sincere

2024
ANNUAL REPORT

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The Sincere Company, Limited

Stock code: 244

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BOARD OF DIRECTORS

Executive Directors

Dr. LIN Xiaohui *(Chairman)*
Madam SU Jiaohua *(CEO)*
Dr. YU Lai

Non-executive Director

Dr. TAI Tak Fung

Independent Non-executive Directors

Mr. YU Leung Fai
Mr. CHUNG Chun Hung Simon
Mr. LIN Lin

AUDIT COMMITTEE

Mr. YU Leung Fai *(Chairman)*
Mr. CHUNG Chun Hung Simon
Mr. LIN Lin

REMUNERATION COMMITTEE

Mr. LIN Lin *(Chairman)*
Mr. YU Leung Fai
Mr. CHUNG Chun Hung Simon

NOMINATION COMMITTEE

Mr. CHUNG Chun Hung Simon *(Chairman)*
Mr. YU Leung Fai
Mr. LIN Lin

EXECUTIVE COMMITTEE

Dr. LIN Xiaohui *(Chairman)*
Madam SU Jiaohua
Dr. YU Lai

COMPANY SECRETARY

Mr. IP Ho Wing

LEGAL ADVISORS

CLKW Lawyers LLP
(in association with Michael Li & Co.)
Debevoise & Plimpton
Holman Fenwick Willan

INDEPENDENT AUDITOR

Grant Thornton Hong Kong Limited
11th Floor, Lee Garden Two
28 Yun Ping Road
Causeway Bay, Hong Kong

PRINCIPAL BANKERS

DBS Bank (Hong Kong) Limited
Bank of China (Hong Kong) Limited

SHARE REGISTRAR & TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre,
16 Harcourt Road,
Hong Kong

REGISTERED OFFICE

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Hong Kong

STOCK CODE

244

WEBSITE

www.sincere.com.hk

MISSION STATEMENT

Founded in 1900, The Sincere Company, Limited ("Sincere" or the "Company", together with its subsidiaries, the "Group") is one of the Hong Kong's oldest and most respected retail groups.

At the core of Sincere's success is its unwavering dedication to quality service and customer satisfaction. Through its chain of department stores, the Company strives to provide consumers with a competitive range of merchandise at affordable prices.

Sincere's on-going commitment to prudent expansion demonstrates the Company's determination to sustain its position as a leading retailer in the next century and beyond.

CHAIRMAN'S REVIEW OF OPERATIONS

On behalf of the Board of Directors (the "Board") of the Company, I would like to present shareholders with the Annual Report for the year ended 31 December 2024 (the "FY2024").

RESULTS

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

Overall Financial Review

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

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

Revenue

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

Other income and gains, net

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

Selling and distribution expenses

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

General and administrative expenses

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

Non-operating expenses

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

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

Finance costs

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

Loss attributable to equity holders of the Company

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

BUSINESS REVIEW

DEPARTMENT STORE OPERATION

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

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

SECURITIES TRADING OPERATION

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

PROSPECTS

Looking ahead, the Group anticipates that the retail sector in Hong Kong will continue to be challenging amidst the sluggish consumer and retail market and the increased trend of online shopping behavior of customers in the retail sector. Meanwhile, the Group will keep on monitoring and adjusting nimbly the Group's operating strategies of the department store operation to cater the challenging operating environment.

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

LIQUIDITY AND FINANCIAL RESOURCES

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

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

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

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

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

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

CHAIRMAN'S REVIEW OF OPERATIONS

LITIGATIONS

Save as disclosed in notes 35 to the financial statements, the Group do not have other material litigations.

COMMITMENTS AND CONTINGENT LIABILITIES

Save as disclosed in note 28 to the financial statements, the Group has no other material commitments and contingent liabilities.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not make any material acquisition or disposal of subsidiaries and associated and significant investments during FY2024.

EMPLOYEES AND REMUNERATION POLICIES

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

DIVIDENDS

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

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 customers, suppliers, business associates and shareholders for their continuous support to the Group throughout the year.

Lin Xiaohui
Chairman

31 March 2025

The Board has committed to maintaining good corporate governance standards.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (collectively the "Listing Rules").

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

CORPORATE CULTURE AND STRATEGY

The Group keeps pace with the times and firmly believes that mission, vision, strategy, purpose, and core values are important cornerstones for promoting a good corporate culture. Core values are the most important component of corporate culture and reflect the behavior and social attitudes that the management and all employees uphold and expect.

The Group has four main missions:

(i) To gather talented people and work together towards success;

(ii) To uphold excellent and professional corporate management, enhancing shareholder value;

(iii) To empower employees and grow together; and

(iv) To adhere to a transparent, responsible, honest, and open corporate culture.

Over the years, the Group has upheld the corporate mindset of "innovation development and pursuit of excellence", continuously improving the quality, efficiency, and competitiveness of its products and services, and dedicating to creating a win-win situation with customers, business partners, and shareholders, to build a harmonious and better society, and practicing the corporate spirit of "The way of Realord & being Sincere".

The Group's business development and management strategy are consistent with its vision, focusing on investments with stable recurring income to achieve a long-term, stable, and sustainable growth, while appropriately considering the environmental, social, and governance ("ESG") aspects, to bring the greatest long-term return to shareholders.

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 to the Listing Rules as the code governing the transactions of securities by the directors. After specific enquiry to all directors of the Company (the "Directors"), it is confirmed that all Directors had complied with the relevant standard as provided in the Model Code throughout FY2024.

BOARD OF DIRECTORS

As at the date of this annual report, the Board currently comprises seven members, consisting of three executive Directors, one non-executive Director and three independent non-executive Directors. The biographical information of the Directors are set out in the section headed "Biographies of Directors and Senior Executives" on pages 31 to 35 of this annual report.

Dr. Lin Xiaohui and Madam Su Jiaohua are spouse. To the best knowledge of the Company, save as disclosed above and in the Directors' and Chief Executive's Interests in Shares as set out on pages 27 to 29, there is no financial, business and family relationship among members of the Board. All of them are free to exercise their independent judgement.

The Board held three Board meetings and one general meeting during FY2024. The following table shows the attendance of Directors at meetings during FY2024:

Directors	**General Meetings attended/held**	**Board Meetings attended/held**
Executive Directors		
Dr. LIN Xiaohui *(Chairman)*	1/1	3/3
Madam SU Jiaohua *(CEO)*	1/1	3/3
Dr. YU Lai	1/1	3/3
Non-Executive Director		
Dr. TAI Tak Fung	1/1	3/3
Independent Non-Executive Directors		
Mr. YU Leung Fai	1/1	3/3
Mr. CHUNG Chun Hung Simon	1/1	3/3
Mr. LIN Lin	1/1	3/3

Independent Non-Executive Directors

The Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules for the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors are independent during FY2024.

Board Independence

Independent non-executive Directors represent more than one-third of the Board, which facilitates in bringing to the Board independent advice and judgement. Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board committees, the independent non-executive directors are appointed to all Board committees as far as possible to ensure independent views and inputs are available.

The Nomination Committee will assess the independence of a candidate who is nominated to be a new independent non-executive Directors before appointment and the continued independence of the current long-serving independent non-executive Directors on an annual basis.

The Board reviews these mechanisms on an annual basis for ensuring independent views and input are available to the Board, whether in terms of proportion, recruitment and independence of independent non-executive Directors, their contribution and access to external independent professional advice, and the findings of Board evaluation exercise.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible to ensure the Company achieves its objectives, approve the business strategic plans and review management performance.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each director of the Company to perform his responsibilities to the Company.

The Board reserves for its decision on all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Continuous Professional Development of Directors

Directors keep abreast of responsibilities as a Director of the Company and of the conduct, business activities and development of the Company.

Every newly appointed director of the Company will receive formal, comprehensive and tailored-made induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

During FY2024, relevant reading materials including regulatory update and seminar handouts have been provided to the Directors for their reference and studying.

A summary of training received by the Directors according to the records provided by the Directors during FY2024 is as follows:

Director	**Training on corporate governance, regulatory development and other relevant topics**
Executive Directors	
Dr. LIN Xiaohui *(Chairman)*	✓
Madam SU Jiaohua *(CEO)*	✓
Dr. YU Lai	✓
Non-Executive Director	
Dr. TAI Tak Fung	✓
Independent Non-Executive Directors	
Mr. YU Leung Fai	✓
Mr. CHUNG Chun Hung Simon	✓
Mr. LIN Lin	✓

BOARD COMMITTEES

During FY2024, the Board has established four committees, namely, the Audit Committee, Remuneration Committee, Nomination Committee and Executive Committee to oversee particular aspects of the Company's affairs and to assist in the execution of the Board's responsibilities. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

Audit Committee

The Audit Committee consists of Mr. Yu Leung Fai, Mr. Chung Chun Hung Simon and Mr. Lin Lin, independent non-executive Directors. Mr. Yu Leung Fai is the chairman of the Audit Committee.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system and relationship with external auditors, and internal control or other matters of the Company.

During FY2024, the Audit Committee held two meetings to review and discuss significant issues on the financial reporting and compliance procedures, internal control and risk management systems, scope of work and appointment of external auditor, and the attendance record, on a named basis, is set out below:

Audit Committee Members	Meetings attended/held
Mr. YU Leung Fai	2/2
Mr. CHUNG Chun Hung Simon	2/2
Mr. LIN Lin	2/2

The Group's audited financial statements for FY2024 have been reviewed by the Audit Committee.

The Audit Committee also met with the external auditor twice during FY2024.

Remuneration Committee

The Remuneration Committee consists of Mr. Lin Lin, Mr. Yu Leung Fai and Mr. Chung Chun Hung Simon, who are independent non-executive Directors. Mr. Lin Lin is the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee include determining the remuneration packages of individual executive Director, making recommendation to the Board the remuneration policy and structure for all Directors; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During FY2024, the Remuneration Committee held one meetings to review and make recommendation to the Board on the remuneration policy and structure of the Company, and the remuneration packages of the executive Directors and other related matters, and the attendance record, on a named basis, is set out below:

Remuneration Committee Members	Meetings attended/held
Mr. LIN Lin	1/1
Mr. YU Leung Fai	1/1
Mr. CHUNG Chun Hung Simon	1/1

Details of the remuneration of each Director for FY2024 are set out in note 11 to the financial statements.

Nomination Committee

The Nomination Committee consists of Mr. Chung Chun Hung Simon, Mr. Yu Leung Fai and Mr. Lin Lin, independent non-executive Directors. Mr. Chung Chun Hung Simon is the chairman of the Nomination Committee.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

The nomination policy of the Company specifies the selection criteria of Directors including but not limited to the following:

– Character and integrity;

– Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

– Diversity in all aspects, including but not limited to gender, age (18 years or above) cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;

– Requirements of independent non-executive directors on the Board and independence of the proposed independent non-executive directors in accordance with the Listing Rules; and

– Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

During FY2024, the Nomination Committee held one meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, and to consider the qualifications of the retiring Directors standing for re-election at the Annual General Meeting, and the attendance record, on a named basis, is set out below:

Nomination Committee Members	Meetings attended/held
Mr. CHUNG Chun Hung Simon	1/1
Mr. YU Leung Fai	1/1
Mr. LIN Lin	1/1

Executive Committee

The Executive Committee consists of Dr. Lin Xiaohui, Madam Su Jiaohua and Dr. Yu Lai, executive Directors. Dr. Lin Xiaohui is the chairman of the Executive Committee.

The Executive Committee has been established to assist the Board in facilitating more efficient day-to-day operations of the Group and is delegated by the Board with the powers to oversee the management of the business and affairs of the Company.

During FY2024, the Executive Committee held twelve meetings to review and oversee the operations as well as the implementation and realisation of the strategic objectives. The attendance record, on a named basis, is set out below:

Executive Committee Members	Meetings attended/held
Dr. LIN Xiaohui	12/12
Madam SU Jiaohua	12/12
Dr. YU Lai	12/12

Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. In this connection, the Company has adopted a board diversity policy which sets out the approach to achieve diversity on the Board (the "Board Diversity Policy"). The Board will review the implementation and effectiveness of the Board Diversity Policy annually.

In designing the Board Diversity Policy, the Company has considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Company currently has one female Director, and the Board had targeted to achieve and had achieved at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified. As at 31 December 2024, as set out in the section headed "Employment Practices and Equal Opportunity" in the ESG Report as contained in this annual report, among the 199 employees (including senior management) of the Group, the percentages of male employees and female employees are 35.2% and 64.8%, respectively. The Board considers that the Group's workforce (including senior management) are diverse in terms of gender.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and the Company's compliance with the CG Code and disclosure in this corporate governance report.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements of the Group and ensure that the financial statements are in accordance with statutory requirements and applicable accounting standards. The Directors also ensure the timely publication of the financial statements of the Group.

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

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

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the independent auditor's report on pages 60 to 64.

AUDITOR'S REMUNERATION

During FY2024, the fees payable to the Company's external auditor for audit services totalled to approximately HK$1,725,000 (FY2023: HK$1,725,000). The external auditor and its affiliate has also provided the Group with non-audit services, including the provision of tax services and agreed-upon procedures, at fees amounted to approximately HK$392,600 (FY2023: HK$382,800).

DIVIDEND POLICY

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company and all applicable laws and regulations. In recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements and future growth as well as its shareholder value. The Company has no fixed dividend pay-out ratio. The Board considers that, in general, the amount of dividends to be declared will depend on the Group's financial results, cash position, capital requirements, business conditions and strategies, and other factors as may be considered relevant at such time by the Board.

ANTI-CORRUPTION POLICY AND WHISTLEBLOWING POLICY

The Group has established (i) policy and measures that promote and support anti-corruption laws and regulations; and (ii) whistleblowing policy and measures for employees, suppliers and business partners to raise concerns, in confidence and anonymity, about possible improprieties in any matter related to the Group. For further details of the Group's anti-corruption and whistleblowing policy and/or measures, please refer to the section headed "B7. Anti-corruption" of the "ESG Report" contained in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it is its duty to monitor the risk management and internal control systems (including ESG risks) of the Group on an ongoing basis and review their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During FY2024, the Board conducted an annual review of the risk management and internal control systems of the Group, covering all material controls, including financial, operational and compliance controls, with a view to ensuring that resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions are adequate. In this respect, the Audit Committee communicates any material issues to the Board.

During FY2024, the Group engaged an independent professional consultancy firm for performing independent review of the adequacy and effectiveness of the internal control and risk management. The consultancy firm identified and assessed the risks of the Group through a series of interviews; and independently performed internal control review and assessed effectiveness of the Group's risk management and internal control systems. The review results has been properly reported to the Audit Committee.

Based on the internal control review and risk assessment conducted during FY2024, no significant control deficiency was identified.

The Group maintains a risk register to keep track of all identified major risks of the Group. The risk register provides the Board, the Audit Committee and management with a profile of its major risks and records management's action taken to mitigate the relevant risks. Each risk is evaluated at least annually based on its likelihood of occurrence and potential impact upon the Group.

The Company will continue to engage external independent professionals to review the Group's system of internal controls and risk management annually and further enhance the Group's internal control and risk management systems as appropriate.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

SHAREHOLDERS' RIGHTS

To safeguard shareholder interests and rights, a separate resolution is proposed for each substantially separate issue at shareholder meetings, including the election of individual directors. All resolutions put forward at shareholder meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholder meeting.

Convening a General Meeting by Shareholders

General meetings may be convened by the Board on requisition of shareholder(s) holding not less than one-twentieth of the paid-up capital of the Company or by such shareholder(s) who made the requisition (the "Requisitionist(s)") (as the case may be) pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"). The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in Companies Ordinance for convening a general meeting.

Putting Forward Proposals at General Meetings

Pursuant to the Companies Ordinance, shareholders representing not less than one-fortieth of the total voting rights of all shareholders; or not less than 50 shareholders holding shares in the Company may make requisition in writing for proposing resolution or business to be dealt with at the next general meeting. Shareholders should follow the requirements and procedures as set out in the Companies Ordinance for putting forward a proposal at a general meeting.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company.

Note: The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following address:

Suite 2411, 24/F, Jardine House, 1 Connaught Place, Central, Hong Kong
(For the attention of the Company Secretary)

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to develop and maintain continuing relationships and effective communications with its shareholders and investors. To facilitate and enhance the relationships and communication, the Company has maintained a policy for an effective channel of communication with the shareholder (the "Shareholder Communication Policy") and established, including but not limited to, the following various channels:

1. annual general meeting provides a forum for shareholders of the Company to raise comments and exchange views with the Board. The Chairman and the directors are available at annual general meetings to address shareholders' queries;

2. separate resolutions are proposed at general meetings on each substantially separate issue to facilitate the enforcement of shareholders' rights. Pursuant to rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. As such, all resolutions set out in the notice of the annual general meeting of the Company will be voted by poll;

3. interim and annual results are announced as early as possible so that the shareholders are kept informed of the Group's performance and operations; and

4. corporate website www.sincere.com.hk contains extensive information and updates on the Company's business.

The Company reviews the effectiveness of the Shareholder Communication Policy annually.

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited financial statements of the Company and its subsidiaries (together, the "Group") for FY2024.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year mainly consisted of the operation of department stores, securities trading and the provision of life insurances.

BUSINESS REVIEW

A review of the business of the Group during FY2024 including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business are provided in the "Chairman's Review of Operation" set out on pages 4 to 8 of this annual report. This discussion forms part of this Report of the Directors.

The financial risk management objectives and policies of the Group are summarised in note 32 to the financial statements.

The key financial and business performance indicators comprised of revenue; finance costs, loss attributable to equity holders and debt to equity ratio. Details of the key performance indicators are provided in the Chairman's Review of Operations set out on pages 4 to 8 of this annual report.

A discussion of the Group's environmental policies and community involvement is contained in the Environmental, Social and Governance Report on pages 36 to 59 of this annual report.

Details of the Group's compliance with laws and regulations and relationship with key stakeholders are discussed below:

Compliance with Laws and Regulations

The Group continues to update its compliance and risk management policies and procedures, and the senior management are delegated with continuing responsibility to monitor compliance with all significant legal and regulatory requirements. To the best knowledge of the board of Directors (the "Board") and management, save as disclosed in the financial statement, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during FY2024.

Relationships with key stakeholders

The Group's success also depends on the support from key stakeholders which comprise employees, customers and suppliers.

Employees

Employees are regards as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognize well-performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement.

Customers

The Group maintains a good relationship with its customers. It is the Group's mission to provide excellent customer service whilst maintaining long term profitability, business and asset growth. Various means have been established to strengthen the communications between the customers and the Group in the provision of excellent customer service. A customer complaint handling mechanism is in place to receive, analysis and study complaints and make recommendations on remedies with the aim of improving service quality.

Suppliers

Sound relationships with key suppliers of the Group are important in supply chain, meeting business challenges and regulatory requirements, which can derive cost effectiveness and foster long term business benefits. We have developed long-standing relationships with a number of our suppliers and take great care to ensure that they share our commitment to quality and ethics.

RESULTS

The Group's loss for FY2024 and the Group's financial position as at 31 December 2024 are set out in the audited financial statements on pages 65 to 176.

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on pages 177 to 178 of this annual report.

DIVIDEND

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

ANNUAL GENERAL MEETING

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

CLOSURE OF REGISTER OF MEMBERS

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital during FY2024 are set out in note 25 to the financial statements.

There was no share option scheme effective during FY2024.

DISTRIBUTABLE RESERVES

As at 31 December 2024, the Company has no distributable reserves, calculated under Part 6 of the Companies Ordinance (Cap. 622) (31 December 2023: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

For FY2024, the Group's sales to the five largest customers and purchases from the five largest suppliers accounted for less than 30% of the Group's turnover and purchases, respectively.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Articles of Association, every director or other officer shall be entitled to be indemnified out of the asset of the Company against all costs, charges, losses, expenses and liabilities (subject to and so far as may be permitted by the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) which he may sustain or incur in or about the execution and discharge of his duties or in relation thereto. The Company has arranged appropriate directors' and officer's liability coverage for the directors and officers of the Group.

REPORT OF THE DIRECTORS

DIRECTORS

The directors who served during FY2024 and up to the date of this annual report were as follows:

Executive Directors:

Dr. LIN Xiaohui *(Chairman)*
Madam SU Jiaohua *(CEO)*
Dr. YU Lai

Non-Executive Director:

Dr. TAI Tak Fung

Independent Non-Executive Directors:

Mr. YU Leung Fai
Mr. CHUNG Chun Hung Simon
Mr. LIN Lin

At the forthcoming AGM, Madam Su Jiaohua, Dr. Yu Lai and Mr. Yu Leung Fai shall retire from office by rotation and, being eligible, offer each of themselves for re-election as executive Director, executive Director and independent non-executive Director, respectively, in accordance with Article 93 of the Articles of Association.

During FY2024, the Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules"). The Company considers all of the independent non-executive Directors are independent.

During FY2024, a letter of appointment setting out the terms and conditions of appointment is provided to each Director. None of the Directors has a service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

Details of the "Biographies Of The Directors And Senior Executives" are set out on pages 31 to 35 of this annual report.

DIRECTORS OF SUBSIDIARIES

During FY2024, Dr. Lin Xiaohui and Madam Su Jiaohua held directorship in some of the Company's subsidiaries. Other directors of the Company's subsidiaries include Mr. Chen Aiguo, and Ms. Cheng Ying.

SUBSTANTIAL SHAREHOLDERS

As at 31 December 2024, so far as is known to the Directors, the following persons (not being a Director or Chief Executive of the Company) had interests in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of Securities and Futures Ordinance (the "SFO") were as follow:

Long position in the shares of the Company

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

Note:

There is a duplication of interests of 985,471,362 Shares amongst Manureen Holdings, Dr. Lin Xiaohui and Madam Su Jiaohua. As at 31 December 2024, Manureen Holdings was the legal and beneficial owner of 985,471,362 shares of the Company, representing approximately 75.00% of the issued share capital of the Company. Each of Madam Su Jiaohua and Dr. Lin Xiaohui owns 30% and 70% equity interest in Manureen Holdings, which Dr. Lin Xiaohui is deemed to be interested in 985,471,362 Shares by virtue of interest of controlled corporation and Madam Su Jiaohua is deemed to be interested in the same block of Shares as the Spouse of Dr. Lin Xiaohui.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES

As at 31 December 2024, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares and debentures and the details of any right to subscribe for shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) and of the exercise of any such rights, as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong (the "Stock Exchange") pursuant to the Mode Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") in the Listing Rules, were as follows:

(a) Long position in shares of the Company

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

Notes:

(1) As at 31 December 2024, Manureen Holdings was the legal and beneficial owner of 985,471,362 shares of the Company. Since Dr. Lin owned 70% of the issued share capital of Manureen Holdings, he was deemed to be interested in 985,471,362 shares of the Company.

(2) Madam Su, the spouse of Dr. Lin, was deemed to be interested in 985,471,362 shares of the Company which Dr. Lin was deemed to be interested under the SFO as at 31 December 2024.

(b) Associated corporations

As at 31 December 2024, none of the directors or chief executive of the Company had any interests or short position in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that is required to be recorded and kept in the register in accordance with Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time during FY2024 was the Company or any of its subsidiaries a party to any arrangements to enable the directors of the Company or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporates.

MATERIAL CONNECTED TRANSACTIONS

For those related party transactions of the Group during FY2024 as disclosed in note 29 to the consolidated financial statements, all were connected or continuing connected transactions (as the case may be) which were fully exempted from the disclosure requirements for reporting, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules. The Company confirmed it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in notes 11 and 29 to the financial statements, none of the Directors and their respective connected entities had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during FY2024.

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

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During FY2024, 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the directors, the Company had maintained a sufficient public float of not less than 25% of the Company's total issued shares as required under the Listing Rules throughout the year under review.

DONATIONS

The Group has made donation of HK$250,000 during FY2024 (FY2023: HK$Nil).

AUDIT COMMITTEE

The Audit Committee of the Company comprises three members, namely, Mr. Yu Leung Fai (chairman of the Audit Committee), Mr. Lin Lin and Mr. Chung Chun Hung Simon, who are independent non-executive Directors of the Company. Regular meetings have been held by the Audit Committee since its establishment and the Audit Committee met two times during FY2024. The primary duties of the Audit Committee are to review the Group's internal control and financial reporting process including interim and annual financial statements before recommending them to the Board for approval. The Group's audited results for FY2024 have been reviewed by the Audit Committee.

AUDITOR

A resolution for the reappointment of Grant Thornton Hong Kong Limited as auditors of the Company will be proposed at the forthcoming annual general meeting.

ON BEHALF OF THE BOARD

Lin Xiaohui
Chairman

Hong Kong, 31 March 2025

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

EXECUTIVE DIRECTORS

Dr. Lin Xiaohui (林曉輝博士) ("Dr. Lin")

Dr. Lin, aged 51, has been appointed as the chairman and an executive director of the Company and the chairman of the Executive Committee. Dr. Lin is also currently the chairman and an executive director of Realord Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1196) ("Realord"). Dr. Lin obtained a Master degree of business administration from the City University (formerly known as the City University College of Science and Technology) in September 2014 and a Honorary Doctorate degree of Business Administration from the SABI University in August 2015.

Since 2005, Dr. Lin has held management positions in a number of private companies in which he has shareholding interests, and these companies are mainly engaged in real estate, electronics, logistics and financial investment in Shenzhen. Dr. Lin is currently a member of the 14th National Committee of the Chinese People's Political Consultative Conference ("NCCPPCC"), a member of the 6th Election Committee of the Chief Executive of Hong Kong Special Administrative Region, a Standing Committee member of the 5th to the 7th of Guangdong Shenzhen Municipal Committee of the Chinese People's Political Consultative Conference ("CPPCC"), a Vice Chairman of the 8th Shenzhen Federation of Industry & Commerce, a Chairman of the 4th Shenzhen Futian General Chamber of Commerce, and was a member of the Standing Committee of the 3rd to the 5th of Shenzhen Futian District Committee of the CPPCC. Dr. Lin is the spouse of Madam Su Jiaohua (蘇嬌華女士) ("Madam Su"). Dr. Lin joined the Group in June 2021.

Madam Su

Madam Su, aged 52, has been appointed as the chief executive officer and an executive Director of the Company and a member of the Executive Committee. Madam Su is also currently the chief executive officer and an executive Director of Realord. Madam Su obtained the advanced diploma in business studies from Ashford College of Management & Technology Singapore (formerly known as AMGT Management School) in September 2012. Since 2005, Madam Su has held management positions in a number of private companies in which she has shareholding interests, and these companies are mainly engaged in real estate, electronics, logistics and financial investment in Shenzhen. Madam Su also served as a member of the 6th People's Congress of Futian District, Shenzhen City, and a member of the 6th People's Congress of Shenzhen City. Madam Su is the spouse of Dr. Lin.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

Dr. Yu Lai (禹來博士) ("Dr. Yu")

Dr. Yu, aged 70, has been appointed as an executive Director of the Company and a member of the Executive Committee.

Dr. Yu obtained a master degree and a doctorate degree in business management from Sun Yat-sen Business School in July 1990 and June 2001, respectively. Dr. Yu is currently the chairman of Realord Commercial Group Limited* (偉祿商業集團有限公司). Dr. Yu has over 18 years of experience in business management and has held management positions in a number of companies. From May 2003 to May 2006, Dr. Yu worked with Guangdong Investment Limited ("GIL", a company listed on the main board of the Stock Exchange (stock code: 270)) in a number of positions within the GIL group, namely (i) the director and deputy general manager of GIL; and (ii) the chairman and director of Guangdong Teemall (holdings) Limited* (廣東天河城(集團)股份有限公司). From June 2006 to December 2010, Dr. Yu worked in Shenzhen CITIC Commercial Management Co., Ltd* (深圳市中信商業管理有限公司) and served in various position, including the chairman of Shenzhen CITIC City Plaza Investment Co., Ltd.* (深圳市中信城市廣場投資有限公司) and the deputy general manager of Sino Hope (H.K.) Limited. From April 2007 to January 2008, Dr. Yu was the deputy general manager of CITIC Shenzhen (Group) Company* (中信深圳(集團)公司) and from January 2008 to December 2010, Dr. Yu was appointed as the vice president of CITIC Real Estate Co., Ltd (中信房地產股份有限公司). Dr. Yu then worked with Horoy Holdings Limited ("HHL") from January 2011 to August 2013, with his last position held as the president of HHL. In September 2013, Dr. Yu joined Guangdong JianJi Group (廣東堅基集團) ("GJG") and served in a number of positions within the GJG group, namely (i) the president of the GJG group; (ii) the general manager of Guangdong JianJi Commercial Operation Management Company* (廣東堅基商業運營管理公司); and (iii) the general manager of Heyuan JianJi Performing Arts Company Limited* (河源市堅基演藝有限公司).

* *For identification purpose only*

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

NON-EXECUTIVE DIRECTOR

Dr. Tai Tak Fung (戴德豐博士) ("Dr. Tai")

Dr. Tai, *GBM, GBS, SBS, JP, Phd (honoris causa)*, aged 76, has been appointed as a non-executive Director of the Company.

Dr. Tai is currently the founder, executive director and chairman of Four Seas Mercantile Holdings Limited (Stock Code: 374) and the non-executive director of Hong Kong Food Investment Holdings Limited (Stock Code: 60), both companies of which are listed on the Main Board of the Stock Exchange. Dr. Tai has been awarded the Grand Bauhinia Medal, Gold Bauhinia Star, Silver Bauhinia Star and Justice of the Peace by the Government of the Hong Kong Special Administrative Region. He served as a member of the NCCPPCC from 2003 to 2018, during which period he was a standing committee member of the CPPCC from 2008 to 2018. He also served as a member of the Guangdong Provincial Committee of the CPPCC from 1998 to 2022, during which he was a standing committee member of the Guangdong Provincial Committee of the CPPCC from 2003 to 2022. Dr. Tai was awarded the Order of the Rising Sun, Gold and Silver Rays by the Japanese Emperor in 2017 and he was also awarded the 30th Food Industry Distinguished Service Award of Japan and the Award of the Ministry of Agriculture, Forestry and Fisheries of Japan for the Overseas Promotion of Japanese Food by the Government of Japan, in recognition of his contributions towards the promotion of Japanese food products in China. He is currently a member of the Board of Trustees of Jinan University and serves several public positions, including the president of the Hong Kong Foodstuffs Association, the permanent honorary president of Friends of Hong Kong Association, the founding chief president of The Association of the Hong Kong Members of Guangdong's CPPCC Committees, the founding chairman of the Hong Kong CPPCC (Provincial) Members Association, the chairman of the Hong Kong Guangdong Chamber of Foreign Investors and a special advisor to China National Food Industry Association. He received a number of awards including Hong Kong Distinguished Brand Leader Award conferred by Hong Kong Brand Development Council and the Chinese Manufacturers' Association of Hong Kong and Industrialist of the Year Award conferred by Federation of Hong Kong Industries. Other accolades include Asia's Leading Food Entrepreneur of the Year 2020, Certificate of Honor for Business Lifetime Achievement for Producing Quality Food Products, the Worldwide Prominent Chiu Chow Business Leader Award 2012-2013, the World Outstanding Chinese Award, the Philanthropist Award of the Grand Charity Ceremony 2011, the Outstanding Contribution Award of the China National Food Industry and the China Food Safety Annual Conference Award of Distinguished Management Entrepreneur.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yu Leung Fai (余亮暉先生) ("Mr. Yu")

Mr. Yu, aged 48, has been appointed as an independent non-executive director of the Company, the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee.

Mr. Yu is a member of the American Institute of Certified Public Accountants, Certified Practicing Accountants of Australia and the Hong Kong Institute of Certified Public Accountants, and a Certified Trust Practitioner of the Hong Kong Trustee Association. Mr. Yu obtained a bachelor's degree in commerce from University of Toronto, Canada in June 2000 and a bachelor's degree in law from University of London, United Kingdom in August 2005. Mr. Yu has over 22 years of experience in corporate services field. He first started his career as an auditor of Deloitte Touche Tohmatsu. Since 2001, Mr. Yu joined Fung, Yu & Co. CPA Limited and is currently the company's managing partner. Mr. Yu has also been the company secretary of Beijing Media Corporation Limited (stock Code: 1000), Yuanda China Holdings Limited (stock Code: 2789) and Sany Heavy Equipment International Holdings Company Limited (stock Code: 631), and the independent non-executive director of Realord (stock Code: 1196), CSMall Group Limited (stock Code: 1815) and Timeless Resources Holdings Limited (stock Code: 8028), all of which are listed companies in Hong Kong, since March 2010, June 2012, February 2017, June 2014, November 2021 and March 2023, respectively.

Mr. Chung Chun Hung Simon (鍾振雄先生) ("Mr. Chung")

Mr. Chung, aged 54, has been appointed as an independent non-executive director of the Company, the chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee.

Mr. Chung obtained a bachelor degree in mathematics from the University of Waterloo, Canada in May 1993 and a master degree of science in investment management from The Hong Kong University of Science and Technology in November 2001. Mr. Chung was a licensed person registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 2 (dealing in futures contracts) regulated activities under the SFO from February 2000 to May 2017 and has over 15 years of securities brokerage and dealing experience in the financial services industry. He worked in Core Pacific-Yamaichi International (H.K.) Limited from February 2000 to June 2005, with his last position held as assistant sales director, primarily responsible for dealing in securities and futures contracts. From June 2005 to May 2017, Mr. Chung was the investment representative of KGI Hong Kong Limited (a company principally engaged in the provision of investment products and services, wealth management and person investment services), primarily responsible for dealing in securities and future contracts. In June 2012, he cofounded Speedy Finance Limited, a company principally engaged in money lending business in Hong Kong and has been its director since then. Mr. Chung has also been the honorary treasurer of Hong Kong General Chamber of Property Finance (formerly known as the Hong Kong Property Finance Association) since January 2016 and has been the honorary president of the CityU Industrial and Business Leaders Circle.

BIOGRAPHIES OF DIRECTORS AND SENIOR EXECUTIVES

Mr. Lin Lin (林琳先生) ("Mr. Lin")

Mr. Lin Lin, aged 45, has been appointed as an independent non-executive director of the Company. He has been the legal representative and the chairman of the board of Shenzhen Hua'ao Supply Chain Management Co., Ltd.* (深圳市華奥供應鏈管理有限公司), a company mainly engaged in import and export trade and supply chain management, since March 2017. From July 1999 to March 2017, Mr. Lin worked in the taxation collection management section of Shenzhen Municipal Office of the State Taxation Administration (Futian Branch). Mr. Lin obtained a bachelor degree in finance from College of Further Education of Hubei College of Technology* (湖北工學院業餘成人高等教育學院) (currently known as Hubei University of Technology School of Continuing Education* (湖北工業大學繼續教育學院)) in July 2002.

SENIOR EXECUTIVE

Mr. Ip Ho Wing, aged 42, joined the Company as finance director in December 2021. He has over 18 years of experience in accounting and finance. He is a member of Hong Kong Institute of Certified Public Accountants.

* *For identification purpose only*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

INTRODUCTION

The Sincere Company, Limited (the "Company") and its subsidiaries (collectively the "Group") strive continuously to incorporate sustainability initiatives into their daily operations and management. While sharing the vision of becoming the preferred choice of our stakeholders, the Company is committed to improving its Environmental, Social and Governance ("ESG") performance by upholding good corporate governance standards, protecting the environment, engaging the community and promoting social integration.

This report has complied with the "comply or explain" provisions set out in the "Environmental, Social and Governance Reporting Guide" under Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (collectively the "Listing Rules"). The reporting period is from 1 January 2024 to 31 December 2024 ("the Period"). The reporting boundary is limited to retail and office operation in Hong Kong unless other specified. Disclosed content of the report has been reviewed by the board of directors of the Company (the "Board").

The Company values your feedback regarding the review and its overall sustainability practices. The Company endeavours to provide a balanced, honest and transparent account of its performance.

REPORTING PRINCIPLES

The Company have taken the following reporting principles into account in development of this ESG report:

Materiality

The Company regularly engages its stakeholders to better understand their concerns relating to sustainability issues that affect them. The Company also makes regular reference to our peers and both local and regional sustainability criteria when we review our sustainability context, materiality and disclosures in order to keep our sustainability priorities and strategy relevant. The Board and the management regularly review the sustainability issues that are most significant to our business and operations, and consider the issues discussed in this report to be material to the Group.

Quantitative

For the quantitative information, the Company reports on, and it provides explanation on how it collects and analyses relevant data in appropriate circumstances. Notes are added to supplement the standards, calculation methodologies, assumptions or conversion factors used for calculations of environmental key performance indicators. Besides, disclosure on comparative data allows stakeholders to make analysis based on its performance.

Balance

The Company aims to keep its report balanced and make fair disclosures on critical aspects of its performance, both in terms of progress made and continuing challenges that it is dealing with.

Consistency

The Company has reported in accordance with the "ESG Reporting Guide" of the Stock Exchange, which allows for year-to-year comparison with our pervious performance.

MATERIALITY ASSESSMENT

Based on the principle of materiality, this report focuses on the environmental and social impacts of our operations and sales activities. The materiality assessment is the exercise through which the Company identifies issues of importance to the Company from a sustainability perspective and to prioritise those which are considered material. This report identified the following material ESG issues.

ESG Aspects		Material ESG issues
A.	**Environmental**	
A1	Emissions	Air Emissions Waste Management and Reduction
A2	Use of Resources	Energy Conservation
A3	The Environmental and Natural Resources	Impacts to Natural Resources
A4	Climate Change	Climate Change Adaptation
B.	**Social**	
B1	Employment	Employment Practices Equal Opportunity
B2	Health and Safety	Workplace Health and Safety
B3	Development and Training	Staff Training
B4	Labour Standards	Prohibition Against Child and Forced Labour
B5	Supply Chain Management	Sustainable Supply Chain
B6	Product Responsibility	Data Privacy
B7	Anti-corruption	Anti-corruption
B8	Community Investment	Supporting the Community

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

BOARD INVOLVEMENT AND GOVERNANCE

The Board is responsible for overseeing long-term sustainable development for all operating companies under the Group. Information and management on sustainability risks and performance is reported to the Board.

The ESG working group meets at least once a year to exchange information and best practices, with a view to developing specific policy recommendations, improving efficiency, manage climate-related risk, reducing costs and engaging staff in sustainable development. The ESG working group is delegated responsibility by the Board for executing our corporate ESG management approach, strategy and initiatives, including material ESG-related issues. It assists the Board in examining and reviewing the Group's ESG performance against the Group's ESG-related goals and targets, including environmental, labour practices and other ESG aspects. In turn, the direct reports in the Company have functional responsibility for carrying out sustainable business practice in specific areas, collecting and monitoring of ESG related data.

The Group has developed its own corporate governance code (the "CG Code") according to the principles as set out in the Corporate Governance Code and Corporate Governance Report contained in Appendix C1 to the Listing Rules. The CG code sets out the corporate governance principles applied by the Group and is constantly reviewed to ensure transparency, accountability and independence. For details, please refer to the "Corporate Governance Report" section.

STAKEHOLDER ENGAGEMENT

As a responsible business, we have the responsibility to build a thriving future where we can create long-term value for our stakeholders. The stakeholders of the Company include shareholders, investors, customers, employees, business partners, suppliers, regulators, industry practitioners, charity groups and non-governmental parties etc.

To determine the direction of the Group's long-term development and maintain close relationships with our stakeholders, the Company engaged our stakeholders through constructive communications including meetings, interviews, direct phone calls, mails and staff performance appraisal interviews.

A. ENVIRONMENTAL

The Company is committed to the long-term sustainability of the environment and communities in which we operate. To the best knowledge, the Company has not identified any material non-compliance with relevant laws and regulations regarding environmental issues, including but not limited to the Product Eco-responsibility Ordinance (Chapter 603 of the Laws of Hong Kong) and Air Pollution Control Ordinance (Cap.311) of Hong Kong, during the Period. During the Period, the Company measured and managed its environmental performance in several aspects throughout its operations.

A1. Emissions

i. Air Emissions

Air pollution has become one of the major critical problems in cities. We reckon that every company should take its responsibility to tackle this problem. To mitigate air pollution, we have been taking considerable measures to control our emissions.

To evaluate the air emissions, the Company assessed the fuel consumption based on the distribution network within Hong Kong. The Company owns its fleet used to deliver the goods. Based on the current delivery model, the Company consistently reviews its operation to optimise the efficiency of the logistic network to remain economically competitive and environmentally sustainable, for example, reducing the number of miles driven and hours spent. Optimising the efficiency of the distribution network and continuous communicating with the Company's logistics manager led the Company to stay economically competitive and environmentally sustainable. The Company remains committed to improving the fuel efficiency, optimise transportation network and track emission reduction.

In addition, the Company has implemented the following measures:

– Regular maintenance and cleaning of vehicles
– Green driving practices (e.g. no idling engine)

As a result, the Company emitted 45 g of sulphur oxides (SOx) (2023: 41 g), 12,246 g of nitrogen oxides (NOx) (2023: 11,704 g), and 1,140 g of particulate matter (PM) (2023: 1,090 g) during the Period, which mainly came from emissions from its own fleet.

ii. Waste Management and Reduction

The Company works diligently in reducing our waste produced from operations by sorting of waste, and to re-use materials wherever possible. It recognises the importance of waste reduction and waste separation at source for recycling. The Company has put continuous efforts to implement various waste management initiatives among our operation boundaries.

The Company advocates the use of electronic means to replace paper for communication. The Company has also promoted the reuse of paper for printing informal documents and returned the used toner cartridges to a third party for recycling regularly.

We have established waste reduction target as to maintain the hazardous and non-hazardous waste at the same level next year. To achieve that, we will continue to implement various waste reduction measures as follows:

– Affix reminder at collection point(s) and prominent area(s) in the office to encourage waste recycling
– Affix reminders in printers and photocopiers to remind staff of saving paper
– Apply electronic functions to reduce photocopying and printing publications
– Buy electrical & electronic equipment and batteries only when necessary
– Double-sided printing
– Electrical & electronic products and batteries were well maintained to prolong life span
– Print only when necessary and print in black & white
– Reduce box files consumption by reusing old box files or applying electronic means for filing
– Reduce paper towel consumption by use of hand dryers
– Reduce the frequency of replacing rubbish bags
– Repair broken items to avoid waste disposal as far as possible
– Reuse furniture when moving or renovation
– Reuse materials for decorating festive events (e.g. Christmas and Chinese New Year, etc.)
– Reuse old envelopes
– Reuse single-sided printed paper
– Reuse stationeries, e.g. paper clips, folders, binders, envelopes
– Use refillable containers for cleaning products
– Use re-useable containers, dishes, cups and coffee filters in the pantry wherever possible

iii. Greenhouse Gas Emissions

The Company is committed to managing our environmental footprint responsibly and it leverages its resources and engage our people to make a difference along our operations. To cut down the Company's greenhouse gas emissions ("GHG"), the Company has implemented energy and resources saving measures (see "A2 Use of Resources – Energy Conservation" below). During the Period, the Company has achieved its target of maintaining the GHG emissions level as last year. For the coming year, the Company has established emission target as to maintain the GHG emission at the same level. To achieve that, we will continue to implement energy and saving measures (see "A2 Use of Resources – Electricity Management" below).

A2. Use of Resources

Energy Conservation

The impact of global climate change is a challenge that businesses and organisations around the world must face and address. The Company is committed to minimising the adverse impact that its operations may have on the environment. Using energy efficiently will help us conserve resources and tackle climate change. The Company has established energy use efficiency target as to maintain the energy consumption at the same level next year. To achieve that, we will continue to implement energy and saving measures (see "A2 Use of Resources – Electricity Management" below).

Electricity Management

The Company promotes green lighting in the workplace to reduce the usage of electricity. This involves installing energy-saving lights and using energy-saving light bulbs in our office and stores facilities. The Company also encourages the Company's employees to switch off the lights in the areas of the workplace that are not being used.

Energy consumption accounts for a major part of its GHG emissions. To reduce our carbon footprint, we have implemented the following measures:

– Affix reminder to remind staff of switching the office equipment into standby mode in the office after use of office equipment (e.g. photocopiers, printer, etc.)
– Follow the maintenance schedules of appliances as recommended in the instruction manual of the related appliance
– Power off electronic and electrical appliances after office hours
– Regular maintenance and cleaning of equipment
– Switch-off unnecessary wireless connection
– Unwanted materials & thick ice were regularly cleared & defrosted from refrigerator

The following table shows our GHG emissions and energy consumption during the Period.

GHG Emissions[1]	**Unit**	**2024**	**2023**
Total Scope 1 Emissions	tCO_2e	7.73	6.78
Total Scope 2 Emissions	tCO_2e	600.21	639.59
Total GHG Emissions	tCO_2e	607.95	646.37
Total GHG Emissions/Employee[2]	tCO_2e/employee	3.06	3.63

Note:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and based on, including but not limited to, How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs issued by the Stock Exchange, The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards issued by the World Resources Institute and the World Business Council for Sustainable Development, the emission factors of operational regions.

2. As at 31 December 2024, there is 199 employees in total (as at 31 December 2023: 178 employees). Unless specified otherwise, the data are also used for calculating other intensity data.

Energy Consumption	**Unit**	**2024**	**2023**
Diesel Consumption	kWh	30,048.15	27,495.75
Petrol Consumption	kWh	–	–
Electricity Consumption	kWh	1,468,159.00	1,558,712.00
Total Energy Consumption	kWh	1,498,207.15	1,586,207.75
Total Energy Consumption/Employee	kWh/employee	7,528.68	8,911.28

A3. The Environment and Natural Resources

While benefiting from the natural environment and resources, the Company should bear the responsibilities and fulfil the obligations of protecting them and making appropriate use. The Company has taken considerable efforts to minimise the impact generated from our business operations to our natural environment. As a retail business, the Company promotes eco-friendly shopping to the Company's customers. The Company strictly follows the Product Eco-responsibility Ordinance (Chapter 603 of the Laws of Hong Kong) and charge HK$1 for each shopping bag provided to consumers.

The Group's water consumption is supplied by municipal water suppliers, therefore we do not have any issue in sourcing water that is fit for purpose. For water consumption, our staff are reminded to shut the water taps tightly after use. The water consumption data is not recorded for the Reporting Period, with the reason the fee for water usage is included in management fee of our office, warehouse and shop premises. The Group will continue to dedicate its efforts to encourage the reduction of water consumption despite the aforementioned situation.

Reducing the packaging material brings both the environmental and economic benefit. The Company is dedicated to optimise the design of the packaging such that it can deliver against key performance criteria while using the least amount of packaging material. The Company measures different types of material used to gauge our environmental performance. The following tables show the figures of material consumption in our business operations:

Material Consumption	Unit	2024	2023
Carton Box Consumption	Pieces	–	–
Plastic Bag Consumption	Pieces	50,018	58,077
Paper Bag Consumption	Pieces	–	5,800

A4. Climate Change

The Company recognises the importance of the identification and mitigation of significant climate-related issues; therefore, the Company is committed to managing the potential climate-related risks which may impact the Company's business activities. The Company has established risk management policy in identifying and mitigating different risks including climate-related risks. The Board meets regularly and cooperates closely with key management to identify and evaluates climate-related risks and to formulate strategies to manage the identified risks.

For physical risk, the increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt the Group's operations by damaging the power grid, and department stores, and delays goods delivery from suppliers as well as to customers. To minimise the potential risks and hazards, the Company regularly maintains its facilities so as to make sure the damages by extreme weather events are minimized. The Company has also established adverse weather guidance to protect our staff and our contractors. The Company will continuously review the potential impact of climate change on our business annually and implement corresponding measures to reduce any potential risks.

B. SOCIAL

B1. Employment and Labour Practices

Employment

As key enablers in achieving its economic, environmental and social objectives, the Company's staff is among our most valuable assets. The Company believes that creating a workplace that offers a strong sense of belonging may inspire our employees to champion our core values. The Company strives to create an environment where every employee can develop their full potential and work happily.

Employment Practices and Equal Opportunity

The Company recognises that employees are key contributors toward our success. The Company aims to create a harmonious working environment for its employees through competitive remuneration packages that are structured to be commensurate with individual responsibilities, qualification, experience and performance. The Company believes in equal opportunities and diversity in terms of age, sex, nationality, disability and religion. Any discrimination on race, gender, religion, national origin, physical or mental disability, age, sexual orientation and gender identity are strictly prohibited during the employment process and in workplace. Employees are encouraged to report discriminatory practices to the management. An internal performance management system is used to objectively review employees' performance. Observations and evaluations of employee's work behaviour and accomplishments form the basis for decision making within the reward system.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations, including, but not limited to the Employment Ordinance (Chapter 57 of the Laws of Hong Kong). We have developed a written staff manual to govern the discipline, working hours, leaves and other benefits of our employees, in accordance with the relevant laws and regulations.

The Group employs 199 staff in total as of 31 December 2024 (as of 31 December 2023: 178).

Workforce statistic by gender, employment type, age group and geographical region:

		2024	2023
Hong Kong and Mainland China		199	178
(a)	Breakdown by gender		
	Employees – Female	129	123
	Employees – Male	70	55
(b)	Breakdown by age group		
	Employees Age < 30	21	12
	Employees Age 30 – 50	66	61
	Employees Age > 50	112	105
(c)	Breakdown by employment type		
	Employees – Part-time	66	53
	Employees – Full-time	133	125

Employee turnover rate by gender, age group and geographical region:

		2024	2023
Hong Kong and Mainland China		21.22%	25.28%
(a)	Breakdown by gender		
	Employees – Female	22.48%	25.20%
	Employees – Male	15.71%	25.45%
(b)	Breakdown by age group		
	Employees Age < 30	23.81%	58.33%
	Employees Age 30 – 50	27.27%	24.59%
	Employees Age > 50	15.18%	21.90%

B2. Health and Safety

The Company values the safety and well-being of staff. The Company strives to provide its employees with a safe working environment under the requirement of the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong). The Company's employees are provided with occupational safety education and training to enhance their safety awareness. The Company also provides subsidised medical care and life insurances to employees.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations, including, but not limited to the Occupational Safety and Health Ordinance (Cap. 509), and Factories and Industrial Undertakings Ordinance (Cap.59) of Hong Kong.

To provide a safe working environment for all, the Company has implemented the following measures:

- Conduct regular inspections of all parts of the Company's premises
- Conduct annual fire drills for employees to practice evacuation procedures of department stores and offices in the event of a fire or other emergencies

The Company has recorded 307 lost days due to work injury, and has not identified any work-related fatality over the past 3 years.

In view of increasing awareness on infectious disease, the Group has implemented certain workplace health and safety measures to prevent our staff members and customers from being infected. To comply with the Prevention and Control of Disease Ordinance (Chapter 599 of the Laws of Hong Kong), policies on flexible working hours and work-from-home were adopted for office operations to safeguard the health and safety of its employees. Personal protective equipment was offered to staff to avoid infection.

B3. Development and Training

To enable the Company's talents to develop themselves to their fullest potential and to provide them with the essential skill sets to deliver the best, a comprehensive development plan has been established.

The Company encourages personal development of staff. The Company provides structured training programmes in the form of workshops, seminars and on-the-job coaching for our staff with regard to their positions, job responsibilities and experience, and provides subsidy to support appropriate external professional training. During the Period, the average training hours completed per employee was approximately 0.25 hours and the total percentage of employees trained was approximately 13.07%. (2023: approximately 0.84 hours and 53.93%)

Statistic of training by gender and employment category:

Percentage of employees trained by gender and employment category	Unit	2024	2023
Percentage trained by gender			
Female	%	13.18	51.22
Male	%	12.86	60.00
Percentage trained by employment category			
Senior	%	18.18	10.00
Middle level	%	35.29	64.71
General	%	10.53	55.63

Average training hours completed per employee by gender and employment category	Unit	2024	2023
Average training hours per employee by gender			
Female	Hours	0.23	0.71
Male	Hours	0.27	1.12
Average training hours per employee by employment category			
Senior	Hours	0.36	1.93
Middle level	Hours	0.71	1.34
General	Hours	0.19	0.71

B4. Labour Standard

The Company strictly prohibits the use of child labour and forced or compulsory labour at all its units and suppliers. No employee is made to work against his/her will or work as forced labour, or subject to corporal punishment or coercion of any type related to work. Identification check is needed during hiring process to ensure the employee reaches legal minimum age for working. Save as disclosed in this annual report, the Group has not identified any other material non-compliance in relation to child or forced labour-related laws and regulations.

The Group has zero-tolerance to employment of child labour and forced labour within the Company's supply chain. The Group has not identified any non-compliance in relation to child or forced labour-related laws and regulations. If suppliers are found to have any employment of child labour and forced labour, immediate cessation of business would be conducted.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations, including, but not limited to the Occupational Safety and Health Ordinance (Cap. 509), and Factories and Industrial Undertakings Ordinance (Cap.59) of Hong Kong.

B5. Supply Chain Management

The Company is aware of the social and environmental risks of our supply chain. To foster long term business benefits, the Company maintains sound relationships with its key suppliers to meet business challenges and regulatory requirements. With long-standing relationships with a number of suppliers, the Company also shares its commitment to quality and business ethics to them.

The Company's business partners are expected to strive for efficiency and full compliance within their operations in terms of environmental and social risks. These policies come up to an open, equitable and ethical purchasing process for all parties by offering equal opportunities to the Company's suppliers and contractors from various geographical locations. Supplier assessments are required to access the environmental and social performance of the potential suppliers and contractors, and regular assessments on active suppliers are in place. During the Period, the Company conducted supplier assessments on the active suppliers.

The Company believes a sustainable supply chain reduces risks in our operation and creates opportunity to our business. The Company places high importance on purchasing eco-friendly materials for daily operations, supporting suppliers that are committed to source sustainable raw materials. During suppliers selection, the Company considered the quality and price of the suppliers.

During the Period, the breakdown of suppliers are as follows:

Numbers of Suppliers by Geographical Region

Asia & others	3
Europe	86
Hong Kong	384
N.&S. America	3

B6. Product Responsibility

As a responsible company, the Company is fully aware of the importance to comply with relevant laws and regulations concerning the provision and use of our products and services, relating to health and safety, advertising, labelling and privacy matters.

The Company has no products recalled subject to recalls for safety and health reasons during the Period.

The Company did not receive any products related complaints nor service-related complaints during the Period. According to our procedures, all complaints received are handled by designated staff to confirm the case details of every complaint, and look for areas of improvement to prevent recurring complaints.

During the Reporting Period, the Group was not aware of any material non-compliance with relevant laws and regulations, including, but not limited to Product Eco-responsibility Ordinance (Cap. 603), Sale of Goods Ordinance (Cap. 26), Consumer Goods Safety Ordinance (Cap.456), Copyright Ordinance (Cap.528), Personal Data (Privacy) Ordinance (Cap.486), Supply of Services (Implied Terms) Ordinance (Cap.457) and Trade Descriptions Ordinance (Cap.362) of Hong Kong.

The Company values the confidentiality of personal and sensitive commercial data. In addition to compliance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the Company requires in our terms of employment strict adherence to the Company's data privacy and confidentiality policies.

The Company aims to ensure high quality standards for products we offer. The Company constantly communicates with its customers to ensure our products are up to standards. Communication and feedback channels are created for quality assurance and recall procedures.

The Company takes appropriate action to protect intellectual property rights, which gives the business competitive edge. A specific department is responsible for the registration of the Company's self-created trademarks and patents.

B7. Anti-corruption

The Company is committed to adhering to the regulatory requirements and highest ethical standards, maintaining a corporate culture of integrity and justice for preventing, detecting and reporting all types of fraud, including corruption. This includes but not limited to the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong). The Company's employees are expected to carry out their work in a responsible and honest manner. All staff must avoid receiving any money or in-kind donation or gifts from either clients or any third parties.

To demonstrate our commitment to the highest standards of openness, accountability and probity, the Company has established a written whistle-blowing policy and reporting procedures under which any suspected misconduct or malpractice can be directly reported to our independent directors.

The Company also offers anti-corruption training to directors and staffs. The training covers elements of the Prevention of Bribery Ordinance (Chapter 201 of the Laws of Hong Kong), as well as the company's whistle-blowing policy and reporting procedures.

The Company did not observe nor receive any legal cases regarding corrupt practices, bribery, conflicts of interest, extortion, fraud, money laundering brought against the Company or its employees during the Period.

B8. Community Investment

The Company pursues sustainable development of our community by assessing and managing the social impact of its operations on the marketplace and by supporting initiatives that create effective and lasting benefits to communities in its operating boundaries.

Supporting the Community

To contribute towards the promotion of harmony and stability of the society, the Company communicates with non-government entities and charities to understand the needs of the community, participate in community events and make donations to causes that help those who are in need. During the Period, the Company contributed HK$250,000 to Food for Good Limited.

Food For Good Limited was established in November 2012 and is a non-profit making organisation. It was formally inaugurated on 24th February 2013. As a platform, it works with strategic partners, including non-governmental organisations, schools, corporations, community organisations, and other stakeholders to implement projects in relation to food waste reduction and redistribution of edible food.

Our effort and support to the community has been well recognised. In March 2024, the Company was awarded as “Caring Company” by The Hong Kong Council of Social Service.

In the future, the Company will strive to engage in charity campaigns to support a wide range of charitable activities covering social welfare services and assistance to the needy in Hong Kong.

INDEX TABLE OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE (I)

Mandatory Disclosure Requirements	Sections
Governance Structure	BOARD INVOLVEMENT AND GOVERNANCE
Reporting Principles	REPORTING PRINCIPLES
Reporting Boundary	INTRODUCTION

INDEX TABLE OF ESG REPORTING GUIDE OF THE STOCK EXCHANGE (II)

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
A. Environmental		
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	A1. Emissions
KPI A1.1	The types of emissions and respective emissions data.	A1. Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – Greenhouse Gas Emissions; A2. Use of Resources – Electricity Management
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – Waste Management and Reduction
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	A1. Emissions – Waste Management and Reduction

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	A1. Emissions – Greenhouse Gas Emissions; A2. Use of Resources – Energy Conservation
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1. Emissions – Waste Management and Reduction
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	A2. Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total and intensity (e.g. per unit of production volume, per facility).	A2. Use of Resources – Electricity Management
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	A3. The Environment and Natural Resources
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2. Use of Resources – Electricity Management
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A3. The Environment and Natural Resources
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	A3. The Environmental and Natural Resources

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	A3. Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3. Environment and Natural Resources
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	A4. Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	A4. Climate Change
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	B1. Employment

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	B1. Employment – Employment Practices and Equal Opportunity
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1. Employment – Employment Practices and Equal Opportunity
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	B2. Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2. Health and Safety
KPI B2.2	Lost days due to work injury.	B2. Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	B2. Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	B3. Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B3. Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	B3. Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	B4. Labour Standard
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4. Labour Standard
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4. Labour Standard

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	B5. Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	B5. Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	B5. Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5. Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5. Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	B6. Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6. Product Responsibility

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6. Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6. Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	B6. Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	B6. Product Responsibility
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	B7. Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7. Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	B7. Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7. Anti-corruption

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Statement
Community		
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	B8. Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8. Community Investment – Supporting the Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B8. Community Investment – Supporting the Community

Grant Thornton
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To the members of
The Sincere Company, Limited
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of The Sincere Company, Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 65 to 176, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 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.

KEY AUDIT MATTERS

Key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Key audit matter	How the matter was addressed in our audit
Expected credit loss ("ECL") of gift receivable from Win Dynamic Limited ("Win Dynamic")	
We identified the ECL of gift receivable from Win Dynamic as a key audit matter due to the significance of the balance to the consolidated financial statements and the involvement of subjective judgment and management's estimates in determining the ECL of gift receivable from Win Dynamic. As disclosed in notes 14 and 35 to the consolidated financial statements, the carrying amount of gift receivable from Win Dynamic amounted to HK$191,847,000, net of ECL allowance of HK$1,254,000 as at 31 December 2024. Management assessed the ECL of gift receivable from Win Dynamic with assistance from an independent qualified professional legal counsel ("Lawyer") and an independent qualified professional valuer ("Valuer"). As set out in note 3 to the consolidated financial statements, management considers that such ECL allowance is based on the legal advices and determined by the basis of various assumptions, which includes forward-looking scenarios and their likelihoods, counterparty's credit rating and probability of default and recovery rate. As a result of the Group's ECL assessment, ECL allowance of gift receivable from Win Dynamic amounted to HK$143,000 was recognised in the current year.	Our audit procedures in relation to the ECL of gift receivable from Win Dynamic included the followings: • obtained an understanding of the progress of the relevant litigation from management; • obtained an understanding of the process over management's ECL assessment and how management estimates the ECL of gift receivable from Win Dynamic; • evaluated the competence, capability and objectivity of the Lawyer and the Valuer; • obtained the legal opinion and discussed with the Lawyer regarding management's basis and judgment in the ECL assessment, including the recoverability of gift receivable from Win Dynamic and the probability of timing of legal process; • assessed the reasonableness of management's basis and judgment in the ECL assessment of gift receivable from Win Dynamic; • obtained an understanding from the Valuer about the valuation methodology and key assumptions used in the valuation; and • assessed the reasonableness of valuation methodology and key assumptions used in the valuation, including management's forward-looking scenarios and their likelihoods, counterparty's credit rating and probability of default and recovery rate, and discount rate.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the 2024 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with section 405 of the Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matter communicated with the Audit Committee, we determine the matter that was of most significance in the audit of the consolidated financial statements of the current period and is therefore the key audit matter. We describe this matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong SAR

31 March 2025

Lam Wai Ping
Practising Certificate No.: P07826

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Revenue	*5(a)*	**131,289**	146,147
Cost of sales	*7*	**(62,042)**	(62,213)
Other income and gains, net	*5(b)*	**50,089**	18,745
Net unrealised (loss)/gain on securities trading		**(134)**	221
Selling and distribution expenses		**(66,685)**	(69,111)
General and administrative expenses		**(49,960)**	(48,194)
Non-operating expenses		**(18,434)**	(10,327)
Finance costs	*6*	**(23,099)**	(26,866)
Loss before income tax	*7*	**(38,976)**	(51,598)
Income tax expense	*8*	**(2)**	(14)
Loss for the year		**(38,978)**	(51,612)
Attributable to:			
Equity holders of the Company		**(40,140)**	(50,477)
Non-controlling interests		**1,162**	(1,135)
		(38,978)	(51,612)
Loss per share attributable to equity holders of the Company			
Basic and diluted	*10*	**HK$(0.03)**	HK$(0.04)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Loss for the year		**(38,978)**	(51,612)
Other comprehensive income/(loss)			
Item that may be reclassified subsequently to the consolidated income statement:			
Exchange differences arising on translation of foreign operations		**169**	37
Items that will not be reclassified subsequently to the consolidated income statement:			
Actuarial gains on a defined benefit plan	*23(e)*	**1,606**	89
Actuarial gains/(losses) on long service payment	*24*	**128**	(84)
Surplus on revaluation of leasehold land and owned buildings	*12*	**1,883**	3,388
Changes in fair value of equity investments at fair value through other comprehensive income ("FVTOCI")	*31*	**2,038**	86
		5,655	3,479
Total comprehensive loss for the year		**(33,154)**	(48,096)
Attributable to:			
Equity holders of the Company		**(34,535)**	(46,584)
Non-controlling interests		**1,381**	(1,512)
		(33,154)	(48,096)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	**16,083**	189,260
Equity investments at FVTOCI	*13*	**6,165**	4,127
Prepayments, deposits, other receivables and other assets	*14*	**218,630**	202,049
Pension scheme assets	*23*	**25,758**	23,777
		266,636	419,213
Current assets			
Inventories	*15*	**37,619**	29,844
Prepayments, deposits, other receivables and other assets	*14*	**16,678**	35,899
Financial assets at fair value through profit or loss ("FVTPL")	*16*	**846**	3,689
Pledged bank balances and deposits	*22(a)*	**11,216**	11,277
Cash and bank balances	*17*	**10,947**	92,694
		77,306	173,403
Current liabilities			
Creditors	*18*	**41,392**	37,954
Lease liabilities	*19*	**7,319**	11,291
Insurance contracts liabilities	*20*	**465**	1,154
Deposits, accrued expenses and other payables	*21*	**22,179**	42,773
Contract liabilities	*5(a)*	**1,418**	1,377
Bank borrowings	*22(a)*	**8,572**	84,314
Other loans	*22(b)*	**–**	2,292
Loan from the then immediate holding company	*22(c)*	**–**	71,900
Long service payment obligations	*24*	**162**	59
Tax payable		**29**	20
		81,536	253,134
Net current liabilities		**(4,230)**	(79,731)
Total assets less current liabilities		**262,406**	339,482

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current liabilities			
Deposits, accrued expenses and other payables	*21*	**3,790**	84
Other loans	*22(b)*	**570**	559
Loan from a related company	*22(d)*	**157,553**	211,000
Lease liabilities	*19*	**6,324**	622
Long service payment obligations	*24*	**1,779**	1,673
		170,016	213,938
Net assets		**92,390**	125,544
EQUITY			
Share capital	*25*	**469,977**	469,977
Deficits	*26*	**(423,387)**	(388,852)
Equity attributable to equity holders of the Company		**46,590**	81,125
Non-controlling interests		**45,800**	44,419
Total equity		**92,390**	125,544

Lin Xiaohui
Director

Su Jiaohua
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company							
		Reserves/(Deficits)						
	Share capital HK$'000 *(note 25)*	General and other reserves# HK$'000	Asset revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total deficits HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2023	469,977	331,388	180,332	(11,318)	(842,670)	(342,268)	45,931	173,640
Loss for the year	–	–	–	–	(50,477)	(50,477)	(1,135)	(51,612)
Other comprehensive income/(loss) for the year:								
Exchange differences arising on translation of foreign operations	–	430	–	–	–	430	(393)	37
Actuarial gains on a defined benefit plan *(note 23(e))*	–	–	–	–	73	73	16	89
Actuarial losses on long service payment *(note 24)*	–	–	–	–	(84)	(84)	–	(84)
Surplus on revaluation of leasehold land and owned buildings *(note 12)*	–	–	3,388	–	–	3,388	–	3,388
Changes in fair value of equity investments at FVTOCI *(note 31)*	–	–	–	86	–	86	–	86
Total comprehensive income/(loss) for the year	–	430	3,388	86	(50,488)	(46,584)	(1,512)	(48,096)
As at 31 December 2023	469,977	331,818	183,720	(11,232)	(893,158)	(388,852)	44,419	125,544

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to equity holders of the Company							
		Reserves/(Deficits)						
	Share capital HK$'000 *(note 25)*	General and other reserves[#] HK$'000	Asset revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total deficits HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
As at 1 January 2024	469,977	331,818	183,720	(11,232)	(893,158)	(388,852)	44,419	125,544
(Loss)/Profit for the year	–	–	–	–	(40,140)	(40,140)	1,162	(38,978)
Other comprehensive income/(loss) for the year:								
Exchange differences arising on translation of foreign operations	–	12	–	–	–	12	157	169
Actuarial gains on a defined benefit plan *(note 23(e))*	–	–	–	–	1,544	1,544	62	1,606
Actuarial gains on long service payment *(note 24)*	–	–	–	–	128	128	–	128
Surplus on revaluation of leasehold land and owned buildings *(note 12)*	–	–	1,883	–	–	1,883	–	1,883
Changes in fair value of equity investments at FVTOCI *(note 31)*	–	–	–	2,038	–	2,038	–	2,038
Total comprehensive income/(loss) for the year	–	12	1,883	2,038	(38,468)	(34,535)	1,381	(33,154)
Release of reserve upon disposal of property, plant and equipment	–	–	(185,603)	–	185,603	–	–	–
As at 31 December 2024	469,977	331,830	–	(9,194)	(746,023)	(423,387)	45,800	92,390

[#] Included in the general and other reserves as at 31 December 2024 was a debit amount of HK$11,272,000 (2023: HK$11,284,000) attributable to the exchange fluctuation reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Loss before income tax		**(38,976)**	(51,598)
Adjustments for:			
Interest expenses	*6*	**23,099**	26,866
Bank interest income	*5(b)*	**(350)**	(236)
Imputed interest income on gift receivable from Win Dynamic Limited ("Win Dynamic")	*5(b)*	**(18,484)**	(17,623)
Depreciation	*7*	**32,641**	35,129
Provision/(Reversal of provision) for inventories	*7*	**998**	(1,365)
Gain on disposal of property, plant and equipment	*5(b)*	**(30,593)**	(223)
Loss on modification of gift receivable from Win Dynamic		**18,434**	–
Long service payment obligations:			
– expenses recognised in profit or loss	*24*	**428**	576
– benefits paid	*24*	**(91)**	(207)
Expected credit loss ("ECL") allowance on other receivables	*7*	**143**	84
Exchange realignment		**176**	26
Operating cash flows before movements in working capital		**(12,575)**	(8,571)
(Increase)/Decrease in inventories		**(8,773)**	894
Decrease in prepayments, deposits, other receivables and other assets		**2,547**	950
Decrease/(Increase) in financial assets at FVTPL		**2,843**	(126)
Increase in creditors		**3,438**	10,111
Decrease in insurance contracts liabilities		**(689)**	–
(Decrease)/Increase in deposits, accrued expenses and other payables		**(18,135)**	8,926
Increase in contract liabilities		**41**	56
Movement in pension scheme assets		**(375)**	(528)
Cash (used in)/generated from operations		**(31,678)**	11,712
Interest paid		**(23,088)**	(26,810)
Interest received		**350**	236
Net cash used in operating activities		**(54,416)**	(14,862)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Additions of owned assets in property, plant and equipment	12	**(1,216)**	(849)
Proceeds from disposal of property, plant and equipment		**207,593**	223
Decrease in pledged bank balances and deposits		**61**	72,999
Net cash from investing activities		**206,438**	72,373
Cash flows from financing activities			
Proceeds from bank borrowings	27(a)	**98,804**	140,462
Repayments of bank borrowings	27(a)	**(174,546)**	(197,127)
Proceeds from loan from the then immediate holding company	27(a)	**24,000**	73,300
Repayments of loan from the then immediate holding company	27(a)	**(95,900)**	(74,663)
Proceeds from loan from a related company	27(a)	**11,753**	24,000
Repayments of loan from a related company	27(a)	**(65,200)**	–
Repayments of other loans	27(a)	**(2,292)**	–
Principal portion of lease payments	27(a)	**(30,388)**	(28,977)
Net cash used in financing activities		**(233,769)**	(63,005)
Net decrease in cash and cash equivalents		**(81,747)**	(5,494)
Cash and cash equivalents at the beginning of the year		**92,694**	98,188
Cash and cash equivalents at the end of the year	17	**10,947**	92,694

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 financial year mainly consisted of the operation of department stores, securities trading and the provision of life insurances.

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

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

2.1 BASIS OF PREPARATION

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

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

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

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

2.1 BASIS OF PREPARATION (Continued)

Going concern basis

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

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

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

2.1 BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

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

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

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

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

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from the equity attributable to the equity holders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity holders of the Company.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficits in the consolidated income statement. The Group's share of components previously recognised in other comprehensive income is reclassified to the consolidated income statement or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost also includes direct attributable costs of investment.

The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's income statement.

2.2 ADOPTION OF NEW AND AMENDED HKFRSs

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

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

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

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

Issued but not yet effective HKFRSs

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

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

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 Effective date not yet determined

2.2 ADOPTION OF NEW AND AMENDED HKFRSs (Continued)

Issued but not yet effective HKFRSs (Continued)

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

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its leasehold land and owned buildings, equity investments at FVTOCI and financial assets at FVTPL at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly, and not using significant unobservable inputs

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

For assets and liabilities that are recognised in the consolidated financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, pension scheme assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's ("CGU's") value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the CGU to which the asset belongs. An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount.

Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

An impairment loss is charged to the consolidated income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset or a CGU other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset or CGU, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset or CGU in prior years. A reversal of such an impairment loss is credited to the consolidated income statement in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accumulated for in accordance with the relevant accounting policy for the revalued asset.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and includes all costs of purchase, costs of conversion, and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, FVTOCI and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price as disclosed in section "Revenue recognition" below.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Initial recognition and measurement (Continued)

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVTOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVTPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment, except for purchased or originated credit-impaired financial assets, for which the original credit-adjusted effective interest rate is applied to the amortised cost of the financial asset. Gains and losses are recognised in the consolidated income statement when the asset is derecognised, modified or impaired.

Financial assets at FVTOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments at FVTOCI when they meet the definition of equity under HKAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at FVTOCI (equity investments) (Continued)

Gains and losses on these financial assets are never recycled to the consolidated income statement. Dividends are recognised as other income and gains, net in the consolidated income statement when the right of payment has been established, when it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments at FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognised in the consolidated income statement.

This category includes equity investments which the Group had not irrevocably elected to classify at FVTOCI. Dividends on the equity investments classified as financial assets at FVTPL are also recognised as other income and gains, net in the consolidated income statement when the right of payment has been established, when it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Derecognition (Continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the assets. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in three stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Purchased or originated credit-impaired financial assets refer to financial assets that are credit-impaired at the initial recognition and for which the loss allowance is measured at the amount equal to the lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises an ECL allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Simplified approach (Continued)

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as borrowings, loans from related parties (including the then immediate holding company and a related company), creditors, lease liabilities, deposits, accrued expenses and other payables.

All financial liabilities (other than lease liabilities) are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and (borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated income statement when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated income statement.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment (other than cost of leasehold land under right-of-use assets and buildings under owned assets as described below) are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated income statement in the period in which it is incurred.

Leasehold land under right-of-use assets and buildings under owned assets are measured at fair value less accumulated depreciation and impairment losses recognised after the date of revaluation. Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Changes in the values of property, plant and equipment are dealt with as movements in the asset revaluation reserve. If the total of this reserve is insufficient to cover a deficit, on an individual asset basis, the excess of the deficit is charged to the consolidated income statement. Any subsequent revaluation surplus is credited to the consolidated income statement to the extent of the deficit previously charged. On disposal of a revalued asset, the relevant portion of the asset revaluation reserve realised in respect of previous valuations is transferred to retained profits/accumulated losses as a movement in reserves.

Depreciation is calculated on the straight-line basis to write off the cost or valuation of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2%-4%
Furniture, fixtures and equipment	10%-20%
Motor vehicles	$16^{2}/_{3}$%-25%
Leasehold improvements	Shorter of lease terms and useful lives

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each year end.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Property, plant and equipment (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Intangible assets

Club debentures

Club debentures are classified as intangible assets included in "Prepayments, deposits, other receivables and other assets". Club debentures have indefinite useful lives and are carried at cost less any subsequent accumulated impairment losses.

Intangible assets, with indefinite useful lives, are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired.

Borrowing costs

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Leases

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assess whether it has the right to direct "how and for what purpose" the asset is used throughout the period of use.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, any initial direct costs incurred, and any lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets, as follows:

Leasehold land	55 years
Buildings	2 to 3 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land, the corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "property, plant and equipment".

Refundable rental deposits paid are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

The Group's right-of-use assets are included in property, plant and equipment.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

For lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification. The only exception is any rent concessions which arose as a direct consequence of the Covid-19 pandemic and which satisfied the conditions set out in paragraph 46B of HKFRS 16 “Leases”. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of HKFRS 16 and recognised the change in consideration as if it were not a lease modification.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Leases (Continued)

The Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sub-lease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the short-term lease exemption, then the Group classifies the sub-lease as an operating lease.

Provisions and contingent liabilities

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated income statement net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Provisions and contingent liabilities (Continued)

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Employee benefits

Retirement benefits

The Group operates a funded final salary defined benefit pension scheme (the "Scheme") for those employees who are eligible to participate in the Scheme.

An actuarial estimate is made annually by an independent qualified professional actuary, using the projected unit credit actuarial valuation method, of the present value of the Group's future defined benefit obligation under the Scheme earned by the employees at the end of the reporting period. The assets contributed by the Group to the Scheme are held separately from the assets of the Group in an independently administered fund, and are valued at their fair value at the end of the reporting period.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits/accumulated losses through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the consolidated income statement in subsequent periods.

Past service costs are recognised in the consolidated income statement at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Retirement benefits (Continued)

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "General and administrative expenses" in the consolidated income statement by function.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

- Net interest expense or income.

In addition, the Group also operates a defined contribution retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF Scheme are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF scheme. The Group's employer contributions are fully and immediately vested in favour of the employees when contributed to the MPF Scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Defined benefit plan

The employees employed under the Hong Kong Employment Ordinance are also entitled to long service payment ("LSP") if the eligibility criteria are met. The LSP are defined benefits plans.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

Defined benefit plan (Continued)

The amount of long service benefit that an employee will receive on cessation of employment in certain circumstances is defined by reference to the employee's length of service and corresponding salary. The legal obligations for any benefits remains with the Group.

The LSP obligations recognised in the consolidated statement of financial position is the present value of the LSP obligation at the end of the reporting period.

Management estimates the LSP obligations annually. This is based on the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Discount factors are determined close to the end of each annual reporting period by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and have terms to maturity approximating the terms of the related defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost (including current and past service cost, and gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

Service cost on the Group's defined benefit plan is included in employee benefit expenses. Employee contributions, all of which are independent of the number of years of service, are treated as a reduction of service cost.

Net interest expense on the net defined benefit liability is included in employee benefit expenses.

Gains and losses resulting from remeasurements of the net defined benefit liability, comprising actuarial gains and losses, are included in other comprehensive income and are not reclassified to profit or loss in subsequent periods.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Insurance contracts classification

The Group issued insurance contracts, under which it has accepted significant insurance risk from its policyholders. Since the Group is running-off the insurance portfolio and does not engage in new insurance business, the Group determined whether it has significant insurance risk at contract inception. The Group issued immediate annuity contracts and term life contracts. The Group did not issue any contracts with direct participating features.

Level of aggregation

HKFRS 17 requires an entity to determine the level of aggregation for applying its requirements. Portfolios comprise groups of contracts with similar risks which are managed together.

Recognition

The Group recognises groups of insurance contracts that it issues from the earliest of the following:

- The beginning of the coverage period of the group of contracts
- The date when the first payment from a policyholder in the group is due, or when the first payment is received if there is no due date
- For a group of onerous contracts, as soon as facts and circumstances indicate that the group is onerous

Measurement – general model

Insurance contracts – initial measurement

The general model measures a group of insurance contracts as the total of:

- Fulfilment cash flows
- A contractual service margin ("CSM") representing the unearned profit the Group will recognise as it provides insurance contract services under the insurance contracts in the group

Fulfilment cash flows comprise unbiased and probability-weighted estimates of future cash flows, discounted to present value to reflect the time value of money and financial risks, plus a risk adjustment for non-financial risk. The Group's objective in estimating future cash flows is to determine the expected value, or the probability-weighted mean, of the full range of possible outcomes, considering all reasonable and supportable information available at the reporting date without undue cost or effort.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Insurance contracts classification (Continued)

Measurement – general model (Continued)

Insurance contracts – initial measurement (Continued)

The Group does not provide investment-return services in respect of contracts that it issues, nor does it perform investment activities for the benefit of policyholders.

Insurance contracts – subsequent measurement

The Group measures the carrying amount of a group of insurance contracts at the end of each reporting period as the sum of: (i) the liability for remaining coverage comprising fulfilment cash flows related to future service allocated to the group at that date and the CSM of the group at that date; and (ii) the liability for incurred claims for the Group comprising the fulfilment cash flows related to past service allocated to the group at that date.

Income tax

Income tax comprises current tax and deferred tax. Income tax relating to items recognised outside the consolidated income statement is recognised, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided using the liability method on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profits will be available to allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of the reporting period.

Change in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15 "Revenue from Contracts with Customers".

(a) *Sale of goods*

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer.

Rights of return
Some contracts for the sale of goods provide customers with rights of return. The rights of return give rise to variable consideration. For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in HKFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from a customer.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of goods (Continued)

Loyalty points programme

The Group has a loyalty points programme, which allows customers to accumulate points that can be redeemed for free coupons. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the loyalty points awarded to customers based on relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of coupons by the customer.

When estimating the stand-alone selling price of the loyalty points, the Group considers the likelihood that the customer will redeem the points. The Group updates its estimates of the points that will be redeemed on a yearly basis and any adjustments to the contract liability balance are charged against revenue.

(b) Income from counter and consignment sale

Commission income from counter and consignment sale is recognised at a point in time and based on certain percentage of sales made by the customers in accordance with the terms of contracts.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Net realised gain/(loss) on security trading investments is recognised on the trade date.

Other income

Interest income is recognised on an accrual basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of ECL allowance) of the asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related goods or services to the customer).

Foreign currencies

These consolidated financial statements are presented in HK$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the dates when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e. translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or income statement is also recognised in other comprehensive income or income statement, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

The functional currencies of certain overseas subsidiaries are currencies other than the HK$. At the end of the reporting period, the assets and liabilities of these entities are translated into HK$ at the exchange rates prevailing at the end of the reporting period and their income statements are translated into HK$ at the exchange rates prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of an operation, the cumulative amount in the reserve relating to that particular foreign operation is reclassified to the consolidated income statement.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and bank balances comprise cash on hand and at banks, and short-term deposits as defined above and form an integral part of the Group's cash management.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the executive directors for their decisions about resources allocation to the Group's business components and for their review of the performance of those components.

2.3 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

Related parties

For the purposes of these consolidated financial statements, a party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group.

(b) the party is an entity and if any of the following conditions applies:

- (i) the entity and the Group are members of the same group.
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) the entity and the Group are joint ventures of the same third party.
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Going concern basis

As disclosed in note 2.1, the consolidated financial statements have been prepared on a going concern basis. The appropriateness of the going concern basis is assessed after taking into consideration all relevant available information about future of the Group, including the Group's cash position, its availability to obtain financing facilities and financial support from related parties (including the then immediate holding company and a related company) to finance its continuing operations and the cash flow forecasts of the Group. Such assessment inherently involves judgment. Actual results could differ significantly and hence render the adoption of the going concern basis inappropriate.

Consolidation of entities in which the Group holds less than a majority of voting rights

The Company considers that it controls The Sincere Life Assurance Company Limited ("Sincere LA") and its subsidiary (collectively "Sincere LA Group"), The Sincere Finance Group Limited (formerly known as The Sincere Insurance & Investment Company, Limited) ("Sincere FG") and its subsidiary (collectively "Sincere FG Group") and The Sincere Company (Perfumery Manufacturers), Limited ("Perfumery") even though it owns less than 50% of the voting rights. This is because the Company is the single largest shareholder of Sincere LA Group, Sincere FG Group and Perfumery with 48.09%, 40.67% and 37.15% direct equity interests, respectively. Based on the Company's absolute size of holding in Sincere LA Group, Sincere FG Group and Perfumery, the relative size and dispersion of the shareholdings owned by the other shareholders who acted as principal of their investments in Sincere LA Group, Sincere FG Group and Perfumery, and past history of voting patterns in the shareholders' meetings of Sincere LA Group, Sincere FG Group and Perfumery, the directors of the Company concluded that the Group has had control over Sincere LA Group, Sincere FG Group and Perfumery since the dates on which the Group obtained control. The Group has consolidated the financial statements of Sincere LA Group, Sincere FG Group and Perfumery based on its 56.96%, 57.98% and 62.37% effective equity interests and accounted for the remaining equity interests of 43.04%, 42.02% and 37.63% as non-controlling interests, respectively.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year, are described below.

ECL of gift receivable from Win Dynamic

The gift receivable from Win Dynamic amounted to HK$150,001,000, being the fair value of the WD Proceeds (as defined in note 35) which was determined based on a credit-adjusted effective interest rate of 9.66%, was initially recognised by the Company upon the acceptance of the Offer (as defined in note 35) by Win Dynamic. Management considers that the ECL of gift receivable from Win Dynamic is supported by the legal advices and determined by the basis of various assumptions when estimating the recoverability of gift receivable from Win Dynamic and the probability of timing of legal process, which includes forward-looking scenarios and their likelihoods, counterparty's credit rating and probability of default and recovery rate.

As at 31 December 2024, the carrying amount of gift receivable from Win Dynamic amounted to HK$191,847,000, net of ECL allowance of HK$1,254,000 (2023: 191,939,000, net of ECL allowance of HK$1,111,000). Further details are set out in notes 14 and 35 to the consolidated financial statements.

ECL of other financial assets at amortised cost within the scope of ECL under HKFRS 9

The Group makes allowances on items subjects to ECL (including deposits, other receivables and other financial assets) based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period as set out in note 2.3. As at 31 December 2024, the carrying amount of deposits, other receivables and other financial assets amounted to HK$250,992,000, net of ECL allowance of HK$1,254,000 (2023: HK$334,732,000, net of ECL allowance of HK$1,111,000).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Fair value of leasehold land and owned buildings

As at 31 December 2023, the Group's leasehold land under right-of-use assets and buildings under owned assets included in property, plant and equipment (collectively the "Properties") amounted to HK$155,761,000 and HK$21,239,000, respectively. As disclosed in note 12 to the consolidated financial statements, surplus on revaluation of leasehold land and owned buildings of HK$3,388,000 was recognised in other comprehensive income during the year ended 31 December 2023. The Group's Properties are stated at fair values based on valuations performed by an independent qualified professional valuer. The valuations are dependent on certain significant unobservable inputs, including price per square feet/bay, which are determined based on comparable transactions after applying adjusting factors to reflect the conditions and locations of the subject properties. Details of the valuation methodologies and the significant unobservable inputs used in the valuations are disclosed in note 12 to the consolidated financial statements.

Deferred tax related to leasehold land and owned buildings

The measurement of deferred tax liabilities and deferred tax assets shall reflect the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. In respect of the Properties, significant management judgment is required to determine the expected manner of recovery of the Properties (i.e. whether the Group expects to recover the asset through sale or through use). Based on the business plan of the Group and the activities being taken by management, management has determined that the Properties will be recovered through sale. Accordingly, the deferred tax liabilities relating to the Properties were measured on a recovery through sale basis and no deferred tax was recognised as at 31 December 2024 and 2023.

Impairment of property, plant and equipment

For owned assets and right-of-use assets included in property, plant and equipment, management conducted an impairment review of certain CGUs of the Group where there were indicators of impairment by considering the recoverable amounts of the relevant CGUs. Management identifies individual store as a CGU for the purpose of impairment assessment. The amount of any impairment loss was measured as the difference between the CGU's carrying amount and its recoverable amount.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Impairment of property, plant and equipment (Continued)

The recoverable amount is the higher of value in use and fair value less costs of disposal. Value in use is the estimated future cash flows, based on key assumptions including expected growth rate, discounted to their present values using an appropriate discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. Where the actual future cash flows are less or more than expected, or there are unfavourable changes in facts and circumstances which result in downward revision of the estimated future cash flows for the purpose of determining the value in use, further impairment loss or reversal of impairment loss may arise. The calculation of the fair value less costs of disposal is based on available data from market rent and discounted to the net present value of market rent less any costs to transform or restoration.

Further details of the impairment of property, plant and equipment are set out in note 12 to the consolidated financial statements.

Provision for inventories

Net realisable value of inventories (note 15) is based on estimated selling price less any estimated costs to be incurred to completion and disposal with reference to prevailing market information. The Group reviews an ageing analysis at the end of the reporting period, and determines the provision for inventories by reference to the nature and condition of the inventories, the marketability and estimated selling prices, the historical and current ageing pattern of the inventories and the sales strategy of the Group. It could change significantly as a result of changes in market conditions. If the actual net realisable values of inventories are more or less than expected as a result of change in market condition, material reversal of or provision for impairment loss may result.

As at 31 December 2024, the carrying amount of inventories was HK$37,619,000, net of provision for inventories of HK$2,899,000 (2023: HK$29,844,000, net of provision for inventories of HK$1,901,000). Provision for inventories amounted to HK$998,000 (2023: reversal of provision of HK$1,365,000) was recognised during the year ended 31 December 2024.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Pension and other retirement benefits

The determination of the Group's obligation, fair value of plan assets and cost for defined benefits is performed by an independent qualified professional actuary engaged by the Group and is dependent on the selection of certain assumptions used by them in calculating such amounts. Those assumptions include, among others, discount rates, expected returns on plan assets, rates of salary and pension increase and the average remaining working life of employees. In accordance with the Group's accounting policy for pension obligations, actual results that differ from the Group's assumptions are recognised immediately in other comprehensive income as and when they occur. While the Group believes that the actuary's assumptions are reasonable and appropriate, significant differences in the Group's actual experience or significant changes in the Group's assumptions may materially affect its pension and other retirement obligations. The carrying amount of pension scheme assets as at 31 December 2024 was HK$25,758,000 (2023: HK$23,777,000).

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 31 to the consolidated financial statements. The valuation requires the Group to determine the comparable public companies (peers), select the price multiple and make estimates about the discount for lack of marketability. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments as at 31 December 2024 was HK$6,165,000 (2023: HK$4,127,000). Further details are included in notes 13 and 31 to the consolidated financial statements.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of LSP obligations

Management's estimate of the LSP obligations is based on a number of critical underlying assumptions such as the discount rate, the salary growth rate, turnover rate and the expected investment return on offsetable MPF accrued benefits. Variation in these assumptions may significantly impact the LSP obligations amount and the annual defined benefit expenses amount.

Any changes in these assumptions will impact the carrying amount of LSP obligations.

As at 31 December 2024, the carrying amount of LSP obligations was HK$1,941,000 (2023: HK$1,732,000). Details of key assumptions and impact of possible changes in key assumptions are disclosed in note 24.

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 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 general and life insurances.

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

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

Segment assets exclude gift receivable from Win Dynamic, 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.

4. SEGMENT INFORMATION (Continued)

(a) Operating segments

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

	Department store operation HK$'000	Securities trading HK$'000	Others HK$'000	Elimination HK$'000	Total HK$'000
Year ended 31 December 2024					
Segment revenue:					
– Sales to external customers	131,433	(330)	186	–	131,289
– Inter-segment sales	–	–	30,848	(30,848)	–
– Other income and gains, net	14	72	31,269	–	31,355
Total	131,447	(258)	62,303	(30,848)	162,644
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					(38,978)
As at 31 December 2024					
Segment assets	116,979	7,636	36,165	(30,848)	129,932
Unallocated assets					214,010
Total assets					343,942
Segment liabilities	109,563	948	5,194	(30,848)	84,857
Unallocated liabilities					166,695
Total liabilities					251,552
Year ended 31 December 2024					
Other segment information:					
– Depreciation	30,324	–	2,317	–	32,641
– Capital expenditure of property, plant and equipment	11,852	–	–	–	11,852
– Provision for inventories	998	–	–	–	998

4. 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 2023					
Segment revenue:					
– Sales to external customers	146,043	(94)	198	–	146,147
– Inter-segment sales	–	–	31,541	(31,541)	–
– Other income and gains, net	353	493	1	–	847
Total	146,396	399	31,740	(31,541)	146,994
Segment results	(25,928)	(3,090)	(15,562)	–	(44,580)
Interest income and unallocated other income and gains, net					17,897
ECL allowance on other receivables					(84)
Finance costs (other than interest on lease liabilities)					(24,831)
Loss before income tax					(51,598)
Income tax expense					(14)
Loss for the year					(51,612)
As at 31 December 2023					
Segment assets	105,850	8,452	213,945	(31,541)	296,706
Unallocated assets					295,910
Total assets					592,616
Segment liabilities	110,765	6,298	11,485	(31,541)	97,007
Unallocated liabilities					370,065
Total liabilities					467,072
Year ended 31 December 2023					
Other segment information:					
– Depreciation	27,309	–	7,820	–	35,129
– Capital expenditure of property, plant and equipment	2,267	–	–	–	2,267
– Reversal of provision for inventories	(1,365)	–	–	–	(1,365)

4. 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
Year ended 31 December 2024					
Segment revenue:					
– Sales to external customers	**131,103**	**186**	**–**	**–**	**131,289**
As at 31 December 2024					
Non-current assets	**18,504**	**–**	**–**	**–**	**18,504**
Year ended 31 December 2023					
Segment revenue:					
– Sales to external customers	145,998	198	(49)	–	146,147
As at 31 December 2023					
Non-current assets	191,681	–	–	–	191,681

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

(c) Information about major customers

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

5. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

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

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.

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

(a) Revenue (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Provision for loyalty points programme

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

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	HK$'000	HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
– Loyalty points programme	**1,377**	1,321

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

(b) Other income and gains, net

	2024	2023
	HK$'000	HK$'000
Bank interest income	**350**	236
Imputed interest income on gift receivable from Win Dynamic *(note 35)*	**18,484**	17,623
Dividends from financial assets at FVTPL	**72**	493
Foreign exchange (losses)/gains, net	**(100)**	39
Gain on disposal of property, plant and equipment	**30,593**	223
Others	**690**	131
	50,089	18,745

6. FINANCE COSTS

	2024	2023
	HK$'000	HK$'000
Interest charges on:		
– bank borrowings	**3,028**	5,182
– lease liabilities *(note 19(c))*	**1,609**	2,035
– other loans	**29**	56
– loan from the then immediate holding company	**602**	1,139
– loan from a related company	**17,831**	18,454
	23,099	26,866

7. LOSS BEFORE INCOME TAX

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

	2024	2023
	HK$'000	HK$'000
Cost of inventories sold	**61,044**	63,578
Provision/(Reversal of provision) for inventories	**998**	(1,365)
Cost of sales	**62,042**	62,213

7. LOSS BEFORE INCOME TAX (Continued)

	2024	2023
	HK$'000	HK$'000
Employee benefit expenses, excluding directors' and chief executive's remunerations *(note 11)*:		
– Wages and salaries	**33,793**	36,442
– Pension contributions, including pension credit for a defined benefit plan of HK$375,000 (2023: HK$528,000) *(note)*	**869**	711
– Expenses arising from LSP obligations *(note 24)*	**428**	576
	35,090	37,729
Depreciation	**32,641**	35,129
Auditor's remuneration	**2,155**	2,295
ECL allowance on other receivables *(note 32)*	**143**	84
Other charges in respect of rental premises	**20,598**	18,634
Lease payments not included in the measurement of lease liabilities *(note 19(c))*	**15**	4
Gain on disposal of property, plant and equipment *(note 5(b))*	**(30,593)**	(223)
Net realised losses on securities trading *(note 5(a))*	**329**	94
Foreign exchange losses/(gains), net *(note 5(b))*	**100**	(39)

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

8. INCOME TAX EXPENSE

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

	2024	2023
	HK$'000	HK$'000
Current tax		
– Hong Kong	**–**	–
– Elsewhere	**2**	14
	2	14

8. INCOME TAX EXPENSE (Continued)

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

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

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

9. DIVIDENDS

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

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

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

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

11. REMUNERATIONS OF THE DIRECTORS AND CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS

Directors' and chief executive's remunerations for the year, disclosed pursuant to the Listing Rules, section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2024 **HK$'000**	2023 HK$'000
Fees	**684**	646
Other emoluments	**–**	–
	684	646

11. REMUNERATIONS OF THE DIRECTORS AND CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Pension contributions HK$'000	Total HK$'000
Year ended 31 December 2024				
Executive directors				
Dr. Lin	–	–	–	–
Madam Su	–	–	–	–
Dr. Yu Lai	–	–	–	–
	–	–	–	–
Non-executive director				
Dr. Tai Tak Fung	216	–	–	216
Independent non-executive directors				
Mr. Yu Leung Fai	156	–	–	156
Mr. Chung Chun Hung Simon	156	–	–	156
Mr. Lin Lin	156	–	–	156
	468	–	–	468
	684	–	–	684

11. REMUNERATIONS OF THE DIRECTORS AND CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

	Fees HK$'000	Salaries, allowances and other benefits HK$'000	Pension contributions HK$'000	Total HK$'000
Year ended 31 December 2023				
Executive directors				
Dr. Lin	–	–	–	–
Madam Su	–	–	–	–
Dr. Yu Lai	–	–	–	–
	–	–	–	–
Non-executive director				
Dr. Tai Tak Fung	216	–	–	216
Independent non-executive directors				
Mr. Yu Leung Fai	156	–	–	156
Mr. Yuan Baoyu**	69	–	–	69
Mr. Chung Chun Hung Simon	156	–	–	156
Mr. Lin Lin*	49	–	–	49
	430	–	–	430
	646	–	–	646

* Appointed on 7 September 2023.

** Retired on 8 June 2023.

11. REMUNERATIONS OF THE DIRECTORS AND CHIEF EXECUTIVE AND THE FIVE HIGHEST PAID INDIVIDUALS (Continued)

In addition to the directors' remunerations disclosed above, Dr. Lin and Madam Su receive remunerations from the then immediate holding company, part of which is in respect of their services to the Company and its subsidiaries. No apportionment has been made as the directors consider that it is impracticable to apportion this amount between their services to the Group and their services to the then immediate holding company of the Company.

No emoluments were paid by the Group to any directors as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 31 December 2024 (2023: Nil).

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the years ended 31 December 2024 and 2023.

The five highest paid individuals included no director of the Company (2023: Nil). The remunerations of five (2023: five) highest paid individuals, analysed by nature thereof and designated band, is set out below:

	2024 HK$'000	2023 HK$'000
Salaries, allowances and other benefits	**3,652**	5,841
Pension contributions	**90**	81
	3,742	5,922

	Number of individuals	
	2024	2023
Emolument bands:		
Nil – HK$1,000,000	**5**	4
HK$3,000,001 – HK$3,500,000	**–**	1

12. PROPERTY, PLANT AND EQUIPMENT

	Owned assets				Right-of-use assets			
	Buildings HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000	Leasehold land HK$'000	Buildings HK$'000	Total HK$'000	Total HK$'000
Cost or valuation								
As at 1 January 2024	21,239	14,709	41,491	77,439	155,761	259,489	415,250	492,689
Additions	–	266	950	1,216	–	10,636	10,636	11,852
Disposals	(21,239)	(324)	–	(21,563)	(155,761)	–	(155,761)	(177,324)
Modification of lease	–	–	–	–	–	22,729	22,729	22,729
Revaluation adjustment	226	–	–	226	1,657	–	1,657	1,883
Reversal upon revaluation	(226)	–	–	(226)	(1,657)	–	(1,657)	(1,883)
As at 31 December 2024	–	14,651	42,441	57,092	–	292,854	292,854	349,946
Accumulated depreciation and impairment								
As at 1 January 2024	–	14,265	40,538	54,803	–	248,626	248,626	303,429
Depreciation	226	120	729	1,075	1,657	29,909	31,566	32,641
Disposals	–	(324)	–	(324)	–	–	–	(324)
Reversal upon revaluation	(226)	–	–	(226)	(1,657)	–	(1,657)	(1,883)
As at 31 December 2024	–	14,061	41,267	55,328	–	278,535	278,535	333,863
Net carrying amount								
As at 31 December 2024	–	590	1,174	1,764	–	14,319	14,319	16,083

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Owned assets				Right-of-use assets			
	Buildings HK$'000	Furniture, fixtures, equipment and motor vehicles HK$'000	Leasehold improvements HK$'000	Total HK$'000	Leasehold land HK$'000	Buildings HK$'000	Total HK$'000	Total HK$'000
Cost or valuation								
As at 1 January 2023	21,719	16,140	40,856	78,715	159,281	258,071	417,352	496,067
Additions	–	214	635	849	–	1,418	1,418	2,267
Disposals	–	(1,645)	–	(1,645)	–	–	–	(1,645)
Revaluation adjustment	407	–	–	407	2,981	–	2,981	3,388
Reversal upon revaluation	(887)	–	–	(887)	(6,501)	–	(6,501)	(7,388)
As at 31 December 2023	21,239	14,709	41,491	77,439	155,761	259,489	415,250	492,689
Accumulated depreciation and impairment								
As at 1 January 2023	–	15,833	39,907	55,740	–	221,593	221,593	277,333
Depreciation	887	77	631	1,595	6,501	27,033	33,534	35,129
Disposals	–	(1,645)	–	(1,645)	–	–	–	(1,645)
Reversal upon revaluation	(887)	–	–	(887)	(6,501)	–	(6,501)	(7,388)
As at 31 December 2023	–	14,265	40,538	54,803	–	248,626	248,626	303,429
Net carrying amount								
As at 31 December 2023	21,239	444	953	22,636	155,761	10,863	166,624	189,260

If the leasehold land and owned buildings were stated on the historical cost basis, the net carrying amount would be as follows:

	2024 HK$'000	2023 HK$'000
Cost	**–**	50,769
Accumulated depreciation	**–**	(29,274)
Net carrying amount	**–**	21,495

As at 31 December 2023, the Group's leasehold land and owned buildings with an aggregate carrying amount of HK$177,000,000 were pledged as security for the bank borrowings granted to the Group (note 22(a)).

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

As set out in the circular dated 6 May 2024 of the Company, the Group has entered into a provisional agreement with an independent third party dated 12 April 2024 to dispose its leasehold land and owned building at a consideration of HK$210,000,000. The Group has completed the disposal of property on 22 July 2024.

Revaluation of leasehold land and owned buildings

Management determined that the leasehold land and owned buildings constitute a separate class of property, plant and equipment, based on the nature, characteristics and risks of the property.

The Group's leasehold land and owned buildings were revalued based on valuations performed by an independent qualified professional valuer, B.I. Appraisals Limited, at HK$177,000,000 on 31 December 2023. The valuations were based on comparable market transactions and evidence and considered adjustments to reflect differences in transaction timing, location and tenure. Surplus on revaluation of HK$3,388,000 resulting from the above revaluations was recognised in other comprehensive income during the year ended 31 December 2023.

The Group appointed an external valuer to be responsible for the external valuations of the Group's properties. Selection criteria included market knowledge, reputation, independence and whether professional standards were maintained. The Group discussed with the valuer on the valuation assumptions and valuation results when the valuations were performed for financial reporting. In estimating the fair value of the leasehold land and owned buildings, the highest and best use of the leasehold land and owned buildings is their current use.

The fair values of the Group's leasehold land and owned buildings as at 31 December 2023 were estimated by using significant unobservable inputs and the fair value measurement was categorised under Level 3.

12. PROPERTY, PLANT AND EQUIPMENT (Continued)

Revaluation of leasehold land and owned buildings (Continued)

Reconciliation of carrying amounts and fair values of leasehold land and owned buildings:

	Owned buildings HK$'000	Leasehold land HK$'000	Total HK$'000
As at 1 January 2023	21,719	159,281	181,000
Depreciation	(887)	(6,501)	(7,388)
Surplus on revaluation as at 31 December 2023	407	2,981	3,388
As at 31 December 2023 and 1 January 2024	**21,239**	**155,761**	**177,000**
Depreciation	**(226)**	**(1,657)**	**(1,883)**
Surplus on revaluation as at 30 June 2024	**226**	**1,657**	**1,883**
Disposals	**(21,239)**	**(155,761)**	**(177,000)**
As at 31 December 2024	**–**	**–**	**–**

Below is a summary of the key inputs to the valuations of leasehold land and owned buildings:

Leasehold land and owned buildings held by the Group	Significant unobservable input	Range 2023
Industrial property in Hong Kong (2023: HK$173,480,000)	Adopted price per square feet determined based on comparable transactions (HK$)	6,000 to 6,900
	Adjusting factors for variable conditions and locations	76% to 86%
2 car parking spaces in Hong Kong (2023: HK$3,520,000)	Adopted price per bay determined based on comparable transactions (HK$'000)	1,500 to 2,500
	Adjusting factors for variable conditions and locations	81% to 94%

Significant increase/(decrease) in estimated price per square feet/bay in isolation would result in a significantly higher/(lower) fair value on a linear basis.

13. EQUITY INVESTMENTS AT FVTOCI

	2024 HK$'000	2023 HK$'000
Equity investments at FVTOCI	**6,165**	4,127

The above equity investments were irrevocably designated at FVTOCI as the Group considers these investments to be strategic in nature.

14. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	2024 HK$'000	2023 HK$'000
Gift receivable from Win Dynamic	*35*	**193,101**	193,050
Prepayments, deposits and other receivables	*(a)*	**39,040**	41,588
Other assets	*(b)*	**4,421**	4,421
Less: ECL allowance	*(c), 35*	**(1,254)**	(1,111)
		235,308	237,948
Less: amount classified as current portion		**(16,678)**	(35,899)
Amount classified as non-current portion		**218,630**	202,049

Notes:

(a) Prepayments, deposits and other receivables

Included in prepayments, deposits and other receivables are mainly rental deposits of HK$29,395,000 (2023: HK$27,839,000), amounts due from credit card companies related to sales settled by customers using credit cards of HK$803,000 (2023: HK$2,045,000) and prepaid deposit of loan from a related company of HK$6,119,000 (2023: HK$7,332,000).

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. An impairment analysis is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings. In the situation where no comparable companies with credit ratings can be identified, ECL are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. As at 31 December 2024 and 2023, the Group estimated the loss rate of the other receivables to be minimal and no impairment was made.

14. PREPAYMENTS, DEPOSITS, OTHER RECEIVABLES AND OTHER ASSETS (Continued)

Notes: (Continued)

(b) Other assets

Other assets represented investments in club debentures which were classified as intangible assets of HK$2,421,000 (2023: HK$2,421,000) and financial assets at FVTPL of HK$2,000,000 (2023: HK$2,000,000). The intangible assets are regarded as having indefinite useful lives and are stated at cost less any impairment losses. During the year ended 31 December 2024, no impairment loss was recognised (2023: Nil).

Certain club debentures were classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest. The fair value of these club debentures is based on the quoted market price from the respective club.

(c) ECL allowance

Further details are disclosed in note 32 to the consolidated financial statements.

15. INVENTORIES

	2024	2023
	HK$'000	HK$'000
Finished goods	**37,619**	29,844

The Group made provision of HK$998,000 (2023: reversal of provision of HK$1,365,000) for inventories during the year ended 31 December 2024.

16. FINANCIAL ASSETS AT FVTPL

	2024 HK$'000	2023 HK$'000
Listed investments, at fair value	–	2,616
Other investments, at quoted price	846	1,073
	846	3,689

The above investments as at 31 December 2024 and 2023 were classified as financial assets at FVTPL as they were held for trading.

17. CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Cash on hand and at banks	10,947	92,694

The short-term bank deposits earn interest at 3.66% (2023: 5.45%) per annum. They have a maturity of 30 days and are eligible for immediate cancellation without receiving any interest for the last deposit period.

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$150,000 (2023: HK$77,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between 1 day and 3 months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

18. CREDITORS

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

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

19. 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 0.5 and 3 years (2023: between 1 and 3 years). There are several lease contracts that include extension and termination options and variable lease payments. Lump sum payments were made upfront to acquire the leasehold land from the owner with a lease period of 55 years, and no ongoing payments will be made under the terms of these land leases for the year ended 31 December 2023.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are disclosed in note 12 to the consolidated financial statements.

(b) Lease liabilities

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

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**11,913**	39,557
Accretion of interest recognised during the year *(note 6)*	**1,609**	2,035
Payments	**(31,997)**	(31,012)
Additions	**9,389**	1,333
Modification of lease *(note 12)*	**22,729**	–
At the end of the year	**13,643**	11,913

19. LEASES (Continued)

The Group as a lessee (Continued)

(b) *Lease liabilities (Continued)*

	2024 HK$'000	2023 HK$'000
Analysed into:		
– Within one year	**7,319**	11,291
– In the second to fifth years, inclusive	**6,324**	622
Carrying amount at the end of the year	**13,643**	11,913
Less: current portion	**(7,319)**	(11,291)
Non-current portion	**6,324**	622

The maturity analysis of lease liabilities is disclosed in note 32 to the consolidated financial statements.

As at 31 December 2024, lease liabilities amounted to HK$13,643,000 (2023: HK$11,913,000) are effectively secured by the related underlying assets as the rights to the leased assets would be reverted to the lessors in the event of default by repayment by the Group.

(c) *Amounts recognised in the consolidated income statement*

The amounts charged in the consolidated income statement in relation to leases are as follows:

	2024 HK$'000	2023 HK$'000
Interest on lease liabilities *(note 6)*	**1,609**	2,035
Depreciation of right-of-use assets *(note 12)*	**31,566**	33,534
Variable lease payments not included in the measurement of lease liabilities (included in selling and distribution expenses) *(note 7)*	**15**	4
	33,190	35,573

19. LEASES (Continued)

The Group as a lessee (Continued)

(d) Total cash outflows

The total cash outflows for leases are disclosed in note 27(b) to the consolidated financial statements.

(e) Details of the lease activities

As at 31 December 2024 and 2023, the Group has entered into the following leases for stores.

Type of right-of-use asset	Financial statements item of right-of-use asset included in	Number of lease	Range of remaining lease term	Particular
Stores	Buildings under right-of-use assets in "Property, plant and equipment"	6 (2023: 4)	0.16 to 2.75 years (2023: 0.16 to 2.25 years)	• No option to renew the lease after the end of the contract • Four (2023: One) of the contracts contain turnover rent, which will be paid if the monthly gross sales turnover exceeds the monthly basic rent of each calendar month
Warehouse	Buildings under right-of-use assets in "Property, plant and equipment"	1 (2023: Nil)	2.87 years (2023: Nil)	• No option to renew the lease after the end of the contract

The Group as a lessor

The Group sub-leases certain assets under operating lease arrangements which run for an initial period of 2 years (2023: 2 years), with an option to renew the lease terms at the expiry date or at dates as mutually agreed between the Group and the respective tenants. The terms of the leases generally also require the tenants to pay security deposits.

Rental income recognised by the Group during the year ended 31 December 2024 was HK$186,000 (2023: HK$198,000), details of which are included in note 5(a) to the consolidated financial statements.

20. INSURANCE CONTRACTS LIABILITIES

The breakdown of group of insurance contracts issued, that are in a liability position is set out in the table below:

	2024	2023
	HK$'000	HK$'000
Life contracts	**465**	1,154
Total insurance contracts issued	**465**	1,154

The Group disaggregates information to provide disclosure in respect of life insurance contracts issued. This disaggregation has been determined based on how the Group is managed.

Roll-forward of net asset or liability for life insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims

	2024	2023
	HK$'000	HK$'000
Life insurance contract assets	**–**	–
Life insurance contract liabilities	**465**	1,154
Net life insurance contract (assets)/liabilities	**465**	1,154

20. INSURANCE CONTRACTS LIABILITIES (Continued)

Roll-forward of net asset or liability for life insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (Continued)

	2024			
	Liabilities for remaining coverage			
	Excluding loss component HK$'000	Loss component HK$'000	Liabilities for incurred claim HK$'000	Total HK$'000
Net life insurance contract liabilities at the beginning of the year	–	–	1,154	1,154
Insurance service results				
– Adjustments to liabilities for life contracts	–	–	(676)	(676)
Insurance finance expense	–	–	–	–
Total changes in the consolidated income statement	–	–	(676)	(676)
Cash flows				
– Claims and other expenses paid	–	–	(13)	(13)
Total cash flows	–	–	(13)	(13)
Net life insurance contract liabilities at the end of the year	–	–	465	465

20. INSURANCE CONTRACTS LIABILITIES (Continued)

Roll-forward of net asset or liability for life insurance contracts issued showing the liability for remaining coverage and the liability for incurred claims (Continued)

	2023			
	Liabilities for remaining coverage			
	Excluding loss component HK$'000	Loss component HK$'000	Liabilities for incurred claim HK$'000	Total HK$'000
Net life insurance contract liabilities at the beginning of the year	–	–	1,154	1,154
Insurance service results	–	–	–	–
Insurance finance expense	–	–	–	–
Total changes in the consolidated income statement	–	–	–	–
Cash flows				
– Claims and other expenses paid	–	–	–	–
Total cash flows	–	–	–	–
Net life insurance contract liabilities at the end of the year	–	–	1,154	1,154

20. INSURANCE CONTRACTS LIABILITIES (Continued)

Roll-forward of net asset or liability for life insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM

	2024			
	Liabilities for remaining coverage			
	Estimate of the present value of future cash flows HK$'000	Risk adjustment HK$'000	CSM HK$'000	Total HK$'000
Net life insurance contract liabilities at the beginning of the year	1,154	–	–	1,154
Insurance service results				
– Adjustments to liabilities for life contracts	(676)	–	–	(676)
Insurance finance expense	–	–	–	–
Total changes in the consolidated income statement	(676)	–	–	(676)
Cash flows				
– Claims and other expenses paid	(13)	–	–	(13)
Total cash flows	(13)	–	–	(13)
Net life insurance contract liabilities at the end of the year	465	–	–	465

20. INSURANCE CONTRACTS LIABILITIES (Continued)

Roll-forward of net asset or liability for life insurance contracts issued showing estimates of the present value of future cash flows, risk adjustment and CSM (Continued)

	2023			
	Liabilities for remaining coverage			
	Estimate of the present value of future cash flows HK$'000	Risk adjustment HK$'000	CSM HK$'000	Total HK$'000
Net life insurance contract liabilities at the beginning of the year	1,154	–	–	1,154
Insurance service results	–	–	–	–
Insurance finance expense	–	–	–	–
Total changes in the consolidated income statement	–	–	–	–
Cash flows				
– Claims and other expenses paid	–	–	–	–
Total cash flows	–	–	–	–
Net life insurance contract liabilities at the end of the year	1,154	–	–	1,154

The Group does not hold and issue any reinsurance contracts. There are no related items presented in the consolidated financial statements. The Group does not engage in any new insurance business, the impacts on the current period of transition approaches adopted to establishing CSMs, and the components of new business are minimal. As a result, no reinsurance contract, CSM, and components of new business related content is presented in the consolidated financial statements.

21. DEPOSITS, ACCRUED EXPENSES AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Accrued and other payables *(note)*	**15,686**	32,781
Deposits received	**793**	789
Interest payables	**366**	1,388
Provision for staff cost	**671**	694
Provision for reinstatement costs	**8,453**	7,205
	25,969	42,857
Less: amount classified as current portion	**(22,179)**	(42,773)
Amount classified as non-current portion	**3,790**	84

Note: As at 31 December 2023, accrued and other payables were mainly accrued management fee, interest payable and professional fee of HK$18,428,000 in relation to the claim from former director for the year ended 31 December 2023.

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

(a) Bank borrowings

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

	2024	2023
	HK$'000	HK$'000
Analysed into:		
– Within one year or on demand	**8,572**	84,314

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

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

(i) the pledge of the Group's bank balances and time deposits of HK$11,216,000 (2023: HK$11,277,000); and

(ii) the mortgages over the Group's leasehold land and owned buildings with an aggregate carrying amount of Nil (2023: HK$177,000,000) (note 12).

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

(b) Other loans

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

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

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

(c) Loan from the then immediate holding company

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

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

(d) Loan from a related company

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

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

23. PENSION SCHEME ASSETS

The Group operates a funded final salary defined benefit pension scheme (the "Scheme") for those employees who are eligible to participate in the Scheme. The Scheme provides lump sum benefits based on a multiple of a member's final salary and years of service upon the member's retirement, death or early retirement due to incapacity. In addition to the above, a flat pension payment equals to 50% of final salary payable over a period that is related to the member's year of service.

The Group's defined benefit plan is a final salary plan, which requires contributions to be made to a separately administered fund. The Scheme is governed under a trust and is administrated by a corporate trustee with the assets held separately from those of the Group. The trustee is responsible for ensuring that the Scheme is administered in accordance with the trust deed and rules and to act on behalf of all members impartially, prudently and in good faith.

The trustee and the Group periodically review the investment strategy and funding position. As at 31 December 2024, the investment portfolio is a mix of 37% (2023: 33%) in equity and 63% (2023: 67%) in debt instruments.

The Scheme is exposed to interest rate risk, investment risk and salary risk.

The most recent actuarial valuation to determine the present value of the defined benefit obligations of the Scheme was carried out on 31 December 2024 by an independent qualified professional actuary, Towers Watson Hong Kong Limited, using the projected unit credit actuarial valuation method.

(a) The principal actuarial assumptions used at the end of the reporting period are as follows:

	2024	2023
Discount rate	**3.6%**	2.9%
Expected rate of salary increase	**2.0%**	2.0%

The actuarial valuation showed that the market value of plan assets as at 31 December 2024 was HK$34,659,000 (2023: HK$33,067,000) and that the actuarial value of these assets represented 389% (2023: 356%) of the benefits that had been accrued to qualifying employees.

23. PENSION SCHEME ASSETS (Continued)

(b) A quantitative sensitivity analysis for significant assumptions at the end of the reporting period is shown below:

	Increase in rate %	(Decrease)/ Increase in net defined benefit obligations HK$'000	Decrease in rate %	Increase/ (Decrease) in net defined benefit obligations HK$'000
As at 31 December 2024				
Discount rate	**0.25**	**(127)**	**(0.25)**	**130**
Long-term salary increase rate	**0.25**	**131**	**(0.25)**	**(129)**
As at 31 December 2023				
Discount rate	0.25	(143)	(0.25)	149
Long-term salary increase rate	0.25	148	(0.25)	(144)

The sensitivity analysis above has been determined based on a method that extrapolates the impact on defined benefit obligations as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analysis is based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligations as it is unlikely that changes in assumptions would occur in isolation of one another.

23. PENSION SCHEME ASSETS (Continued)

(c) The total expenses recognised in the consolidated income statement in respect of the plan are as follows:

	2024 HK$'000	2023 HK$'000
Current service cost	**314**	330
Net interest income	**(689)**	(858)
Net pension scheme cost	**(375)**	(528)

The above amount of the Group's net pension scheme cost was included in "General and administrative expenses" on the face of the consolidated income statement.

(d) The movements in the present value of the defined benefit obligations are as follows:

	2024 HK$'000	2023 HK$'000
At the beginning of the year	**9,290**	12,431
Current service cost	**314**	330
Interest cost	**259**	394
Actuarial (gains)/losses	**(58)**	389
Benefit paid	**(904)**	(4,254)
At the end of the year	**8,901**	9,290

23. PENSION SCHEME ASSETS (Continued)

(e) The movements in the defined benefit obligations and the fair value of plan assets are as follows:

	As at 1 January 2024 HK$'000	Pension cost credited/(charged) to the consolidated income statement: Service cost HK$'000	Net interest income/ (expense) HK$'000	Sub-total included in the income statement HK$'000	Benefit paid HK$'000	Remeasurement income/(losses) in the other comprehensive income: Return on plan assets (excluding amounts included in net interest expense) HK$'000	Actuarial changes arising from changes in demographic assumptions HK$'000	Actuarial changes arising from changes in financial assumptions HK$'000	Experience adjustments HK$'000	Sub-total included in the other comprehensive income HK$'000	As at 31 December 2024 HK$'000
Year ended 31 December 2024											
Defined benefit obligations	(9,290)	(314)	(259)	(573)	904	–	(11)	401	(332)	58	(8,901)
Fair value of plan assets	33,067	–	948	948	(904)	1,548	–	–	–	1,548	34,659
Benefit assets/(liabilities)	23,777	(314)	689	375	–	1,548	(11)	401	(332)	1,606	25,758

	As at 1 January 2023 HK$'000	Pension cost credited/(charged) to the consolidated income statement: Service cost HK$'000	Net interest income/ (expense) HK$'000	Sub-total included in the income statement HK$'000	Benefit paid HK$'000	Remeasurement income/(losses) in the other comprehensive income: Return on plan assets (excluding amounts included in net interest expense) HK$'000	Actuarial changes arising from changes in demographic assumptions HK$'000	Actuarial changes arising from changes in financial assumptions HK$'000	Experience adjustments HK$'000	Sub-total included in the other comprehensive income HK$'000	As at 31 December 2023 HK$'000
Year ended 31 December 2023											
Defined benefit obligations	(12,431)	(330)	(394)	(724)	4,254	–	10	(479)	80	(389)	(9,290)
Fair value of plan assets	35,591	–	1,252	1,252	(4,254)	478	–	–	–	478	33,067
Benefit assets/(liabilities)	23,160	(330)	858	528	–	478	10	(479)	80	89	23,777

23. PENSION SCHEME ASSETS (Continued)

(f) The major categories of the fair value of the total plan assets are as follows:

	2024	2023
Equity instruments, quoted in an active market	37%	33%
Debt instruments, at quoted prices	63%	67%
Total	100%	100%

(g) Expected contributions to the defined benefit plan in future years are as follows:

	2024 HK$'000	2023 HK$'000
Within the next 12 months	–	–

As at 31 December 2024, the average duration of the defined benefit obligations at the end of the reporting period was 5.9 years (2023: 6.4 years).

(h) In addition to the above disclosures, the following information is further provided pursuant to the requirements of the Listing Rules:

The Group has paid contributions to the Scheme at rates as recommended and calculated by an independent qualified professional actuary, Ms. Wing Lui, Fellow of the Society of Actuaries, using the attained age valuation method. The latest ongoing funding valuation and solvency funding valuation were performed as at 1 January 2023. The market value of the assets was HK$35,591,000 while the levels of ongoing funding and solvency funding were 268% and 375%, respectively. Based on the accrued funding status as at 1 January 2023, the Scheme was fully funded. An interest rate of 2.5% per annum and a salary increase rate of 2% per annum were assumed in the valuation.

24. LSP OBLIGATIONS

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to LSP under certain circumstances (e.g. dismissal by employers or upon retirement).

The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme (see note 7), with an overall cap of HK$390,000 per employee. Currently the Group does not have any separate funding arrangement in place to meet its LSP obligations.

In June 2022, the Hong Kong SAR Government (the "Government") gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on 1 May 2025 (the "Transition Date"). Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition.

Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date.

The benefit payment under LSP remains capped at HK$390,000 per employee. If an employee's total benefit payment exceeds HK$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

The Group has accounted for the offsetting mechanism and its abolition as disclosed in notes 2.3 to the consolidated financial statements.

The Group has determined that the Amendment Ordinance primarily impacts the Group's LSP obligations with respect to Hong Kong employees.

24. LSP OBLIGATIONS (Continued)

The present value of unfunded LSP obligations and its movements are as follows:

	2024 **HK$'000**	2023 HK$'000
As at 1 January	**1,732**	1,279
Remeasurements recognised in other comprehensive income:		
– Actuarial (gains)/losses arising from changes in financial assumptions	**(128)**	84
Expenses recognised in profit or loss:		
– Current service cost	**428**	576
Benefits paid	**(91)**	(207)
As at 31 December	**1,941**	1,732

	2024 **HK$'000**	2023 HK$'000
Analysed into:		
– Current portion	**162**	59
– Non-current portion	**1,779**	1,673
	1,941	1,732

The current service cost and past service cost are included in employee benefit expenses. They are recognised in the following line items in the consolidated income statement:

	2024 **HK$'000**	2023 HK$'000
Selling and distribution expenses	**264**	301
General and administrative expenses	**164**	275
	428	576

24. LSP OBLIGATIONS (Continued)

Estimates and assumptions

The significant actuarial assumptions for the determination of LSP obligations are as follows:

	2024	2023
	HK$'000	HK$'000
Discount rate	**3.74%**	3.24%
Salary growth rate	**2%**	2%
Turnover rate (By age group)	**15% to 24%**	22% to 58%
Expected investment return on offsetable MPF accrued benefits	**3.0%**	2.5%

These assumptions were developed by management. Discount factors are determined close to each period-end by reference to market yields of high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related LSP obligations. Other assumptions are based on current actuarial benchmarks and management's historical experience.

The present value of the LSP obligations was measured using the projected unit credit method.

The weighted average duration of the LSP obligations is 13 years (2023: 15 years).

Expected maturity analysis of undiscounted LSP obligations in the next 43 years (2023: 42 years) as at 31 December 2024 is disclosed as follows:

	Within 1 year	**Over 1 year but within 2 years**	**Over 2 years but within 5 years**	**Over 5 years**	**Total**
	HK$'000	**HK$'000**	**HK$'000**	**HK$'000**	**HK$'000**
As at 31 December 2024					
LSP obligations	**164**	**–**	**276**	**2,882**	**3,322**
As at 31 December 2023					
LSP obligations	62	–	–	2,827	2,889

The LSP obligations expose the Group to actuarial risks such as interest rate risk, salary risk and the investment risk of the Group's MPF scheme's constituent funds.

24. LSP OBLIGATIONS (Continued)

Changes in the significant actuarial assumptions

The calculation of the LSP obligations is sensitive to the significant actuarial assumptions mentioned above. The following table summarises the effects of changes in these actuarial assumptions on the LSP obligations at the end of each reporting periods.

		Impact on LSP obligations	
	Changes in assumption	**Increase in the assumption HK$'000**	**Decrease in the assumption HK$'000**
As at 31 December 2024			
Discount rate	**0.5%**	**(116)**	**128**
Salary growth rate	**0.25%**	**24**	**(24)**
Turnover rate (By age group)	**13%**	**(51)**	**51**
Expected investment return on offsetable MPF accrued benefits	**5%**	**(1)**	**1**
As at 31 December 2023			
Discount rate	0.25%	(61)	64
Salary growth rate	0.25%	23	(24)
Turnover rate (By age group)	25%	(155)	155
Expected investment return on offsetable MPF accrued benefits	5%	(2)	2

The sensitivity analyses presented above may not be representative of actual change in the LSP obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. When calculating the sensitivity of the LSP obligation to significant actuarial assumptions, the same actuarial valuation method has been applied when calculating the LSP obligations recognised in the consolidated statement of financial position.

There were no changes in the methods and assumptions used in preparing the sensitivity analysis from prior year.

25. SHARE CAPITAL

	2024 HK$'000	2023 HK$'000
Issued and fully paid:		
1,313,962,560 ordinary shares	**469,977**	469,977

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

26. DEFICITS

The amounts of the Group's deficits and the movements therein for the years ended 31 December 2024 and 2023 are presented in the consolidated statement of changes in equity.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Lease liabilities HK$'000	Bank borrowings HK$'000	Other loans HK$'000	Loan from the then immediate holding company HK$'000	Loan from a related company HK$'000
As at 1 January 2023	39,557	140,979	2,795	73,263	187,000
Financing cash flows:					
Proceeds	–	140,462	–	73,300	24,000
Repayments	(28,977)	(197,127)	–	(74,663)	–
Operating cash flows:					
Interest paid	(2,035)	(5,182)	–	(1,139)	(18,454)
Non-cash:					
Entering into new lease	1,333	–	–	–	–
Interest expense	2,035	5,182	56	1,139	18,454
As at 31 December 2023 and 1 January 2024	11,913	84,314	2,851	71,900	211,000
Financing cash flows:					
Proceeds	**–**	**98,804**	**–**	**24,000**	**11,753**
Repayments	**(30,388)**	**(174,546)**	**(2,292)**	**(95,900)**	**(65,200)**
Operating cash flows:					
Interest paid	**(1,609)**	**(3,028)**	**(18)**	**(602)**	**(17,831)**
Non-cash:					
Entering into new lease	**9,389**	**–**	**–**	**–**	**–**
Modification of lease	**22,729**	**–**	**–**	**–**	**–**
Interest expense	**1,609**	**3,028**	**29**	**602**	**17,831**
As at 31 December 2024	**13,643**	**8,572**	**570**	**–**	**157,553**

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) The total cash outflows for leases included in the consolidated statement of cash flows is as follows:

	2024 HK$'000	2023 HK$'000
Within operating activities	**1,624**	2,039
Within financing activities	**30,388**	28,977
	32,012	31,016

(c) Non-cash transactions

The Group entered into the following non-cash investing and financing activities which are not reflected in the consolidated statement of cash flows:

During the year ended 31 December 2024, the Group entered into certain lease contracts in which additions to right-of-use assets and lease liabilities amounted to HK$9,389,000 (2023: HK$1,333,000) was recognised at the lease commencement date.

During the year ended 31 December 2024, the Group renewed certain lease contract which increased right-of-use assets and lease liabilities amounted to HK$22,729,000 (2023: Nil) at the lease modification date.

28. OUTSTANDING COMMITMENTS AND CONTINGENT LIABILITIES

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

	2024 HK$'000	2023 HK$'000
Irrevocable letters of credit	**1,581**	12,843

29. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with connected and related parties during the year:

	2024 **HK$'000**	2023 HK$'000
Professional fee to fellow subsidiaries *(note (i))*	**760**	516
Interest on loan from the then immediate holding company *(note (ii))*	**602**	1,139
Interest on loan from a related company *(note (ii))*	**17,831**	18,454
Handling fee to a related company *(note (iii))*	**2,213**	1,913
Expenses to the then immediate holding company *(note (iv))*	**2,910**	2,988
Sale of goods to the then immediate holding company *(note (v))*	**583**	636
Sale of goods to a related company *(note (vi))*	**12**	11
Purchase of goods from a related company *(note (vii))*	**81**	82
Sale commissions to a related company *(note (viii))*	**771**	1,983

The related party transactions constitute connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are disclosed in "Report of the Directors" section to the annual report.

Notes:

(i) The professional fee to fellow subsidiaries is for the provision of printing and financial advisory service to the Group.

(ii) The interest expenses were charged in accordance with contractual terms with the then immediate holding company and a related company. Details of which are set out in notes 22(c) and 22(d), respectively.

(iii) Handling fee related to the loan from a related company and was charged in accordance with contractual terms with a related company. Details of the loan are set out in note 22(d).

(iv) The expenses were charged by the then immediate holding company for sharing of office location based on the occupancy area.

29. RELATED PARTY TRANSACTIONS (Continued)

(a) In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following material transactions with connected and related parties during the year: (Continued)

Notes: (Continued)

(v) The sale of goods was charged in accordance with contractual terms with the then immediate holding company.

(vi) The sale of goods was charged in accordance with contractual terms with a related company controlled by a director of the Company.

(vii) The purchase of goods was charged in accordance with contractual terms with a related company controlled by a director of the Company.

(viii) Sales commission was recharged in accordance with contractual terms with a related company controlled by a director of the Company.

As at 31 December 2024, outstanding professional fee to fellow subsidiaries included in deposits, accrued expenses and other payables was HK$6,000 (2023: HK$233,000).

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

	2024 **HK$'000**	2023 HK$'000
Short-term employee benefits	**684**	646
Pension contributions	**–**	–
	684	646

Further details of the directors' and chief executive's remunerations are included in note 11 to the consolidated financial statements.

30. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

	2024 HK$'000	2023 HK$'000
Financial assets at amortised cost		
Financial assets included in prepayments, deposits, other receivables and other assets	**228,829**	230,761
Pledged bank balances and deposits	**11,216**	11,277
Cash and bank balances	**10,947**	92,694
	250,992	334,732
Financial assets at FVTPL		
Financial assets at FVTPL	**846**	3,689
Other assets	**2,000**	2,000
	2,846	5,689
Financial assets at FVTOCI		
Equity investments at FVTOCI	**6,165**	4,127
Financial liabilities at amortised cost		
Creditors	**41,392**	37,954
Provision for claims of life insurance	**128**	128
Financial liabilities included in deposits, accrued expenses and other payables	**16,723**	34,863
Bank borrowings	**8,572**	84,314
Other loans	**570**	2,851
Loan from the then immediate holding company	**–**	71,900
Loan from a related company	**157,553**	211,000
Lease liabilities	**13,643**	11,913
	238,581	454,923

31. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

Assets measured at fair value

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
As at 31 December 2024				
Equity investments at FVTOCI	**–**	**–**	**6,165**	**6,165**
Financial assets at FVTPL	**–**	**846**	**–**	**846**
Other assets	**–**	**2,000**	**–**	**2,000**
	–	**2,846**	**6,165**	**9,011**
As at 31 December 2023				
Equity investments at FVTOCI	–	–	4,127	4,127
Financial assets at FVTPL	2,616	1,073	–	3,689
Other assets	–	2,000	–	2,000
	2,616	3,073	4,127	9,816

During the years ended 31 December 2024 and 2023, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

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

The Group did not have any financial liabilities measured at fair value under Level 3 as at 31 December 2024 and 2023. As at 31 December 2024 and 2023, management used the following valuation technique and key input for the valuations of financial assets measured at fair value under Level 3.

31. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Information about Level 3 fair value measurements

Financial instrument	**Valuation technique**	**Significant unobservable input**
Equity investments at FVTOCI	Market approach	Discount for lack of marketability of 20.4% (2023: 20.5%)

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

As at 31 December 2024 and 2023, it is estimated that an increase/(decrease) of 3% in the unobservable input, with all other variables held constant, would have (decreased)/increased the Group's other comprehensive income as follows:

	Increase/ (Decrease) in unobservable input	**(Decrease)/ Increase in other comprehensive income**
	%	**HK$'000**
As at 31 December 2024		
Discount for lack of marketability	**3**	**(201)**
	(3)	**201**
As at 31 December 2023		
Discount for lack of marketability	3	(124)
	(3)	124

31. FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (Continued)

Information about Level 3 fair value measurements (Continued)

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

	2024	2023
	HK$'000	HK$'000
Equity investments at FVTOCI		
At the beginning of the year	**4,127**	4,041
Changes in fair value recognised in other comprehensive income	**2,038**	86
At the end of the year	**6,165**	4,127

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank borrowings, other loans, loans from related parties (including the then immediate holding company and a related company), pledged bank balances and deposits, cash and bank balances and lease liabilities. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as creditors, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and market risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings and loan from a related company with floating interest rates. The Group regularly reviews and monitors the mix of fixed and floating interest rate borrowings in order to manage its interest rate risk. Floating rate interest income and expenses are credited/charged to the consolidated income statement as earned/incurred. The Group's policy to manage its interest rate risk is to reduce or maintain its current level of borrowings.

At the end of the reporting period, a hypothetical 100-basis point increase/(decrease) in interest rates on the bank borrowings and loan from a related company that are carried at variable rates would increase/(decrease) the interest expense as follows:

	2024	2023
	HK$'000	HK$'000
Increase/Decrease in interest expense	**1,661**	2,953

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the unit's functional currency. Also, the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Given that the HK$ is pegged to the US$, management does not expect that the Group has significant foreign exchange exposure to US$, and hence the Group has no hedging policy on US$.

Credit risk

Maximum exposure and year-end staging as at 31 December 2024 and 2023

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2024 and 2023. The amounts presented are gross carrying amounts for financial assets.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging as at 31 December 2024 and 2023 (Continued)

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 31 December 2024					
Financial assets included in prepayments, deposits, other receivables and other assets					
– Normal*	**36,982**	**–**	**–**	**–**	**36,982**
– Doubtful*	**–**	**–**	**193,101**	**–**	**193,101**
Pledged bank balances and deposits					
– Not yet past due	**11,216**	**–**	**–**	**–**	**11,216**
Cash and bank balances					
– Not yet past due	**10,947**	**–**	**–**	**–**	**10,947**
	59,145	**–**	**193,101**	**–**	**252,246**
As at 31 December 2023					
Financial assets included in prepayments, deposits, other receivables and other assets					
– Normal*	38,822	–	–	–	38,822
– Doubtful*	–	–	193,050	–	193,050
Pledged bank balances and deposits					
– Not yet past due	11,277	–	–	–	11,277
Cash and bank balances					
– Not yet past due	92,694	–	–	–	92,694
	142,793	–	193,050	–	335,843

* The credit quality of the financial assets included in prepayments, deposits, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Loss rate

Set out below is the loss rate applied for financial assets is considered to be "doubtful". The loss rates for other financial assets at amortised cost are assessed insignificant.

	12-month ECLs	Lifetime ECLs		
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**
As at 31 December 2024				
Financial assets included in prepayments, deposits, other receivables and other assets – Doubtful	**0.0%**	**0.0%**	**0.65%**	**N/A**
As at 31 December 2023				
Financial assets included in prepayments, deposits, other receivables and other assets – Doubtful	0.0%	0.0%	0.58%	N/A

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk (Continued)

Movement in the ECL allowance

Set out below is the movements in the ECL allowance of the Group's other financial assets at amortised cost:

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 2	Stage 3	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 January 2023	–	–	1,027	1,027
ECL allowance	–	–	84	84
As at 31 December 2023 and 1 January 2024	–	–	1,111	1,111
ECL allowance	**–**	**–**	**143**	**143**
As at 31 December 2024	**–**	**–**	**1,254**	**1,254**

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and projected cash flows from operations.

The Group is exposed to liquidity risk in respect of settlement of creditors and its financing obligations, and also in respect of its cash flow management.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk (Continued)

The maturity profile of the financial liabilities, at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	On demand or within 1 year HK$'000	In the second to fifth years, inclusive HK$'000	Total HK$'000
As at 31 December 2024			
Creditors	**41,392**	**–**	**41,392**
Provision for claims of life insurance	**128**	**–**	**128**
Financial liabilities included in deposits, accrued expenses and other payables	**16,723**	**–**	**16,723**
Bank borrowings	**9,018**	**–**	**9,018**
Other loans	**–**	**581**	**581**
Loan from a related company	**14,495**	**160,691**	**175,186**
Lease liabilities	**8,108**	**6,873**	**14,981**
	89,864	**168,145**	**258,009**
As at 31 December 2023			
Creditors	37,954	–	37,954
Provision for claims of life insurance	128	–	128
Financial liabilities included in deposits, accrued expenses and other payables	34,863	–	34,863
Bank borrowings	89,970	–	89,970
Other loans	2,338	570	2,908
Loan from the then immediate holding company	75,502	–	75,502
Loan from a related company	16,156	216,385	232,541
Lease liabilities	11,637	655	12,292
	268,548	217,610	486,158

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Market risk

Market risk is the risk that the fair values of investments held for trading decrease as a result of changes in the levels of equity indices and the value of individual securities. The Group was exposed to market risk arising from individual investments classified as held for trading (note 16).

The following tables demonstrate the sensitivity to every 10% change in the fair values of the financial assets with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period.

	Increase/ (Decrease) in fair value %	**(Decrease)/ Increase in loss before income tax HK$'000**
As at 31 December 2024		
Financial assets at FVTPL	**10**	**(85)**
	(10)	**85**
As at 31 December 2023		
Financial assets at FVTPL	10	(368)
	(10)	368

Insurance risk management

The risk under an insurance contract is the risk that an insured event will occur including the uncertainty of the amount and timing of any resulting claim. The principal risk the Group faces under such contracts is that the actual claims and benefit payments may exceed the carrying amount of insurance liabilities. This is influenced by the frequency of claims, severity of claims, actual benefits paid which are greater than originally estimated and subsequent development of long tail claims. At the end of the reporting period, no claims and benefit payments of life insurances were unsettled.

32. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to the equity holders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of bank borrowings, other loans, loans from related parties (including the then immediate holding company and a related company), lease liabilities and equity attributable to equity holders of the Company, comprising share capital and deficits. The Group monitors capital on the basis of the gearing ratio. This ratio is calculated based on total bank borrowings, other loans, loans from related parties (including the then immediate holding company and a related company) and lease liabilities and total equity.

The gearing ratio at the end of the reporting period was as follows:

	2024 **HK$'000**	2023 HK$'000
Bank borrowings	**8,572**	84,314
Other loans	**570**	2,851
Loan from the then immediate holding company	**–**	71,900
Loan from a related company	**157,553**	211,000
Lease liabilities	**13,643**	11,913
Total debt	**180,338**	381,978
Total equity	**92,390**	125,544
Gearing ratio	**195%**	304%

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Non-current assets		
Property, plant and equipment	**12,257**	8,823
Investments in subsidiaries	**26,934**	26,934
Equity investments at FVTOCI	**799**	799
Prepayments, deposits, other receivables and other assets	**217,170**	200,589
Pension scheme assets	**22,544**	20,793
	279,704	257,938
Current assets		
Inventories	**37,619**	29,844
Prepayments, deposits, other receivables and other assets	**14,645**	33,561
Amounts due from subsidiaries	**36,181**	99,625
Pledged deposits	**10,052**	–
Cash and bank balances	**3,196**	5,768
	101,693	168,798
Current liabilities		
Creditors	**41,325**	37,953
Lease liabilities	**3,374**	7,390
Deposits, accrued expenses and other payables	**16,598**	26,157
Contract liabilities	**1,418**	1,377
Bank borrowings	**8,572**	84,314
Amounts due to subsidiaries	**223,776**	7,738
Loan from the then immediate holding company	**–**	71,900
LSP obligations	**162**	59
	295,225	236,888
Net current liabilities	**(193,532)**	(68,090)
Total assets less current liabilities	**86,172**	189,848

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

	2024 HK$'000	2023 HK$'000
Non-current liabilities		
Deposits, accrued expenses and other payables	**3,790**	84
Lease liabilities	**6,324**	622
Loan from a related company	**157,553**	211,000
LSP obligations	**1,779**	1,673
	169,446	213,379
Net liabilities	**(83,274)**	(23,531)
Equity		
Share capital	**469,977**	469,977
Deficits (note)	**(553,251)**	(493,508)
Total deficit	**(83,274)**	(23,531)

Lin Xiaohui
Director

Su Jiaohua
Director

33. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note: A summary of the Company's reserves/(deficits) is as follows:

	General and other reserves HK$'000	Investment revaluation reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2023	196,614	1,714	(662,112)	(463,784)
Loss for the year	–	–	(29,692)	(29,692)
Other comprehensive income for the year:				
– Actuarial gains on a defined benefit plan	–	–	52	52
– Actuarial losses on LSP	–	–	(84)	(84)
As at 31 December 2023 and 1 January 2024	196,614	1,714	(691,836)	(493,508)
Loss for the year	**–**	**–**	**(61,333)**	**(61,333)**
Other comprehensive income for the year:				
– Actuarial gains on a defined benefit plan	**–**	**–**	**1,462**	**1,462**
– Actuarial losses on LSP	**–**	**–**	**128**	**128**
As at 31 December 2024	**196,614**	**1,714**	**(751,579)**	**(553,251)**

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries as at 31 December 2024 and 2023 are as follows:

Company name	Place of incorporation/ registration and business	Issued/ Registered share capital/ Paid-up capital	Class of shares held	Percentage of equity attributable to the Company		Principal activity
				Directly	Indirectly	
Ottoway Limited	BVI	US$1	Registered	100	–	Investment holding
Right View Limited	Hong Kong	HK$2	Ordinary	–	100	Property holding
Silveroute Limited	BVI	US$1	Registered	100	–	Securities trading
Sincere (Shanghai) Commercial Management Company Limited ^	Mainland China	US$1,000,000	N/A	100	–	Provision of management services
Sincere FG	Hong Kong	HK$20,000,000	Ordinary	40.67#	17.31#	Investment
Sincere LA	Hong Kong	HK$10,000,000	Ordinary	48.09#	8.87#	Life insurance and investment
Perfumery	Hong Kong	HK$1,300,000	Ordinary	37.15#	25.22#	Investment holding
Springview Limited	Hong Kong	HK$500,000	Ordinary	100	–	Securities trading
The Sincere Finance Company, Limited	Hong Kong	HK$2	Ordinary	100	–	Provision of finance

^ Registered as a wholly-foreign-owned enterprise under Law of the Mainland China.

Sincere LA, Sincere FG and Perfumery are accounted for as subsidiaries of the Group based on the factors as explained in note 3 to the consolidated financial statements.

The above table lists the subsidiaries of the Company, which in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Sincere LA Group

	2024 **HK$'000**	2023 HK$'000
Loss for the year allocated to non-controlling interests	**1,228**	(309)
Other comprehensive income/(loss) for the year allocated to non-controlling interests	**62**	167
Total comprehensive loss for the year allocated to non-controlling interests	**1,290**	(142)

	2024	2023
Percentage of effective equity interest held by non-controlling interests	**43.04%**	43.04%
Accumulated balances of non-controlling interests at the end of the reporting period (HK$'000)	**39,138**	37,866

34. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

Sincere LA Group (Continued)

The following tables illustrate the summarised financial information of Sincere LA Group. The amounts disclosed are before any inter-company eliminations:

	2024 HK$'000	2023 HK$'000
Profit/(Loss) for the year	**2,853**	(717)
Total comprehensive income/(loss) for the year	**2,998**	(360)
Net cash flows used in operating activities	**(2,413)**	(4,717)
Net cash flows (used in)/from investing activities	**(62,595)**	13,842
Net (decrease)/increase in cash and cash equivalents	**(65,008)**	9,125

	2024 HK$'000	2023 HK$'000
Current assets	**75,364**	73,096
Non-current assets	**10,293**	10,157
Current liabilities	**(1,130)**	(1,104)
Net assets	**84,527**	82,149

35. 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.

35. LITIGATION (Continued)

Deed and purported cancellation (Continued)

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

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

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

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

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

35. LITIGATION (Continued)

Deed and purported cancellation (Continued)

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

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

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

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

35. LITIGATION (Continued)

Deed and purported cancellation (Continued)

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.

35. LITIGATION (Continued)

Deed and purported cancellation (Continued)

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

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

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

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

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

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

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

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

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

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

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

35. LITIGATION (Continued)

Deed and purported cancellation (Continued)

The date of trial has not been fixed.

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

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

As at 31 December 2024, the carrying amount of gift receivable from Win Dynamic amounted to HK$191,847,000, net of ECL allowance of HK1,254,000 (2023: HK$191,939,000, net of ECL allowance of HK$1,111,000). During the year ended 31 December 2024, the Group has also recognised imputed interest income on gift receivable from Win Dynamic under “Other income and gains, net” of HK$18,484,000 (2023: HK$17,623,000) and loss on modification of gift receivable from Win Dynamic under “Non-operating expenses” of HK$18,434,000 (2023: Nil).

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2024

The consolidated results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements are summarised below.

	Years ended 31 December			Period from 1 March 2021 to 31 December	Years ended 28 February
	2024	2023	2022	2021	2021
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000
RESULTS					
CONTINUING OPERATIONS					
REVENUE	**131,289**	146,147	146,516	140,060	177,472
LOSS BEFORE INCOME TAX	**(38,976)**	(51,598)	(63,946)	(77,074)	(145,682)
INCOME TAX EXPENSE	**(2)**	(14)	(23)	(15)	(15)
LOSS FOR THE YEAR/PERIOD	**(38,978)**	(51,612)	(63,969)	(77,089)	(145,697)
Attributable to:					
Equity holders of the Company	**(40,140)**	(50,477)	(60,756)	(75,880)	(145,017)
Non-controlling interests	**1,162**	(1,135)	(3,213)	(1,209)	(680)
	(38,978)	(51,612)	(63,969)	(77,089)	(145,697)

FIVE-YEAR FINANCIAL SUMMARY

For the year ended 31 December 2024

The consolidated results, assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements are summarised below. (Continued)

	As at 31 December				As at 28 February
	2024	2023	2022	2021	2021
	HK$'000	HK$'000	HK$'000 (Restated)	HK$'000	HK$'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
PROPERTY, PLANT AND EQUIPMENT	**16,083**	189,260	218,734	263,991	231,049
OTHER NON-CURRENT ASSETS	**250,553**	229,953	214,789	198,966	66,524
NET CURRENT LIABILITIES	**(4,230)**	(79,731)	(240,297)	(180,974)	(243,678)
NON-CURRENT LIABILITIES	**(170,016)**	(213,938)	(19,586)	(44,756)	(25,490)
NON-CONTROLLING INTERESTS	**(45,800)**	(44,419)	(45,931)	(48,378)	(31,382)
EQUITY/(DEFICITS) ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	**46,590**	81,125	127,709	188,849	(2,977)