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THE SINCERE COMPANY, LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 0244)

2026 INTERIM RESULTS ANNOUNCEMENT

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 2026, together with the comparative figures for the six months ended 30 June 2025 and as at 31 December 2025 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 2026

	Notes	Six months ended 30 June **2026** *HK$'000* **(unaudited)**	2025 *HK$'000* (unaudited)
Revenue	*5(a)*	**44,250**	64,308
Cost of sales		**(28,110)**	(33,904)
Other income and gains, net	*5(b)*	**10,141**	10,180
Net unrealised gain/(loss) on securities trading		**4**	(669)
Selling and distribution expenses		**(21,803)**	(34,155)
General and administrative expenses		**(17,850)**	(24,126)
Other operating expenses, net		**(131)**	(23)
Finance costs		**(7,898)**	(8,073)
Loss before income tax	*6*	**(21,397)**	(26,462)
Income tax expense	*7*	**(3)**	(6)
Loss for the period		**(21,400)**	(26,468)
Attributable to:			
Equity holders of the Company		**(21,769)**	(26,684)
Non-controlling interests		**369**	216
		(21,400)	(26,468)
Loss per share attributable to equity holders of the Company			
Basic and diluted	*8*	**HK$(0.02)**	HK$(0.02)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Loss for the period	**(21,400)**	(26,468)
Other comprehensive income		
Item that may be reclassified subsequently to the consolidated income statement:		
Exchange differences arising on translation of foreign operations	**(3)**	45
Total comprehensive loss for the period	**(21,403)**	(26,423)
Attributable to:		
Equity holders of the Company	**(21,825)**	(25,853)
Non-controlling interests	**422**	(570)
	(21,403)	(26,423)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2026

	Notes	**As at 30 June 2026** *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*10*	**9,919**	14,855
Equity investments at fair value through other comprehensive income ("**FVTOCI**")		**7,768**	7,768
Prepayments, deposits, other receivables and other assets	*11*	**202,502**	194,967
		220,189	217,590
Current assets			
Inventories		**16,235**	26,144
Prepayments, deposits, other receivables and other assets	*11*	**24,976**	34,228
Financial assets at fair value through profit or loss ("**FVTPL**")		**144**	140
Pledged bank balances and deposits	*12*	**1,100**	1,100
Cash and bank balances		**10,763**	34,190
		53,218	95,802
Current liabilities			
Creditors	*13*	**24,625**	37,165
Lease liabilities	*14*	**7,244**	10,367
Insurance contracts liabilities		**465**	465
Deposits, accrued expenses and other payables		**21,679**	26,237
Contract liabilities		**806**	1,400
Loan from a related company	*15*	**199,831**	–
Long service payment obligations		**201**	201
Tax payable		**3**	–
		254,854	75,835
Net current (liabilities)/assets		**(201,636)**	19,967
Total assets less current liabilities		**18,553**	237,557

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
as at 30 June 2026

	Notes	As at 30 June 2026 HK$'000 (unaudited)	As at 31 December 2025 HK$'000 (audited)
Non-current liabilities			
Deposits, accrued expenses and other payables		**3,868**	4,027
Loan from a related company	*15*	**–**	196,214
Lease liabilities	*14*	**1,570**	2,798
Long service payment obligations		**2,212**	2,212
		7,650	205,251
Net assets		**10,903**	32,306
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*16*	**469,977**	469,977
Deficits		**(505,501)**	(483,676)
		(35,524)	(13,699)
Non-controlling interests		**46,427**	46,005
Total equity		**10,903**	32,306

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 June 2026

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 insurance.

In the opinion of the directors of the Company, as at 30 June 2026, Manureen Holdings Limited ("**Manureen Holdings**"), a company incorporated in the British Virgin Islands ("**BVI**") with limited liability, is an 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 2025. 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.

The financial information relating to the year ended 31 December 2025 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 2025 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 2026, the Group recorded a net loss of HK$21,400,000 and generated negative operating cash flow of HK$21,746,000. The Group's operations are financed by other borrowings, loan from a related company and internal resources. As at 30 June 2026, the Group had net current liabilities of HK$201,636,000. The Group's cash and bank balances amounting to HK$10,763,000 as at 30 June 2026.

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 12 months from 30 June 2026.

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 30 June 2026, the Group had unutilised loan facility of HK$60,169,000.

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 2026. 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, including refinancing, 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 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; 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 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 2026

The condensed consolidated interim financial statements for the six months ended 30 June 2026 have been prepared in accordance with the accounting policies adopted in the Group's annual consolidated financial statements for the year ended 31 December 2025, except for the following amended HKFRS Accounting Standards which are effective as of 1 January 2026.

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11

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

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[1]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[1]
HKFRS 20	Regulatory Assets and Regulatory Liabilities[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
HKAS 21	The Effects of Changes in Foreign Exchange Rates[1]
HKAS 28	Investments in Associates and Joint Ventures[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[1]

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

2 Effective for annual periods beginning on or after 1 January 2029

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 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 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 loan from a related company as this liability is managed on a group basis.

Inter-segment sales are transacted based on the direct costs incurred or in case of rental income.

(a) Operating segments

The following table presents revenue and loss for the Group's operating segments for the six months ended 30 June 2026 and 30 June 2025.

	Department store operations		Securities trading		Others		Eliminations		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	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	**44,143**	64,204	**–**	–	**107**	104	**–**	–	**44,250**	64,308
Inter-segment sales	**–**	–	**–**	–	**5,182**	15,047	**(5,182)**	(15,047)	**–**	–
Other income and gains, net	**255**	59	**10**	376	**1**	156	**–**	–	**266**	591
Total	**44,398**	64,263	**10**	376	**5,290**	15,307	**(5,182)**	(15,047)	**44,516**	64,899
Segment results	**(19,337)**	(23,709)	**(759)**	(1,253)	**(2,734)**	(3,415)	**–**	–	**(22,830)**	(28,377)
Interest income and unallocated other income and gains, net									**9,876**	9,589
Expected credit loss ("**ECL**") allowance on other receivables									**(1,075)**	(632)
Finance costs (other than interest on lease liabilities)									**(7,368)**	(7,042)
Loss before income tax									**(21,397)**	(26,462)
Income tax expense									**(3)**	(6)
Loss for the period									**(21,400)**	(26,468)

The following table presents certain assets and liabilities for the Group's operating segments as at 30 June 2026 and 31 December 2025.

	Department store operations		Securities trading		Others		Eliminations		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025	**2026**	2025
	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	**52,107**	75,912	**7,076**	8,532	**7,249**	31,940	**(5,182)**	(29,798)	**61,250**	86,586
Unallocated assets									**212,157**	226,806
Total assets									**273,407**	313,392
Segment liabilities	**61,737**	108,752	**900**	881	**5,218**	5,037	**(5,182)**	(29,798)	**62,673**	84,872
Unallocated liabilities									**199,831**	196,214
Total liabilities									**262,504**	281,086

(b) Geographical information

The following table presents revenue for the Group's geographical information for the six months ended 30 June 2026 and 30 June 2025.

	Hong Kong		United Kingdom		Others		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
Segment revenue:								
Sales to external customers	**44,143**	64,204	**107**	104	**–**	–	**44,250**	64,308

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Revenue from contracts with customers:		
Sale of goods – own goods	**39,273**	51,460
Income from counter and consignment sale	**4,870**	12,744
Revenue from other sources:		
Rental income	**107**	104
	44,250	64,308

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 standalone selling price. The transaction price of HK$806,000 (As at 30 June 2025: HK$1,014,000) was located to the remaining performance obligations as at 30 June 2026 which are expected to be recognised as revenue within one year.

(b) Other income and gains, net

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Bank interest income	**71**	194
Imputed interest income on gift receivable from Win Dynamic *(note 18)*	**9,853**	9,426
Dividends from financial assets at FVTPL	**10**	376
Foreign exchange losses, net	**(48)**	(31)
Others	**255**	215
	10,141	10,180

6. LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Employee benefit expenses, excluding directors' and chief executive's remunerations		
– Wages and salaries	**13,855**	18,008
– Pension contributions	**321**	660
	14,176	18,668
Depreciation	**5,882**	9,831
(Reversal of provision for inventories)/Provision for inventories	**(410)**	389
ECL allowance on other receivables	**1,075**	632
Lease payments not included in the measurement of lease liabilities	**15**	23
Short-term lease payments	**3,993**	8,278
Other charges in respect of rental premises	**7,172**	8,913

7. INCOME TAX EXPENSE

No provision for Hong Kong Profits Tax had been made as there were no assessable profits arising in Hong Kong for the periods. During the six months ended 30 June 2026 and 30 June 2025, 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	
	2026	2025
	HK$'000	*HK$'000*
	(unaudited)	(unaudited)
Current charge for the period		
– Hong Kong	**–**	–
– Elsewhere	**3**	6
	3	6

8. 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 2026 is based on the loss for the period attributable to equity holders of the Company of HK$21,769,000 (2025: HK$26,684,000) and the weighted average number of ordinary shares of 1,313,962,560 (2025: 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 2026 and 30 June 2025.

9. DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2026 (2025: Nil).

10. PROPERTY, PLANT AND EQUIPMENT

	Owned assets	**Right-of-use assets**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Net carrying amount as at 1 January 2026 (audited)	**1,983**	**12,872**	**14,855**
Modification of a lease	**–**	**946**	**946**
Depreciation for the period	**(520)**	**(5,362)**	**(5,882)**
Net carrying amount as at 30 June 2026 (unaudited)	**1,463**	**8,456**	**9,919**

11. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER ASSETS

	As at 30 June 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Gift receivable from Win Dynamic *(note 18)*	**212,274**	202,421
ECL allowance *(note 18)*	**(11,980)**	(10,905)
	200,294	191,516
Prepayments, deposits and other receivables	**24,223**	33,258
Other assets	**2,961**	4,421
	227,478	229,195
Less: amount classified as current portion	**(24,976)**	(34,228)
Amount classified as non-current portion	**202,502**	194,967

Included in prepayments, deposits, other receivables and other assets are mainly gift receivable from Win Dynamic of HK$212,274,000 (As at 31 December 2025: HK$202,421,000), rental deposits of HK$21,390,000 (As at 31 December 2025: HK$28,914,000), and amounts due from credit card companies related to sales settled by customers using credit cards of HK$347,000 (As at 31 December 2025: HK$1,542,000) as at 30 June 2026.

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.

12. PLEDGED BANK BALANCES AND DEPOSITS

As at 30 June 2026, the Group's time deposit of HK$1,100,000 (As at 31 December 2025: HK$1,100,000) is used to secure the Group's bank facilities.

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 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Current - 3 months	**14,093**	34,677
4 – 6 months	**8,158**	40
7 – 12 months	**154**	292
Over 1 year	**2,220**	2,156
	24,625	37,165

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 2 years 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 10 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 2026	Year ended 31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(audited)
At the beginning of the period/year	**13,165**	13,643
Accretion of interest recognised during the period/year	**530**	1,779
Payments	**(5,827)**	(15,508)
Additions	**–**	274
Modification of leases *(note 10)*	**946**	13,064
Termination of lease	**–**	(87)
At the end of the period/year	**8,814**	13,165
Analysed into:		
Within one year	**7,244**	10,367
In the second to fifth years, inclusive	**1,570**	2,798
Carrying amount at the end of period/year	**8,814**	13,165
Less: current portion	**(7,244)**	(10,367)
Non-current portion	**1,570**	2,798

15. LOAN FROM A RELATED COMPANY

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 2027.

16. SHARE CAPITAL

	As at 30 June 2026	As at 31 December 2025
	HK$'000	*HK$'000*
	(unaudited)	(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 2026.

17. OUTSTANDING COMMITMENTS AND CONTINGENT LIABILITIES

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

	As at 30 June 2026 *HK$'000* **(unaudited)**	As at 31 December 2025 *HK$'000* (audited)
Irrevocable letters of credit	**1,100**	1,100

18. 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.

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

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

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

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

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

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

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

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

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

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 and 26 March 2024, Win Dynamic made disclosure pursuant to the High Court's order made on 8 March 2024.

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

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

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

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

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

As at 30 June 2026, the carrying amount of gift receivable from Win Dynamic amounted to HK$200,294,000, net of ECL allowance of HK$11,980,000 (As at 31 December 2025: HK$191,516,000, net of ECL allowance of HK$10,905,000). During the six months ended 30 June 2026, the Group has also recognised imputed interest income on gift receivable from Win Dynamic under "Other income and gains, net" of HK$9,853,000 (30 June 2025: HK$9,426,000).

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 2026 to 30 June 2026 ("**1H2026**") was approximately HK$44.3 million, decreased by approximately HK$20.0 million or 31.1% as compared to approximately HK$64.3 million for the period from 1 January 2025 to 30 June 2025 ("**1H2025**"). The net loss of the Group for 1H2026 was approximately HK$21.4 million, decreased by approximately HK$5.1 million or 19.2% as compared to approximately HK$26.5 million for 1H2025. The reduction in net loss was mainly due to (i) the decrease in selling and distribution expenses of approximately HK$12.4 million to approximately HK$21.8 million for 1H2026 (1H2025: approximately HK$34.2 million) following the closure of a store in early 2026, although the effect was partially offset by reduction in gross profit of approximately HK$14.3 million resulting from the decrease in revenue of approximately HK$20.1 million as well as decline in gross profit margin; and (ii) a reduction in general and administrative expenses of approximately HK$6.2 million to approximately HK$17.9 million for 1H2026 (1H2025: approximately HK$24.1 million).

Revenue

During 1H2026, the revenue of the Group was approximately HK$44.3 million, decreased by approximately HK$20.0 million or 31.1% as compared to approximately HK$64.3 million in 1H2025. The revenue was mainly contributed from the operation of department stores of approximately HK$44.1 million (1H2025: approximately HK$64.2 million). Detailed analyses are set out in the sections "Business Review" below.

Other income and gains, net

During 1H2026, other income and gains, net of the Group was approximately HK$10.1 million, slightly decreased by approximately HK$0.1 million or 1.0% as compared to approximately HK$10.2 million in 1H2025. The other income and gains, net was mainly comprised of the imputed interest on gift receivable from Win Dynamic of approximately HK$9.9 million (1H2025: approximately HK$9.4 million).

Selling and distribution expenses

During 1H2026, the selling and distribution expenses of the Group was approximately HK$21.8 million, decreased by approximately HK$12.4 million or 36.3% as compared to approximately HK$34.2 million for 1H2025. The decrease in the selling and distribution expenses of approximately HK$12.4 million was mainly attributable to the closure of a store in early 2026, which resulted in (i) the decrease in depreciation of right-of-use assets, short-term lease expenses and other occupancy costs of approximately HK$9.5 million and (ii) the decrease in employee benefit expenses of approximately HK$2.6 million.

General and administrative expenses

During 1H2026, the general and administrative expenses of the Group was approximately HK$17.9 million, decreased by approximately HK$6.2 million or 25.7% as compared to approximately HK$24.1 million for 1H2025. The decrease in the general and administrative expenses of approximately HK$6.2 million was mainly contributed from (i) the decrease in legal and professional fee of approximately HK$2.3 million, (ii) the decrease in employee benefit expenses of approximately HK$1.9 million and (iii) the decrease in other general and administrative expenses.

Finance costs

During 1H2026, the finance costs of the Group was approximately HK$7.9 million, decreased by approximately HK$0.2 million or 2.5% as compared to approximately HK$8.1 million for 1H2025. The decrease was mainly attributable to the decrease in interest charges on lease liabilities and bank borrowings of approximately HK$0.5 million and HK$0.2 million respectively, and were partly offset by increase in interest charges on loan from a related company of approximately HK$0.5 million.

Loss attributable to equity holders of the Company

During 1H2026, the loss attributable to equity holders of the Company was approximately HK$21.8 million (1H2025: approximately HK$26.7 million), representing a decrease of approximately HK$4.9 million or 18.4%. Financial review of each segment was further explained below.

BUSINESS REVIEW

Department Store Operations

During 1H2026, revenue generated from the Group's department store operations was approximately HK$44.1 million, representing a decrease of approximately HK$20.1 million or 31.3% as compared to approximately HK$64.2 million for 1H2025. The decrease in revenue was primarily attributable to the closure of a store in early 2026.

In addition, amid the sluggish consumer and retail market in Hong Kong, the Group continued to conduct extended sales promotions and implement price-cutting measures throughout 1H2026, leading to a decline in gross profit margin. These initiative, combined with the decrease in revenue caused by the store closure in early 2026, the gross profit decreased by approximately HK$14.3 million.

Meanwhile, the selling and distribution expenses decreased by approximately HK$12.4 million following the closure of a store in early 2026. In addition, the general and administrative expenses was reduced as a result of the cost control measures implemented by the Group. As a result, the overall segment loss decreased to approximately HK$19.3 million, representing a decrease in loss of approximately HK$4.4 million or 18.6% as compared to approximately HK$23.7 million for 1H2025.

During 1H2026, inventory management remained our key focus. Through continued clearance of out-of-season inventories, the inventory level was reduced to approximately HK$16.2 million as at 30 June 2026, a decrease of approximately HK$9.9 million or 37.9%, from approximately HK$26.1 million as at 31 December 2025.

Securities Trading

During 1H2026, the Group recorded net realised loss on securities trading of HK$Nil (1H2025: HK$Nil) and net unrealised gain of approximately HK$4,000 (1H2025: net unrealised loss of approximately HK$0.7 million). Dividend income decreased from approximately HK$0.4 million in 1H2025 to approximately HK$10,000 in 1H2026. Hence, a segment loss of approximately HK$0.8 million (1H2025: 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.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group had cash and bank balances, pledged bank balances and pledged deposits with banks of approximately HK$11.9 million (31 December 2025: approximately HK$35.3 million), of which approximately HK$1.1 million (31 December 2025: approximately HK$1.1 million) were pledged. The unpledged cash and bank balances amounted to approximately HK$10.8 million (31 December 2025: approximately HK$34.2 million).

As at 30 June 2026, the Group has utilised the loan from a related company of approximately HK$199.8 million (31 December 2025: approximately HK$196.2 million).

The interest expense charged to the condensed consolidated income statement for 1H2026 was approximately HK$7.9 million (1H2025: approximately HK$8.1 million).

As at 30 June 2026, the Group had net current liabilities of approximately HK$201.6 million (31 December 2025: net current assets of approximately HK$20.0 million) and a deficit attributable to the equity holders of the Company of approximately HK$35.5 million (31 December 2025: approximately HK$13.7 million).

As at 30 June 2026, the Group's current ratio was approximately 0.21 (31 December 2025: approximately 1.26), while the lease liabilities and loan from a related company to net assets, was approximately 1914% (31 December 2025: approximately 648%).

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

At 30 June 2026, the Group had 104 employees (31 December 2025: 178) including part-time staff. The Group operates various remuneration schemes for sales and non-sales employees to motivate front-line and back-office staff towards achieving higher sales and operating efficiencies. Apart from basic salary and discretionary bonuses based on individual merit, sales personnel are further remunerated on the basis of goal-oriented packages, comprising several sales commission schemes. The Group also provides employee benefits such as 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 1H2026.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed elsewhere in this announcement, 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 1H2026.

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 1H2026.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During 1H2026, 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 18 to the condensed consolidated interim financial statements, the Group has no other material litigation.

COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in note 17 to the condensed consolidated interim financial statements, the Group has no other material commitments.

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 companies and significant investments during 1H2026.

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 1H2026.

CORPORATE GOVERNANCE

The Company has complied throughout the 1H2026 with the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Listing Rules.

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 1H2026.

PUBLICATION OF THE INTERIM RESULTS AND 2026 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sincere.com.hk), and the 2026 interim 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 over the period.

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

Hong Kong, 28 August 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.