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PROFIT WARNING

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) 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).

Reference is made to the inside information announcement of the Company dated 19 June 2020 in relation to the impact of the COVID-19 outbreak on the Group’s business operations.

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that, based on a preliminary assessment on the unaudited consolidated management accounts of the Company for the year ended 30 June 2020, the Group expects to record a loss attributable to shareholders of the Company of not less than HK\$480 million for the year ended 30 June 2020, as compared to a profit attributable to shareholders of the Company of approximately HK\$33 million for the year ended 30 June 2019.

The decrease in the Group’s profitability for the year ended 30 June 2020 is primarily attributable to (i) the recognition of the significant impairment loss on assets, including goodwill for the Group’s department store business in the People’s Republic of China (the “**PRC**”) and loss in fair value of investment properties, in light of the recent market downturn and the management’s assessment of the Group’s business prospect; and (ii) the decline in the Group’s revenue, mainly due to the overall slowdown of the retail industry in the PRC as a result of the COVID-19 outbreak, with temporary closures of the Group’s certain department stores in the PRC at the beginning of 2020, and the cautious spending sentiment that prevails among consumers despite the improving situation in the PRC.

The information contained in this announcement is only based on the preliminary assessment by the Board in accordance with the unaudited consolidated management accounts of the Company for the year ended 30 June 2020, and is not based on any information or figures which have been audited or reviewed by the Company’s auditors and may be subject to possible adjustments. Shareholders of the Company and potential investors are advised to read carefully the annual results announcement of the Company for the year ended 30 June 2020 which is expected to be published in September 2020.

Shareholders of the Company 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, 31 August 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.