughout the year.

By order of the Board
Lin Xiaohui
Chairman

Hong Kong, 31 March 2025

As at the date of this announcement, the executive Directors are Dr. Lin Xiaohui, Madam Su Jiaohua, and Dr. Yu Lai, the non-executive Director is Dr. Tai Tak Fung, and the independent non-executive Directors are Mr. Yu Leung Fai, Mr. Chung Chun Hung Simon and Mr. Lin Lin.