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INSIDE INFORMATION

This announcement is made by New World Department Store China Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

In view of the COVID-19 outbreak, many provinces and municipalities in the People’s Republic of China (the “**PRC**”) have implemented emergency public health measures since January 2020, which include, among other things, imposing quarantine orders and travel restrictions as well as minimising commercial activities to achieve social distancing. Staff have been unable to return to the Group’s department stores in the PRC and footfall has reduced drastically. Given that department store retail is the Group’s core business and that all of its department stores are situated in the PRC, the nationwide lockdown has materially affected the Group’s business performance since the beginning of 2020.

In response to the situation, the Group has, since the beginning of the COVID-19 outbreak in the PRC, adopted various measures to mitigate the impact on its business operations, which include implementing comprehensive cost-saving measures, retaining working capital, promoting online sales channel and maximising operational efficiency.

With recent signs of stabilisation of the COVID-19 outbreak in the PRC, local travel restrictions have gradually lifted, which enables the Group’s department stores to resume operations with its staff returning to work. Retail outlets have re-opened and commercial activities have been regaining momentum across the PRC. Despite the improving situation, consumers remain cautious amid the COVID-19 outbreak in the rest of the world and the prevailing global economic recession, which undermine spending eagerness, and the Group’s business operations have been adversely affected. Taking into account the cumulative impact of the COVID-19 outbreak on the Group’s business operations since the beginning of 2020, the Board expects that the Company will record a material reduction in profit attributable to shareholders for the financial year ending 30 June 2020 as compared with the previous year, and may recognise an impairment loss on non-current assets, including goodwill for the financial year ending 30 June 2020.

While the Company considers it prudent to draw the Shareholders and potential investors’ attention to the impact of the aforementioned circumstances on the Group’s business operations, the Group’s performance continues to be subject to the changing market conditions, as well as other factors including the relaxation of the COVID-19 precautionary measures in the PRC.

The information contained in this announcement only represents a preliminary assessment based on the information available to the Board as at the date hereof, and has not been reviewed or audited by the independent auditors of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the board of
New World Department Store China Limited
Dr. Cheng Kar-shun, Henry
Chairman

Hong Kong, 19 June 2020

As at the date of this announcement, the non-executive Director is Dr. Cheng Kar-shun, Henry; the executive Directors are Dr. Cheng Chi-kong, Adrian and Mr. Cheung Fai-yet, Philip; and the independent non-executive Directors are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai.