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**sincere**先施

**THE SINCERE COMPANY, LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 0244)**

**ANNOUNCEMENT OF FINAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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 2025 together with the comparative figures for the year ended 31 December 2024 are as follows:

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
<b>Revenue</b>	4(a)	<b>134,191</b>	131,289
Cost of sales	6	<b>(70,562)</b>	(62,042)
Other income and gains, net	4(b)	<b>20,268</b>	50,089
Net unrealised loss on securities trading		<b>(706)</b>	(134)
Selling and distribution expenses		<b>(68,239)</b>	(66,685)
General and administrative expenses		<b>(42,678)</b>	(49,960)
Non-operating expenses		<b>(19,662)</b>	(18,434)
Finance costs	5	<b>(16,022)</b>	(23,099)
<b>Loss before income tax</b>	6	<b>(63,410)</b>	(38,976)
Income tax credit/(expense)	7	<b>22</b>	(2)
<b>Loss for the year</b>		<b>(63,388)</b>	(38,978)
<b>Attributable to:</b>			
Equity holders of the Company		<b>(64,099)</b>	(40,140)
Non-controlling interests		<b>711</b>	1,162
		<b>(63,388)</b>	(38,978)
<b>Loss per share attributable to equity holders of the Company</b>			
Basic and diluted	9	<b>HK\$(0.05)</b>	HK\$(0.03)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Loss for the year</b>	<u>(63,388)</u>	<u>(38,978)</u>
<b>Other comprehensive income</b>		
<i>Item that may be reclassified subsequently to the consolidated income statement:</i>		
Exchange differences arising on translation of foreign operations	<u>38</u>	<u>169</u>
<i>Items that will not be reclassified subsequently to the consolidated income statement:</i>		
Actuarial gains on a defined benefit plan	1,833	1,606
Actuarial (losses)/gains on long service payment	(170)	128
Surplus on revaluation of leasehold land and owned buildings	–	1,883
Changes in fair value of equity investments at fair value through other comprehensive income (“FVTOCI”)	<u>1,603</u>	<u>2,038</u>
	<u>3,266</u>	<u>5,655</u>
<b>Total comprehensive loss for the year</b>	<u>(60,084)</u>	<u>(33,154)</u>
<b>Attributable to:</b>		
Equity holders of the Company	(60,287)	(34,535)
Non-controlling interests	<u>203</u>	<u>1,381</u>
	<u>(60,084)</u>	<u>(33,154)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	<i>10</i>	<b>14,855</b>	16,083
Equity investments at FVTOCI		<b>7,768</b>	6,165
Prepayments, deposits, other receivables and other assets		<b>194,967</b>	218,630
Pension scheme assets		<b>–</b>	25,758
		<b>217,590</b>	266,636
<b>Current assets</b>			
Inventories		<b>26,144</b>	37,619
Prepayments, deposits, other receivables and other assets		<b>34,228</b>	16,678
Financial assets at fair value through profit or loss (“FVTPL”)		<b>140</b>	846
Pledged bank balances and deposits	<i>13(a)</i>	<b>1,100</b>	11,216
Cash and bank balances		<b>34,190</b>	10,947
		<b>95,802</b>	77,306
<b>Current liabilities</b>			
Creditors	<i>11</i>	<b>37,165</b>	41,392
Lease liabilities	<i>12</i>	<b>10,367</b>	7,319
Insurance contracts liabilities		<b>465</b>	465
Deposits, accrued expenses and other payables		<b>26,237</b>	22,179
Contract liabilities		<b>1,400</b>	1,418
Bank borrowings	<i>13(a)</i>	<b>–</b>	8,572
Long service payment obligations		<b>201</b>	162
Tax payable		<b>–</b>	29
		<b>75,835</b>	81,536

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION** *(continued)**As at 31 December 2025*

		<b>2025</b>	2024
	<i>Notes</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
<b>Net current assets/(liabilities)</b>		<b><u>19,967</u></b>	<u>(4,230)</u>
<b>Total assets less current liabilities</b>		<b><u>237,557</u></b>	<u>262,406</u>
<b>Non-current liabilities</b>			
Deposits, accrued expenses and other payables		<b>4,027</b>	3,790
Other loans	<i>13(b)</i>	–	570
Loan from a related company	<i>13(c)</i>	<b>196,214</b>	157,553
Lease liabilities	<i>12</i>	<b>2,798</b>	6,324
Long service payment obligations		<b><u>2,212</u></b>	<u>1,779</u>
		<b><u>205,251</u></b>	<u>170,016</u>
<b>Net assets</b>		<b><u>32,306</u></b>	<u>92,390</u>
<b>EQUITY</b>			
Share capital	<i>14</i>	<b>469,977</b>	469,977
Deficits		<b><u>(483,676)</u></b>	<u>(423,387)</u>
<b>Equity attributable to equity holders of the Company</b>		<b>(13,699)</b>	46,590
Non-controlling interests		<b><u>46,005</u></b>	<u>45,800</u>
<b>Total equity</b>		<b><u>32,306</u></b>	<u>92,390</u>

*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 Suite 2411, 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 year mainly consisted of the operation of department stores, securities trading and provision of life insurance.

In the opinion of the directors, 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.

The consolidated financial statements for the year ended 31 December 2025 were approved for issue by the board of directors (the “Board”) on 31 March 2026.

**2.1 BASIS OF PREPARATION**

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations (“HKFRS Accounting Standards”) 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 2025, the Group recorded a net loss of HK\$63,388,000 and generated negative operating cash flow of HK\$32,363,000. The Group's operations are financed by bank and other borrowings, loan from a related company and internal resources. As at 31 December 2025, the Company had net current liabilities of HK\$172,834,000 and net liabilities of HK\$141,990,000.

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.

Dr. Lin has 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 2025.

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 Hong Kong Interbank Offered Rate ("HIBOR") plus 5% per annum and is repayable on 20 March 2027. As at 31 December 2025, the Group had unutilised loan facility of HK\$63,786,000.

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 2025. Management's projections make certain key assumptions with regard to (i) the anticipated cash flows from the Group's operations and capital expenditures; and (ii) 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 loan from a related company.

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; and (ii) 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 HKFRS ACCOUNTING STANDARDS

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

In the current year, the Group has applied for the first time the Amendments to HKAS 21 “Lack of Exchangeability” which are effective for the Group’s consolidated financial statements for the annual period beginning on 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 do not have a material impact on the financial statements of the Group.

### Issued but not yet effective HKFRS Accounting Standards

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

HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
HKFRS 19	Subsidiaries without Public Accountability: Disclosures and related amendments <sup>2</sup>
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 <sup>1</sup>
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 <sup>2</sup>
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> 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 HKFRS Accounting Standards 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 insurance.

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, 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 2025 and 2024.

	Department store operation HK\$'000	Securities trading HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Year ended 31 December 2025</b>					
Segment revenue:					
– Sales to external customers	133,982	–	209	–	134,191
– Inter-segment sales	–	–	29,798	(29,798)	–
– Other income and gains, net	185	397	175	–	757
	<u>134,167</u>	<u>397</u>	<u>30,182</u>	<u>(29,798)</u>	<u>134,948</u>
Total					
Segment results	(40,829)	(1,934)	(6,300)	–	(49,063)
Interest income and unallocated other income and gains, net					19,511
Loss on modification of gift receivable from Win Dynamic					(9,964)
ECL allowance on other receivables					(9,651)
Finance costs (other than interest on lease liabilities)					<u>(14,243)</u>
Loss before income tax					(63,410)
Income tax credit					<u>22</u>
Loss for the year					<u>(63,388)</u>
<b>As at 31 December 2025</b>					
Segment assets	75,912	8,532	31,940	(29,798)	86,586
Unallocated assets					<u>226,806</u>
Total assets					<u>313,392</u>
Segment liabilities	108,752	881	5,037	(29,798)	84,872
Unallocated liabilities					<u>196,214</u>
Total liabilities					<u>281,086</u>
<b>Year ended 31 December 2025</b>					
Other segment information:					
– Depreciation	15,828	–	–	–	15,828
– Capital expenditure of property, plant and equipment	14,739	–	–	–	14,739
– Gain on disposal of property, plant and equipment	(107)	–	(17)	–	(124)
– Loss on disposal of property, plant and equipment	5	–	38	–	43
– Reversal of provision for inventories	(1,386)	–	–	–	<u>(1,386)</u>

### 3. SEGMENT INFORMATION (Continued)

#### (a) Operating segments (Continued)

	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	131,432	(329)	186	–	131,289
– Inter-segment sales	–	–	30,848	(30,848)	–
– Other income and gains, net	14	72	31,269	–	31,355
<b>Total</b>	<b>131,446</b>	<b>(257)</b>	<b>62,303</b>	<b>(30,848)</b>	<b>162,644</b>
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)
Loss before income tax					(38,976)
Income tax expense					(2)
Loss for the year					<b>(38,978)</b>
As at 31 December 2024					
Segment assets	116,979	7,636	36,165	(30,848)	129,932
Unallocated assets					214,010
<b>Total assets</b>					<b>343,942</b>
Segment liabilities	109,563	948	5,194	(30,848)	84,857
Unallocated liabilities					166,695
<b>Total liabilities</b>					<b>251,552</b>
Year ended 31 December 2024					
Other segment information:					
– Depreciation	30,324	–	2,317	–	32,641
– Capital expenditure of property, plant and equipment	34,581	–	–	–	34,581
– Gain on disposal of property, plant and equipment	–	–	(30,593)	–	(30,593)
– Provision for inventories	998	–	–	–	998

### 3. SEGMENT INFORMATION (Continued)

#### (b) Geographical information

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

	Hong Kong HK\$'000	United Kingdom HK\$'000	Others HK\$'000	Elimination HK\$'000	Total HK\$'000
<b>Year ended 31 December 2025</b>					
Segment revenue:					
– Sales to external customers	<u>133,982</u>	<u>209</u>	<u>–</u>	<u>–</u>	<u>134,191</u>
<b>As at 31 December 2025</b>					
Non-current assets	<u>17,276</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>17,276</u>
<b>Year ended 31 December 2024</b>					
Segment revenue:					
– Sales to external customers	<u>131,103</u>	<u>186</u>	<u>–</u>	<u>–</u>	<u>131,289</u>
<b>As at 31 December 2024</b>					
Non-current assets	<u>18,504</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>18,504</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 2025 and 2024, 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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
<b>Revenue from contracts with customers</b>		
Sale of goods – own goods	<b>105,998</b>	101,281
Income from counter and consignment sale	<b>27,984</b>	30,151
<b>Revenue from other sources</b>		
Net realised losses on securities trading	–	(329)
Rental income	<b>209</b>	186
	<b>134,191</b>	131,289

##### *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.

##### 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\$1,400,000 (2024: HK\$1,418,000) was allocated to the remaining performance obligations as at 31 December 2025 which are expected to be recognised as revenue within one year. The contract liabilities decreased during the year ended 31 December 2025 because more loyalty points were utilised or expired.

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

(b) Other income and gains, net

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Bank interest income	282	350
Imputed interest income on gift receivable from Win Dynamic (note 15)	19,284	18,484
Dividends from financial assets at FVTPL	397	72
Foreign exchange losses, net	(55)	(100)
Gain on disposal of property, plant and equipment	124	30,593
Others	236	690
	<u>20,268</u>	<u>50,089</u>

5. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest charges on:		
– bank borrowings	220	3,028
– lease liabilities (note 12)	1,779	1,609
– other loans	9	29
– loan from related companies	14,014	18,433
	<u>16,022</u>	<u>23,099</u>

## 6. LOSS BEFORE INCOME TAX

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

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Cost of inventories sold	<b>71,948</b>	61,044
(Reversal of provision)/Provision for inventories	<b>(1,386)</b>	998
	<hr/>	<hr/>
Cost of sales	<b>70,562</b>	62,042
	<hr/>	<hr/>
Employee benefit expenses, excluding directors' and chief executive's remunerations:		
– Wages and salaries	<b>35,025</b>	33,793
– Pension contributions, including pension credit for a defined benefit plan of HK\$3,381,000 (2024: HK\$375,000) (note)	<b>830</b>	869
– Expenses arising from LSP obligations	<b>367</b>	428
	<hr/>	<hr/>
	<b>36,222</b>	35,090
	<hr/>	<hr/>
Depreciation	<b>15,828</b>	32,641
Auditor's remuneration	<b>1,830</b>	2,155
ECL allowance on other receivables	<b>9,651</b>	143
Other charges in respect of rental premises	<b>17,820</b>	18,482
Lease payments not included in the measurement of lease liabilities	<b>23</b>	15
Short-term lease payments	<b>20,249</b>	2,116
Gain on disposal of property, plant and equipment (note 4(b))	<b>(124)</b>	(30,593)
Loss on disposal of property, plant and equipment	<b>43</b>	–
Net realised losses on securities trading (note 4(a))	<b>–</b>	329
Foreign exchange losses, net (note 4(b))	<b>55</b>	100
	<hr/>	<hr/>

*Note:* As at 31 December 2025 and 2024, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years.

## 7. INCOME TAX (CREDIT)/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.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current tax		
– Hong Kong	–	–
– Elsewhere	(22)	2
	<u>(22)</u>	<u>2</u>

## 8. DIVIDENDS

The Board did not recommend the payment of any dividend for the years ended 31 December 2025 and 2024.

## 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 2025 of HK\$64,099,000 (2024: HK\$40,140,000) attributable to equity holders of the Company and the weighted average number of ordinary shares of 1,313,962,560 (2024: 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 2025 and 2024.

## 10. PROPERTY, PLANT AND EQUIPMENT

	Owned assets <i>HK\$'000</i>	Right-of-use assets <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Year ended 31 December 2025</b>			
At the beginning of the year, net of accumulated depreciation and impairment	1,764	14,319	16,083
Additions	1,401	274	1,675
Modification of lease	–	13,064	13,064
Depreciation	(1,134)	(14,694)	(15,828)
Termination of lease	–	(91)	(91)
Disposals	(48)	–	(48)
	<u>1,983</u>	<u>12,872</u>	<u>14,855</u>
At the end of the year, net of accumulated depreciation and impairment	<u>1,983</u>	<u>12,872</u>	<u>14,855</u>

## 11. CREDITORS

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Current – 3 months	34,677	38,083
4 – 6 months	40	1,195
7 – 12 months	292	55
Over 1 year	<u>2,156</u>	<u>2,059</u>
	<u><b>37,165</b></u>	<u><b>41,392</b></u>

## 12. LEASE LIABILITIES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
At the beginning of the year	13,643	11,913
Accretion of interest recognised during the year ( <i>note 5</i> )	1,779	1,609
Payments	(15,508)	(31,997)
Additions	274	9,389
Modification of lease	13,064	22,729
Termination of lease	<u>(87)</u>	<u>–</u>
At the end of the year	<u><b>13,165</b></u>	<u><b>13,643</b></u>

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Analysed into:		
– Within one year	10,367	7,319
– In the second to fifth years, inclusive	<u>2,798</u>	<u>6,324</u>
Carrying amount at the end of the year	13,165	13,643
Less: current portion	<u>(10,367)</u>	<u>(7,319)</u>
Non-current portion	<u><b>2,798</b></u>	<u><b>6,324</b></u>

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

#### (a) Bank borrowings

	2025		2024	
	Effective interest rate %	Maturity	Effective interest rate %	Maturity
		HK\$'000		HK\$'000
Secured bank borrowings	<u>Nil</u>	-	<u>HIBOR +1.0</u>	<u>2025 8,572</u>

	2025 HK\$'000	2024 HK\$'000
Analysed into:		
– Within one year or on demand	<u>-</u>	<u>8,572</u>

As at 31 December 2025, the Group's banking facility was secured by the pledge of the Group's time deposit of HK\$1,100,000.

As at 31 December 2024, the Group's bank borrowings and banking facilities were secured by the pledge of the Group's bank balances and time deposits of HK\$11,216,000.

As at 31 December 2024, bill payables of HK\$8,572,000 with the effective interest rate of HIBOR plus 1.0% were included in bank borrowings. The maturity dates of bill payables were normally with 120 days.

#### (b) Other loans

	2025 HK\$'000	2024 HK\$'000
Other loans classified as non-current portion	<u>-</u>	<u>570</u>
Analysed into:		
– In the second year	<u>-</u>	<u>570</u>

As at 31 December 2024, the other loans were unsecured, bore interest at 2% per annum and not repayable in the next 12 months after the end of the reporting period.

### 13. BANK BORROWINGS, OTHER LOANS AND LOANS FROM RELATED PARTIES (Continued)

#### (c) Loans from related companies

- (i) On 11 June 2021, the Group has obtained a transitional loan facility from Realord Group Holdings Limited (“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 bore interest at 8.2% per annum, was unsecured and repayable on or before 10 August 2024. The Supplemental Loan was fully settled during the year ended 31 December 2024.

- (ii) 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% (2024: HIBOR plus 5%) per annum and is repayable on 20 March 2027 (2024: 20 March 2026). As at 31 December 2025, the carrying amount of loan from a related company was HK\$196,214,000 (2024: HK\$157,553,000).

### 14. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
<b>Issued and fully paid:</b>		
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 2025 and 2024.

## 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 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.

## 15. LITIGATION *(Continued)*

### **Deed and purported cancellation** *(Continued)*

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 (the “Injunction Order”), 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 asserts 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”).

## 15. LITIGATION *(Continued)*

### **Deed and purported cancellation** *(Continued)*

On 6 April 2022, upon the parties' joint application, the High Court ordered a variation of the Injunction Order to, among others, (i) reflect the addition of the Company and Mr. Philip Ma as parties to the Action, and (ii) increase the legal fee cap of Win Dynamic up to HK\$13,000,000 (the "Amended Injunction Order").

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 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 Amended 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 (Hong Kong) Limited and/or Citibank N.A. Hong Kong.

On 8 March 2024, the High Court, among others, granted leave to Win Dynamic that it is at liberty, with Realord's written consent, to place the WD Proceeds maintained with Citibank (Hong Kong) Limited and/or Citibank N.A. Hong Kong in fixed deposit account (the "Further Amended Injunction Order"), and further ordered Win Dynamic to disclose the fund flow of its frozen funds maintained with Citibank (Hong Kong) Limited and/or Citibank N.A. Hong Kong (the "Disclosure Order").

## 15. LITIGATION *(Continued)*

### **Deed and purported cancellation** *(Continued)*

On 14 March 2024 and 26 March 2024, Win Dynamic made disclosure pursuant to the Disclosure Order.

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, respectively.

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

On 14 April 2025, the substantive hearing in respect of the Expert Application and the WD-Morton Disclosure Application was heard at the High Court with decision reserved. On 16 May 2025, the High Court dismissed the said two applications.

On 19 September 2025, the High Court ordered further amendment to the Further Amended Injunction Order thereby increasing the legal fee cap of Win Dynamic up to HK\$24,000,000.

On 22 October 2025, the Action has been set down before the High Court.

On 26 November 2025, the pre-trial review has been fixed for 9 March 2027, and the trial has been fixed for 8 July 2027.

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”.

During the years ended 31 December 2025 and 2024, the Company sought legal advices in respect of the recoverability of gift receivable from Win Dynamic.

## 15. LITIGATION *(Continued)*

### **Deed and purported cancellation *(Continued)***

As at 31 December 2025, the carrying amount of gift receivable from Win Dynamic amounted to HK\$191,516,000, net of ECL allowance of HK\$10,905,000 (2024: HK\$191,847,000, net of ECL allowance of HK\$1,254,000). During the year ended 31 December 2025, the Group has also recognised imputed interest income on gift receivable from Win Dynamic under “Other income and gains, net” of HK\$19,284,000 (2024: HK\$18,484,000) and loss on modification of gift receivable from Win Dynamic under “Non-operating expenses” of HK\$9,964,000 (2024: HK\$18,434,000).

## **RESULTS**

The principal activities of the Group during FY2025 are the operation of department stores, securities trading and the provision of life insurance.

### **Overall Financial Review**

The consolidated revenue of the Group for FY2025 was approximately HK\$134.2 million, increased by approximately HK\$2.9 million or 2.2% as compared to approximately HK\$131.3 million for the year ended 31 December 2024 (“FY2024”). The net loss of the Group for FY2025 was approximately HK\$63.4 million, increased by approximately HK\$24.4 million or 62.6% as compared to approximately HK\$39.0 million to FY2024.

The increase in the Group’s net loss for FY2025 was mainly due to the absence of a gain from the disposal of a property (FY2024: approximately HK\$30.6 million) which was completed in July 2024. While gross profit decreased by approximately HK\$5.6 million to approximately HK\$63.6 million (FY2024: approximately HK\$69.2 million), revenue of the Group for FY2025 increased by approximately HK\$2.9 million to approximately HK\$134.2 million (FY2024: approximately HK\$131.3 million). There were also (i) a reduction in general and administrative expenses of approximately HK\$7.3 million to approximately HK\$42.7 million for FY2025 (FY2024: approximately HK\$50.0 million); and (ii) a reduction in finance costs of approximately HK\$7.1 million to approximately HK\$16.0 million for FY2025 (FY2024: approximately HK\$23.1 million), which helped partially offset the aforesaid impacts.

### **Revenue**

During FY2025, the revenue of the Group was approximately HK\$134.2 million, increased by approximately HK\$2.9 million or 2.2% as compared to approximately HK\$131.3 million in FY2024. The revenue was mainly contributed from the operation of department store of approximately HK\$134.0 million (FY2024: approximately HK\$131.4 million). Detailed analysis are set out in the sections “Business Review” below.

### **Other income and gains, net**

During FY2025, other income and gains, net was approximately HK\$20.3 million, decreased by approximately HK\$29.8 million or 59.5% as compared to approximately HK\$50.1 million in FY2024. The other income and gains, net was mainly contributed from the imputed interest on gift receivable from Win Dynamic of approximately HK\$19.3 million (FY2024: approximately HK\$18.5 million) and the gain of disposal of a property of nil (FY2024: approximately HK\$30.6 million). The decrease was mainly attributable to the absence of gain from disposal of a property of approximately HK\$30.6 million which was completed in July 2024.

### **Selling and distribution expenses**

During FY2025, the selling and distribution expenses was approximately HK\$68.2 million, increased by approximately HK\$1.5 million or 2.2% as compared to approximately HK\$66.7 million in FY2024. The increase in selling and distribution expenses was mainly contributed from the increase in the employee benefit expenses of approximately HK\$1.1 million to HK\$18.7 million (FY2024: approximately HK\$17.6 million).

### **General and administrative expenses**

During FY2025, the general and administrative expenses of the Group was approximately HK\$42.7 million, decreased by approximately HK\$7.3 million or 14.6% as compared to approximately HK\$50.0 million in FY2024. The decrease in the general and administrative expenses of approximately HK\$7.3 million was mainly contributed from (i) the absence of trademark registration fee for FY2025 (FY2024: approximately HK\$3.6 million), (ii) the decrease in legal and professional fees of approximately HK\$2.1 million and (iii) the decrease in other general and administrative expenses.

### **Non-operating expenses**

During FY2025, non-operating expenses of approximately HK\$19.7 million (FY2024: HK\$18.4 million) primarily comprised a modification loss on a gift receivable from Win Dynamic and an additional ECL allowance.

The modification loss of HK\$10.0 million (FY2024: HK\$18.4 million) arose from prolonged procedures and delays in the hearing of the pending litigation against Win Dynamic. In addition, an ECL allowance of HK\$9.7 million was recognised in FY2025 based on management estimation.

## **Finance costs**

During FY2025, the finance costs of the Group was approximately HK\$16.0 million, decreased by approximately HK\$7.1 million or 30.7% as compared to approximately HK\$23.1 million in FY2024. The decrease was mainly attributable to the decrease in interest charges on bank borrowings and loans from related companies of approximately HK\$2.8 million and HK\$4.4 million respectively.

## **Loss attributable to equity holders of the Company**

During FY2025, the loss attributable to equity holders of the Company was approximately HK\$64.1 million (FY2024: approximately HK\$40.1 million), representing an increase of approximately HK\$24.0 million or 59.9%. Financial review of each segment was further explained below.

## **BUSINESS REVIEW**

### **DEPARTMENT STORE OPERATION**

During FY2025, our department store operations recorded revenue of approximately HK\$134.0 million (FY2024: approximately HK\$131.4 million), represented an increase by approximately 2.0% against FY2024. The increase was primarily attributable to the extended sales promotion campaigns and price cutting during FY2025 to counter the sluggish consumer and retail market in Hong Kong. These measures led to a deterioration in gross profit margin. As a result, the overall segment loss increased to approximately HK\$40.8 million, representing an increase in loss of approximately HK\$1.5 million or 3.8% as compared to approximately HK\$39.3 million in FY2024.

To maintain a healthy inventory level, the clearance of out-of-season inventories continued to be our major goal during FY2025. As a result, the inventory level decreased to approximately HK\$26.1 million as at 31 December 2025, representing a decrease of approximately HK\$11.5 million or 30.6% as compared to approximately HK\$37.6 million as at 31 December 2024. As a result, a reversal of provision for inventories of approximately HK\$1.4 million (FY2024: a provision for inventories of approximately HK\$1.0 million) was recognised in FY2025.

## **SECURITIES TRADING OPERATION**

The Group recorded net realised loss on securities trading of nil in FY2025 (FY2024: approximately HK\$0.3 million). Dividend income was approximately HK\$0.4 million in FY2025 (FY2024: approximately HK\$0.1 million). Hence, a segment loss of approximately HK\$1.9 million (FY2024: approximately HK\$2.4 million) was resulted for FY2025. 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 2025, the Group had cash and bank balances, pledged bank balances and deposits of approximately HK\$35.3 million (31 December 2024: approximately HK\$22.2 million), of which approximately HK\$1.1 million (31 December 2024: approximately HK\$11.2 million) were pledged. As at 31 December 2025, the Group's gearing ratio, being the bank borrowings, other loans, lease liabilities and loan from a related company to net assets of approximately 648% (31 December 2024: approximately 195%).

The interest expense charged to the consolidated income statement for FY2025 was approximately HK\$16.0 million (FY2024: approximately HK\$23.1 million). The interest-bearing bank borrowings of the Group as at 31 December 2025 were nil (31 December 2024: approximately HK\$8.6 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 and all bank borrowings were secured against bank deposits. The current ratio was approximately 1.26 (31 December 2024: approximately 0.95).

As at 31 December 2025, the Group has utilised loan from a related company of approximately HK\$196.2 million (31 December 2024: approximately HK\$157.6 million).

As at 31 December 2025, the Group had net current assets of approximately HK\$20.0 million (31 December 2024: net current liabilities of approximately HK\$4.2 million) and a deficit attributable to the equity holders of the Company of approximately HK\$13.7 million (31 December 2024: an equity attributable to the equity holders of the Company of approximately HK\$46.6 million). The Group's cash and bank balances amounted to approximately HK\$34.2 million (31 December 2024: approximately HK\$10.9 million) as at 31 December 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, 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 2025, the Group had 178 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 mandatory provident fund scheme, staff purchase discounts, subsidised medical care and training courses.

## **LITIGATION**

Save as disclosed in notes 15 to the consolidated financial statements, the Group do not have other material litigations.

## **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 FY2025.

## **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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards 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 FY2025, the Company has complied with the Code Provisions set out in the CG Code, save and except for code provision C.1.6.

Code provision C.1.6 of the CG Code that independent non-executive directors and other nonexecutive directors should also attend general meetings to obtain better understanding of the view of the shareholders of the Company. Mr. Chung Chun Hung Simon being the independent non-executive director of the Company did not attend the general meeting of the Company due to business arrangement.

## **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 FY2025.

## **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 2025 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 2025. 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 2025.

## **DIVIDENDS**

The Board does not recommend the payment of any dividend in respect of FY2025.

## **ANNUAL GENERAL MEETING**

The annual general meeting of the Company (“AGM”) will be held on Friday, 5 June 2026, 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, 5 June 2026, the register of members of the Company will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026, 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, 1 June 2026.

## **PUBLICATION OF THE FINAL RESULTS AND 2025 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](http://www.hkexnews.hk)) and the Company ([www.sincere.com.hk](http://www.sincere.com.hk)), and the 2025 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 2026

*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.*