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The Sincere Company, Limited

Stock code: 244

2025
INTERIM
REPORT



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dr. LIN Xiaohui (*Chairman*)

Madam SU Jiaohua (*CEO*)

Dr. YU Lai

Non-executive Director

Dr. TAI Tak Fung

Independent Non-executive Directors

Mr. YU Leung Fai

Mr. CHUNG Chun Hung Simon

Mr. LIN Lin

AUDIT COMMITTEE

Mr. YU Leung Fai (*Chairman*)

Mr. CHUNG Chun Hung Simon

Mr. LIN Lin

REMUNERATION COMMITTEE

Mr. LIN Lin (*Chairman*)

Mr. YU Leung Fai

Mr. CHUNG Chun Hung Simon

NOMINATION COMMITTEE

Mr. CHUNG Chun Hung Simon (*Chairman*)

Madam SU Jiaohua

Mr. YU Leung Fai

Mr. LIN Lin

EXECUTIVE COMMITTEE

Dr. LIN Xiaohui (*Chairman*)

Madam SU Jiaohua

Dr. YU Lai

COMPANY SECRETARY

Mr. IP Ho Wing

LEGAL ADVISERS

CLKW Lawyers LLP

(in association with Michael Li & Co.)

Debevoise & Plimpton

Holman Fenwick Willan

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited

11th Floor, Lee Garden Two,

28 Yun Ping Road,

Causeway Bay, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited

Bank of China (Hong Kong) Limited

SHARE REGISTRAR & TRANSFER OFFICE

Tricor Investor Services Limited

17/F, Far East Finance Centre,

16 Harcourt Road, Hong Kong

REGISTERED OFFICE

Suite 2411, 24/F, Jardine House,

1 Connaught Place,

Central, Hong Kong

STOCK CODE

244

WEBSITE

www.sincere.com.hk

INTERIM RESULTS

The Board of Directors (the "Board") of The Sincere Company, Limited (the "Company") is pleased to present the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2025, together with the comparative figures for the six months ended 30 June 2024 and as at 31 December 2024 and the relevant explanatory notes as set out below. The condensed consolidated results are unaudited, but have been reviewed by the audit committee of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

for the six months ended 30 June 2025

		Six months ended 30 June	
	Notes	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue	5(a)	64,308	65,050
Cost of sales		(33,904)	(29,116)
Other income and gains, net	5(b)	10,180	10,368
Net unrealised loss on securities trading		(669)	(122)
Selling and distribution expenses		(34,155)	(33,476)
General and administrative expenses		(24,126)	(25,091)
Other operating expenses, net		(23)	–
Finance costs	6	(8,073)	(14,275)
Loss before income tax	7	(26,462)	(26,662)
Income tax expense	8	(6)	–
Loss for the period		(26,468)	(26,662)
Attributable to:			
Equity holders of the Company		(26,684)	(27,260)
Non-controlling interests		216	598
		(26,468)	(26,662)
Loss per share attributable to equity holders of the Company			
Basic and diluted	9	HK\$(0.02)	HK\$(0.02)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss for the period	(26,468)	(26,662)
Other comprehensive income		
<i>Item that may be reclassified subsequently to the consolidated income statement:</i>		
Exchange differences arising on translation of foreign operations	45	5
<i>Items that will not be reclassified subsequently to the consolidated income statement:</i>		
Surplus of revaluation of leasehold land and owned buildings	–	1,883
Total comprehensive loss for the period	(26,423)	(24,774)
Attributable to:		
Equity holders of the Company	(25,853)	(25,415)
Non-controlling interests	(570)	641
	(26,423)	(24,774)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2025

	Notes	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	11	20,947	16,083
Equity investments at fair value through other comprehensive income ("FVTOCI")		6,165	6,165
Prepayments, deposits, other receivables and other assets	12	224,255	218,630
Pension scheme assets		25,758	25,758
		277,125	266,636
Current assets			
Inventories		32,023	37,619
Prepayments, deposits, other receivables and other assets	12	20,867	16,678
Financial assets at fair value through profit or loss ("FVTPL")		178	846
Pledged bank balances and deposits	15(a)	11,103	11,216
Cash and bank balances		8,926	10,947
		73,097	77,306
Current liabilities			
Creditors	13	40,310	41,392
Lease liabilities	14	9,597	7,319
Insurance contracts liabilities		465	465
Deposits, accrued expenses and other payables		28,724	22,179
Contract liabilities		1,014	1,418
Bank borrowings	15(a)	8,834	8,572
Loans from related companies	15(c)	179,608	—
Long service payment obligations		162	162
Tax payable		36	29
		268,750	81,536
Net current liabilities		(195,653)	(4,230)
Total assets less current liabilities		81,472	262,406

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

as at 30 June 2025

	Notes	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Non-current liabilities			
Deposits, accrued expenses and other payables		4,578	3,790
Other loans	15(b)	576	570
Loans from related companies	15(c)	–	157,553
Lease liabilities	14	8,572	6,324
Long service payment obligations		1,779	1,779
		15,505	170,016
Net assets		65,967	92,390
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	16	469,977	469,977
Deficits		(449,240)	(423,387)
		20,737	46,590
Non-controlling interests		45,230	45,800
Total equity		65,967	92,390

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2025

	Attributable to equity holders of the Company							Total equity HK\$'000
	Share capital HK\$'000	Reserves/(Deficits)					Non-controlling interests HK\$'000	
		General and other reserves HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total (deficits)/reserves HK\$'000		
As at 1 January 2025 (audited)	469,977	331,830	-	(9,194)	(746,023)	(423,387)	45,800	92,390
Loss for the period	-	-	-	-	(26,684)	(26,684)	216	(26,468)
Other comprehensive (loss)/income for the period:								
Exchange differences arising on translation of foreign operations	-	831	-	-	-	831	(786)	45
Total comprehensive (loss)/income for the period	-	831	-	-	(26,684)	(25,853)	(570)	(26,423)
As at 30 June 2025 (unaudited)	469,977	332,661	-	(9,194)	(772,707)	(449,240)	45,230	65,967

	Attributable to equity holders of the Company							
		Reserves/(Deficits)						
	Share capital HK\$'000	General and other reserves HK\$'000	Asset revaluation reserve HK\$'000	Investment revaluation reserve HK\$'000	Accumulated losses HK\$'000	Total (deficits)/ reserves HK\$'000	Non-controlling interests HK\$'000	Total equity HK\$'000
As at 1 January 2024 (audited)	469,977	331,818	183,720	(11,232)	(893,158)	(388,852)	44,419	125,544
Loss for the period	-	-	-	-	(27,260)	(27,260)	598	(26,662)
Other comprehensive (loss)/income for the period:								
Exchange differences arising on translation of foreign operations	-	(38)	-	-	-	(38)	43	5
Surplus on revaluation of leasehold land and owned building	-	-	1,883	-	-	1,883	-	1,883
Total comprehensive (loss)/income for the period	-	(38)	1,883	-	(27,260)	(25,415)	641	(24,774)
As at 30 June 2024 (unaudited)	469,977	331,780	185,603	(11,232)	(920,418)	(414,267)	45,060	100,770

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	(14,259)	(2,373)
Cash flows from investing activities		
Additions of owned assets in property, plant and equipment	(1,397)	(125)
Decrease in pledged bank balances and deposits	113	10,092
Proceeds from disposal of property, plant and equipment	17	–
<i>Net cash (used in)/generated from investing activities</i>	(1,267)	9,967
Cash flows from financing activities		
Proceeds from bank borrowings	18,884	81,000
Repayments of bank borrowings	(18,622)	(81,397)
Repayments of other loans	–	(2,292)
Proceeds from loan from related companies	22,055	22,400
Repayments of loan from a related company	–	(91,960)
Principal portion of lease payments	(8,812)	(14,851)
<i>Net cash generated from/(used in) financing activities</i>	13,505	(87,100)
Net decrease in cash and cash equivalents	(2,021)	(79,506)
Cash and cash equivalents at the beginning of the period	10,947	92,694
Cash and cash equivalents at the end of the period	8,926	13,188

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2025

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Suite 2411, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong. The principal activities of the Group have not changed during the period and mainly consisted of the operation of department stores, securities trading and the provision of life insurances.

In the opinion of the directors of the Company, as at 30 June 2025, Manureen Holdings Limited ("Manureen Holdings"), a company incorporated in the British Virgin Islands ("BVI") with limited liability, is the immediate holding company of the Company. 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.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

The condensed consolidated interim financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand ("HK\$'000") except when otherwise indicated.

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024. The accounting policies and significant accounting judgments and estimates used in the preparation of the condensed consolidated interim financial statements are consistent with those applied in the Group's annual consolidated financial statements, except for the adoption of amended HKFRS Accounting Standards as disclosed in note 3.

2. BASIS OF PREPARATION (CONTINUED)

The financial information relating to the year ended 31 December 2024 that is included in the condensed consolidated statement of financial position as comparative information does not constitute the Company's statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with Section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2024 to the Registrar of Companies as required by Section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company's auditor has reported on those financial statements. The auditor's report was unqualified; included a reference to a matter to which the auditor drew attention by way of emphasis without qualifying its report in relation to a material uncertainty about going concern; and did not contain a statement under Sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

Going concern basis

During the six months ended 30 June 2025, the Group recorded a net loss of HK\$26,468,000. The Group's operations are financed by bank and other borrowings, loan from a related company and internal resources. As at 30 June 2025, the Group had net current liabilities of HK\$195,653,000. The Group's cash and bank balances amounting to HK\$8,926,000 as at 30 June 2025.

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 30 June 2025, the Group had unutilised trade financing banking facilities of HK\$730,000. 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 12 months from 30 June 2025.

2. BASIS OF PREPARATION (CONTINUED)

Going concern basis (Continued)

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 30 June 2025, the Group had unutilised loan facility of HK\$80,392,000.

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 30 June 2025. Management's projections make 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 the loans from related parties.

The directors of the Company, 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 the 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 condensed consolidated interim financial statements.

3. ADOPTION OF NEW AND AMENDED HKFRS ACCOUNTING STANDARDS

Amended HKFRS Accounting Standards that are effective for annual period beginning on 1 January 2025

The condensed consolidated interim financial statements for the six months ended 30 June 2025 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2024, except for the adoption of the Amendments to HKAS 21 "Lack of Exchangeability" which are effective as of 1 January 2025.

The amendments to HKAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. Besides, the amendments also require an entity to disclose additional information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity's financial performance, financial position and cash flows.

The amendments did not have a material impact on the condensed consolidated interim financial statements of the Group.

Issued but not yet effective HKFRS Accounting Standards

At the date of authorisation of these condensed consolidated interim financial statements, certain new and amended HKFRS Accounting Standards have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ¹
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 ²

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

² Effective for annual periods beginning on or after 1 January 2027

³ Effective date not yet determined

The directors of the Company 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 HKFRS Accounting Standards are not expected to have a material impact on the Group's condensed consolidated interim financial statements.

4. 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 operations segment consists of the operations 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 sublease 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 resources 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 case of rental income and income from the provision of warehouse services, at an agreed rate.

4. SEGMENT INFORMATION (CONTINUED)

(a) Operating segments

The following table presents revenue and loss for the Group's operating segments for the six months ended 30 June 2025 and 30 June 2024.

	Department store operations		Securities trading		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Segment revenue and results										
Segment revenue:										
Sales to external customers	64,204	65,279	-	(329)	104	100	-	-	64,308	65,050
Inter-segment sales	-	-	-	-	15,047	15,959	(15,047)	(15,959)	-	-
Other income and gains, net	59	14	376	72	156	676	-	-	591	762
Total	64,263	65,293	376	(257)	15,307	16,735	(15,047)	(15,959)	64,899	65,812
Segment results	(23,709)	(17,309)	(1,253)	(1,340)	(3,415)	(3,628)	-	-	(28,377)	(22,277)
Interest income and unallocated other income and gains, net									9,589	9,606
Expected credit loss ("ECL") allowance on other receivables									(632)	(626)
Finance costs (other than interest on lease liabilities)									(7,042)	(13,365)
Loss before income tax									(26,462)	(26,662)
Income tax expense									(6)	-
Loss for the period									(26,468)	(26,662)

The following table presents certain assets and liabilities for the Group's operating segments as at 30 June 2025 and 31 December 2024.

	Department store operations		Securities trading		Others		Eliminations		Total	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)	(unaudited)	(audited)
Segment assets and liabilities										
Segment assets	117,305	116,979	6,967	7,636	20,326	36,165	(15,047)	(30,848)	129,551	129,932
Unallocated assets									220,671	214,010
Total assets									350,222	343,942
Segment liabilities	103,855	109,563	1,032	948	5,395	5,194	(15,047)	(30,848)	95,235	84,857
Unallocated liabilities									189,020	166,695
Total liabilities									284,255	251,552

4. SEGMENT INFORMATION (CONTINUED)

(b) Geographical information

The following table presents revenue for the Group's geographical information for the six months ended 30 June 2025 and 30 June 2024.

	Hong Kong		United Kingdom		Others		Total	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Segment revenue:								
Sales to external customers	64,204	64,949	104	101	–	–	64,308	65,050

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

	Six months ended 30 June	
	2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Revenue from contracts with customers:		
Sale of goods – own goods	51,460	48,944
Income from counter and consignment sale	12,744	16,335
Revenue from other sources:		
Net realised loss on securities trading	–	(330)
Rental income	104	101
	64,308	65,050

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.

5. REVENUE, OTHER INCOME AND GAINS, NET (CONTINUED)

(a) Revenue (Continued)

Revenue from contracts with customers (Continued)

(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.

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 standalone selling price. The transaction price of HK\$1,014,000 (As at 30 June 2024: HK\$1,202,000) was allocated to the remaining performance obligations as at 30 June 2025 which are expected to be recognised as revenue within one year.

(b) Other income and gains, net

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Bank interest income	194	156
Imputed interest income on gift receivable from Win Dynamic (note 20)	9,426	9,424
Dividends from financial assets at FVTPL	376	72
Foreign exchange (losses)/gains, net	(31)	26
Others	215	690
	10,180	10,368

6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Interest charges on:		
Bank borrowings	179	2,584
Lease liabilities (note 14)	1,031	910
Other loans	6	23
Loans from related companies	6,857	10,758
	8,073	14,275

7. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Employee benefit expenses, excluding directors' and chief executive's remunerations		
– Wages and salaries	18,008	16,251
– Pension contributions	660	597
	18,668	16,848
Depreciation	9,831	16,670
Provision for inventories	389	580
ECL allowance on other receivables	632	626
Other charges in respect of rental premises	17,214	9,472

8. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax had been made as there were no assessable profits arising in Hong Kong for the periods. During the six months ended 30 June 2025 and 30 June 2024, taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the locations in which the Group operates.

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Current charge for the period		
– Hong Kong	–	–
– Elsewhere	6	–
	6	–

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

The calculation of the basic loss per share for the six months ended 30 June 2025 is based on the loss for the period attributable to equity holders of the Company of HK\$26,684,000 (2024: HK\$27,260,000) and the weighted average number of ordinary shares of 1,313,962,560 (2024: 1,313,962,560) in issue throughout the period.

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 six months ended 30 June 2025 and 30 June 2024.

10. DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025 (2024: Nil).

11. PROPERTY, PLANT AND EQUIPMENT

	Owne d assets HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
Net carrying amount as at 1 January 2025 (audited)	1,764	14,319	16,083
Additions	1,397	274	1,671
Modification of leases	–	13,064	13,064
Depreciation for the period	(567)	(9,264)	(9,831)
Disposal	(38)	–	(38)
Written off	(2)	–	(2)
Net carrying amount as at 30 June 2025 (unaudited)	2,554	18,393	20,947

12. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Gift receivable from Win Dynamic (note 20)	202,527	193,101
Prepayments, deposits and other receivables	40,060	39,040
Other assets	4,421	4,421
ECL allowance (note 20)	(1,886)	(1,254)
	245,122	235,308
Less: amount classified as current portion	(20,867)	(16,678)
Amount classified as non-current portion	224,255	218,630

Included in prepayments, deposits, other receivables and other assets are mainly gift receivable from Win Dynamic of HK\$202,527,000 (As at 31 December 2024: HK\$193,101,000), rental deposits of HK\$28,941,000 (As at 31 December 2024: HK\$29,395,000), amounts due from credit card companies related to sales settled by customers using credit cards of HK\$1,052,000 (As at 31 December 2024: HK\$803,000) and prepaid deposit of loan from a related company of HK\$6,119,000 (As at 31 December 2024: HK\$6,119,000) as at 30 June 2025.

The ageing of the amounts due from credit card companies at the end of the reporting period, based on the invoice date, is within one month.

13. CREDITORS

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Current – 3 months	30,394	38,083
4 – 6 months	7,794	1,195
7 – 12 months	109	55
Over 1 year	2,013	2,059
	40,310	41,392

14. LEASES

The Group as a lessee

The Group has lease contracts for stores and warehouse used in its operations. Leases of stores and warehouse generally have lease terms between 1 and 3 years. There are several lease contracts that include extension and termination options and variable lease payments.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the period are disclosed in note 11 to the condensed consolidated interim financial statements.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the period/year are as follows:

	Period from 1 January to 30 June 2025 HK\$'000 (unaudited)	Year ended 31 December 2024 HK\$'000 (audited)
At the beginning of the period/year	13,643	11,913
Accretion of interest recognised during the period/year (note 6)	1,031	1,609
Payments	(9,843)	(31,997)
Additions	274	9,389
Modification of leases (Note 11)	13,064	22,729
At the end of the period/year	18,169	13,643
Analysed into:		
Within one year	9,597	7,319
In the second to fifth years, inclusive	8,572	6,324
Carrying amount at the end of period/year	18,169	13,643
Less: current portion	(9,597)	(7,319)
Non-current portion	8,572	6,324

15. BANK BORROWINGS, OTHER LOANS AND LOANS FROM RELATED COMPANIES

(a) Bank borrowings

	As at 30 June 2025			As at 31 December 2024		
	Effective interest rate %	Maturity	HK\$'000 (unaudited)	Effective interest rate %	Maturity	HK\$'000 (audited)
Secured bank borrowings	Hong Kong Interbank Offered Rate ("HIBOR") + 1.0	2025	8,834	HIBOR + 1.0	2025	8,572
Analysed into:						
Within one year or on demand						
				As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)	
				8,834	8,572	

As at 30 June 2025, the Group's bank borrowings and banking facilities are secured by the pledge of the Group's bank balances and time deposit of HK\$11,103,000 (As at 31 December 2024: HK\$11,216,000).

15. BANK BORROWINGS, OTHER LOANS AND LOANS FROM RELATED COMPANIES (CONTINUED)

(b) Other loans

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Other loans	576	570

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Analysed into:		
In the second year	576	570

The other loans are unsecured, bear interest at 2% (As at 31 December 2024: 2%) per annum and is not repayable in the next 12 months after the end of the reporting period.

(c) Loans from related companies

The loan from a related company, Realord Group Holdings Limited ("Realord"), was unsecured, bears interest at 8.2% per annum and was fully settled during the year ended 31 December 2024.

The loan from a related company, in which Dr. Lin and Madam Su own 70% and 30% equity interests respectively is unsecured, bears interest at HIBOR plus 5% per annum and is repayable on 20 March 2026.

16. SHARE CAPITAL

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Issued and fully paid:		
1,313,962,560 ordinary shares	469,977	469,977

There was no movement in the Company's share capital for the six months ended 30 June 2025.

17. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions disclosed elsewhere in these condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the period:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Professional fee to fellow subsidiaries (note (ii))	–	993
Interest expense on loans from related companies (note (iii))	6,857	10,758
Handling fee to a related company (note (iii))	1,050	1,163
Expenses to a related company (note (iv))	1,281	1,507
Sale of goods to a related company (note (v))	70	430
Sale of commissions from a related company (note (vi))	282	394

Notes:

- (i) The professional fee to fellow subsidiaries were for the provision of printing, conferences and finance advisory services to the Group.
- (ii) The interest expenses were charged in accordance with contractual terms with the related companies. Details of which are set out in notes 15(c) to the condensed consolidated interim financial statements.
- (iii) Handling fee related to the loan from a related company was charged in accordance with contractual terms with a related company. Details of the loan are set out in note 15(c) to the condensed consolidated interim financial statements.
- (iv) The expenses were charged by a related company for sharing of office location based on the occupancy area.
- (v) The sale of goods was charged in accordance with contractual terms with a related company.
- (vi) Sales commissions was charged in accordance with contractual terms with a related company controlled by a director of the Company.

As at 30 June 2025, outstanding professional fee to fellow subsidiaries included in deposits, accrued expenses and other payables was HK\$Nil (As at 31 December 2024: HK\$6,000).

17. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel of the Group:

	Six months ended 30 June 2025 HK\$'000 (unaudited)	2024 HK\$'000 (unaudited)
Short term employee benefits	342	342
Pension contributions	–	–
	342	342

18. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant observable inputs (Level 3) HK\$'000	Total HK\$'000
As at 30 June 2025 (unaudited)				
Equity investments at FVTOCI	–	–	6,165	6,165
Financial assets at FVTPL	–	178	–	178
Other assets	–	2,000	–	2,000
	–	2,178	6,165	8,343
As at 31 December 2024 (audited)				
Equity investments at FVTOCI	–	–	6,165	6,165
Financial assets at FVTPL	–	846	–	846
Other assets	–	2,000	–	2,000
	–	2,846	6,165	9,011

18. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Assets measured at fair value (Continued)

During the six months ended 30 June 2025 and the year ended 31 December 2024, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The fair value of financial assets at FVTPL and other assets categorised under Level 2 fair value measurement is determined based on the quoted prices from the fund managers or the clubs, respectively.

The Group did not have any financial liabilities measured at fair value under Level 3 as at 30 June 2025 and 31 December 2024. As at 30 June 2025 and 31 December 2024, management used the following valuation technique and key input for the valuations of financial assets measured at fair value under Level 3.

Information about Level 3 fair value measurements

Financial instrument	Valuation technique	Significant unobservable input
Equity investment at FVTOCI	Market approach	Discount for lack of marketability of 20.4% (As at 31 December 2024: 20.4%)

The fair value of equity instruments at FVTOCI is determined using market approach adjusted for lack of marketability discount. The fair value is negatively correlated to the discount for lack of marketability.

At 30 June 2025 and 31 December 2024, it is estimated that an increase/(decrease) of 3% in the unobservable inputs, with all other variables held constant, would have (decreased)/increased the Group's other comprehensive income as follows:

	Increase/ (Decrease) in unobservable inputs %	(Decrease)/ Increase in other comprehensive income HK\$'000
As at 30 June 2025 and 31 December 2024		
Discount for lack of marketability	3 (3)	(201) 201

18. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (CONTINUED)

Information about Level 3 fair value measurements (Continued)

The movement during the period/year in the balance of Level 3 fair value measurements is as follows:

	Period from 1 January 2025 to 30 June 2025 HK\$'000 (unaudited)	Year ended 31 December 2024 HK\$'000 (audited)
Equity investments at FVTOCI		
At the beginning of the period/year	6,165	4,127
Change in fair value recognised in other comprehensive income	–	2,038
At the end of the period/year	6,165	6,165

19. OUTSTANDING COMMITMENTS AND CONTINGENT LIABILITIES

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

	As at 30 June 2025 HK\$'000 (unaudited)	As at 31 December 2024 HK\$'000 (audited)
Irrevocable letters of credit	1,536	1,581

20. 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.

20. LITIGATION (CONTINUED)

Deed and purported cancellation (Continued)

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 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 is not to provide to the Company any information relating to the Deed.

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").

20. LITIGATION (CONTINUED)

Deed and purported cancellation (Continued)

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.

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.

20. LITIGATION (CONTINUED)

Deed and purported cancellation (Continued)

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 shareholders 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.

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.

20. LITIGATION (CONTINUED)

Deed and purported cancellation (Continued)

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. On 16 May 2025, the High Court dismissed the said two applications.

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 litigation 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".

As at 30 June 2025, the carrying amount of gift receivable from Win Dynamic amounted to HK\$200,641,000, net of ECL allowance of HK\$1,886,000 (As at 31 December 2024: HK\$191,847,000, net of ECL allowance of HK\$1,254,000). During the period ended 30 June 2025, the Group has also recognised imputed interest income on gift receivable from Win Dynamic under "Other income and gains, net" of HK\$9,426,000 (30 June 2024: HK\$9,424,000).

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIM RESULTS

The principal activities of the Group during the period under review are the operation of department stores, securities trading and the provision of life insurances.

Overall Finance Review

The consolidated revenue of the Group for the period from 1 January 2025 to 30 June 2025 ("1H2025") was approximately HK\$64.3 million, decreased by approximately HK\$0.8 million or 1.2% as compared to approximately HK\$65.1 million for the period from 1 January 2024 to 30 June 2024 ("1H2024"). The net loss of the Group for 1H2025 was approximately HK\$26.5 million, decreased by approximately HK\$0.2 million or 0.7% as compared to approximately HK\$26.7 million for 1H2024.

During 1H2025, the consumer and retail market in Hong Kong remained sluggish, and had adversely affected the results of the department store operation of the Group. In response to this challenging situation, we implemented extended sales promotion campaigns and price cutting, which led to a decrease in gross profit for 1H2025. The generally stagnant market sentiment further impacted the results of the Group for 1H2025. The gross profit recorded by the Group for 1H2025 was approximately HK\$30.4 million, decreased by approximately HK\$5.5 million or 15.3% as compared to approximately HK\$35.9 million for 1H2024. The drop in gross profit was offset by a reduction in finance costs of approximately HK\$6.2 million. Overall, the net loss of the Group for 1H2025 was decreased when compared with 1H2024.

Revenue

During 1H2025, the revenue of the Group was approximately HK\$64.3 million, decreased by approximately HK\$0.8 million or 1.2% as compared to approximately HK\$65.1 million in 1H2024. The revenue was mainly contributed from the operation of department stores of approximately HK\$64.2 million (1H2024: approximately HK\$65.3 million). Detailed analysis are set out in the sections "Business Review" below.

Other income and gains, net

During 1H2025, the other income and gains, net of the Group was approximately HK\$10.2 million, decreased by approximately HK\$0.2 million or 1.9% as compared to approximately HK\$10.4 million in 1H2024. The other income and gains, net was mainly contributed from the imputed interest on gift receivable from Win Dynamic of approximately HK\$9.4 million (1H2024: approximately HK\$9.4 million).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Selling and distribution expenses

During 1H2025, the selling and distribution expenses of the Group was approximately HK\$34.2 million, increased by approximately HK\$0.7 million or 2.1% as compared to approximately HK\$33.5 million for 1H2024. The selling and distribution expenses was mainly contributed from (i) the depreciation expenses of approximately HK\$8.1 million (1H2024: approximately HK\$16.4 million); (ii) the short-term lease expenses and other occupancy costs of approximately HK\$15.5 million (1H2024: approximately HK\$7.4 million), and (iii) the employee benefit expenses of approximately HK\$9.4 million (1H2024: approximately HK\$8.3 million). The increase in the selling and distribution expenses of approximately HK\$0.7 million was mainly arising from the increase in employee benefit expenses of approximately HK\$1.1 million.

General and administrative expenses

During 1H2025, the general and administrative expenses of the Group was approximately HK\$24.1 million, decreased by approximately HK\$1.0 million or 4.0% as compared to approximately HK\$25.1 million for 1H2024. The general and administrative expenses was mainly contributed from the employee benefit expenses of approximately HK\$9.3 million (1H2024: approximately HK\$8.5 million) and various general and administrative expenses. The decrease in the general and administrative expenses of approximately HK\$1.0 million was mainly arising from the absence of trademark registration fee for 1H2025 (1H2024: approximately HK\$2.3 million), which was partly offset by the increase of depreciation expenses related to the leasing of warehouses of approximately HK\$1.5 million.

Finance costs

During 1H2025, the finance costs of the Group was approximately HK\$8.1 million, decreased by approximately HK\$6.2 million or 43.4% as compared to approximately HK\$14.3 million for 1H2024. The decrease was mainly attributable to the decrease in interest charges on bank borrowings and loans from the related companies of approximately HK\$2.4 million and HK\$3.9 million respectively.

Loss attributable to equity holders of the Company

During 1H2025, the loss attributable to equity holders of the Company was approximately HK\$26.7 million (1H2024: approximately HK\$27.3 million), representing a decrease of approximately HK\$0.6 million or 2.2%. Financial review of each segment was further explained below.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

BUSINESS REVIEW

Department Store Operations

During 1H2025, our department store operations recorded revenue of approximately HK\$64.2 million (1H2024: approximately HK\$65.3 million), represented a decrease by approximately 1.7% against 1H2024. The decline was primarily attributable to the sluggish consumer and retail market in Hong Kong, which led to the extended sales promotion campaigns and price cutting. The generally stagnant market sentiment further impacted the results of the Group for 1H2025. As a result, the overall segment loss increased to approximately HK\$23.7 million, representing an increase in loss of approximately HK\$6.4 million or 37.0% as compared to approximately HK\$17.3 million for 1H2024.

To maintain a healthy inventory level, the clearance of out-of-season inventories continued to be our major goal during 1H2025. As a result, the inventory level decreased to approximately HK\$32.0 million as at 30 June 2025, representing a decrease of approximately HK\$5.6 million or 14.9% as compared to approximately HK\$37.6 million as at 31 December 2024.

Securities Trading

During 1H2025, the Group recorded net realised loss on securities trading of approximately HK\$Nil (1H2024: approximately HK\$0.3 million) and net unrealised loss of approximately HK\$0.7 million (1H2024: approximately HK\$0.1 million). Dividend income increased from approximately HK\$70,000 in 1H2024 to approximately HK\$0.4 million in 1H2025. Hence, a segment loss of approximately HK\$1.3 million (1H2024: approximately HK\$1.3 million) was resulted. 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group had cash and bank balances, pledged bank balances and pledged deposits with banks of approximately HK\$20.0 million (31 December 2024: approximately HK\$22.2 million), of which approximately HK\$11.1 million (31 December 2024: approximately HK\$11.2 million) were pledged. The unpledged cash and bank balances amounted to approximately HK\$8.9 million (31 December 2024: approximately HK\$10.9 million).

As of 30 June 2025, the interest-bearing bank borrowings of the Group were approximately HK\$8.8 million (31 December 2024: approximately HK\$8.6 million), which were repayable within one year or on demand. As at 30 June 2025, the bank borrowings were in Hong Kong dollars, with interest rates of HIBOR plus 1% per annum (31 December 2024: HIBOR plus 1% per annum). All bank borrowings were secured against bank deposits.

As at 30 June 2025, the Group has utilised the loan from a related company of approximately HK\$179.6 million (31 December 2024: approximately HK\$157.6 million).

The interest expense charged to the condensed consolidated income statement for 1H2025 was approximately HK\$8.1 million (1H2024: approximately HK\$14.3 million).

As at 30 June 2025, the Group had net current liabilities of approximately HK\$195.7 million (31 December 2024: approximately HK\$4.2 million) and an equity attributable to the equity holders of the Company of approximately HK\$20.7 million (31 December 2024: approximately HK\$46.6 million).

As at 30 June 2025, the Group's current ratio was approximately 0.27 (31 December 2024: approximately 0.95), while the gearing ratio, being the bank borrowings, other loans, lease liabilities and loan from a related company to net assets, was approximately 314% (31 December 2024: approximately 195%).

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.

OTHER INFORMATION

EMPLOYEES AND REMUNERATION POLICIES

At 30 June 2025, the Group had 191 employees (31 December 2024: 199) 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.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the 1H2025.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2025, so far as is known to the directors, the following persons (not being a director or chief executive of the Company) had interest in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the Securities and Future Ordinance (the "SFO") were as follow:

Long position in the shares

Name	Capacity	Nature of interest	Number of Shares	Approximate % of Shares in issue
Manureen Holdings Limited ("Manureen Holdings")	Beneficial Owner	Corporate	985,471,362 (Note)	75.00

Note:

There is a duplication of interests of 985,471,362 shares amongst Manureen Holdings, Dr. Lin and Madam Su. As at 30 June 2025, Manureen Holdings was the legal and beneficial owner of 985,471,362 shares of the Company, representing approximately 75.00% of the issued share capital of the Company. Each of Madam Su and Dr. Lin owns 30% and 70% equity interest in Manureen Holdings, which Dr. Lin is deemed to be interested in 985,471,362 shares by virtue of interest of controlled corporation and Madam Su is deemed to be interested in the same block of shares as the spouse of Dr. Lin.

OTHER INFORMATION (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 30 June 2025, the interests and short positions 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 shares of the Company 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 of Hong Kong (the "Stock Exchange") pursuant to the Mode Code for Securities Transaction by Directors of Listed Issuers in the Listing Rules (the "Model Code"), were as follows:

(a) Long position in Shares

Name of director	Capacity	Personal interests	Corporate interests	S. 317 Agreement interests	Total interests	Approximate % of shares in issue
Dr. Lin Xiaohui ("Dr. Lin")	Interest of controlled corporation	Nil	985,471,362 (Note 1)	Nil	985,471,362 (Note 1)	75.00
Madam Su Jiaohua ("Madam Su")	Spousal interest	Nil	985,471,362 (Note 2)	Nil	985,471,362 (Note 2)	75.00

Notes:

- (1) As at 30 June 2025, Manureen Holdings was the legal and beneficial owner of 985,471,362 shares of the Company. Since Dr. Lin owned 70% of the issued share capital of Manureen Holdings, he was deemed to be interested in 985,471,362 shares of the Company.
- (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 the SFO as at 30 June 2025.

(b) Associated corporations

As at 30 June 2025, 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.

At no time during the Period was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.



OTHER INFORMATION (Continued)

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 17 to the condensed consolidated interim financial statements, none of the directors and their respective connected entities had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during 1H2025.

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 1H2025.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During 1H2025, no director is considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules, other than those businesses to which the directors were appointed as directors to represent the interest of the Company and/or the Group.

LITIGATIONS

Save as disclosed in note 20 to the condensed consolidated interim financial statements, the Group has no other material litigation.

COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in note 19 to the condensed consolidated interim financial statements, the Group has no other material commitments and contingent liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

The Group did not make any material acquisition or disposal of subsidiaries and associated and significant investments during 1H2025.

OTHER INFORMATION (Continued)

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the required standard set out in the Model Code during 1H2025.

CORPORATE GOVERNANCE

The Company has complied throughout the 1H2025 with the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Listing Rules, save and except for code provision C.1.5.

Pursuant to code provision C.1.5 of the CG Code, independent non-executive directors and other non-executive directors of the Company should also attend general meetings to obtain better understanding of the views of the shareholders of the Company. Mr. Chung Chun Hung Simon being the independent non-executive director of the Company did not attend the relevant general meeting during 1H2025 of the Company due to business arrangement.

AUDIT COMMITTEE AND REVIEW OF FINANCIAL STATEMENTS

The Group has established an 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 management about the accounting principles and practices adopted by the Group and discussed auditing, risk management, internal controls and financial reporting matters including a review of the unaudited condensed consolidated interim financial statements for 1H2025.

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 over the period.

By order of the Board
The Sincere Company, Limited
Lin Xiaohui
Chairman

Hong Kong, 26 August 2025