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## ANNUAL RESULTS ANNOUNCEMENT 2021/2022

### HIGHLIGHTS

Same-store sales<sup>(1)</sup> growth for the year was –21.3%. The growth for the Previous Year was 3.9%.

Revenue for the year was HK\$1,934.6 million compared with HK\$2,246.0 million in the Previous Year.

Operating loss for the year was HK\$199.6 million, as compared to operating profit for the year of HK\$89.5 million in the Previous Year.

Loss for the year was HK\$483.4 million compared with HK\$229.4 million in the Previous Year.

Loss per share for the year was HK\$0.29.

<sup>(1)</sup> Same-store sales calculation reflects proceeds from sale of goods and rental income, and the adjustment of the operational strategy for the stores in operation.

## ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2022

The board of directors (the “Board” or “Directors”) of New World Department Store China Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiaries (together, the “Group”) for the year ended 30 June 2022 as follows:

### CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

	<i>Note</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	2	<b>1,934,557</b>	2,245,966
Other income	3	<b>60,338</b>	67,481
Other losses, net	4	<b>(104,565)</b>	(349,190)
Changes in fair value of investment properties		<b>(107,504)</b>	(6,490)
Purchases of and changes in inventories, net		<b>(464,456)</b>	(583,897)
Purchases of promotion items		<b>(16,697)</b>	(12,244)
Employee benefit expense		<b>(463,238)</b>	(458,081)
Depreciation		<b>(506,669)</b>	(583,634)
Rental expense		<b>(110,090)</b>	(124,354)
Other operating expenses, net	5	<b>(421,271)</b>	(106,066)
Operating (loss)/profit		<b>(199,595)</b>	89,491
Finance income		<b>33,170</b>	37,839
Finance costs		<b>(240,124)</b>	(230,328)
Finance costs, net	6	<b>(206,954)</b>	(192,489)
Share of result of an associated company		<b>(406,549)</b>	(102,998)
		<b>–</b>	(151)
Loss before income tax		<b>(406,549)</b>	(103,149)
Income tax expense	7	<b>(76,832)</b>	(126,210)
Loss for the year		<b>(483,381)</b>	(229,359)
Loss per share attributable to shareholders of the Company (expressed in HK\$ per share)			
– Basic and diluted	9	<b>(0.29)</b>	(0.14)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*FOR THE YEAR ENDED 30 JUNE 2022*

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year	<u>(483,381)</u>	<u>(229,359)</u>
Other comprehensive income		
<i>Items that will not be reclassified to profit or loss</i>		
Revaluation of properties upon reclassification from property, plant and equipment and right-of-use assets to investment properties	147,214	106,872
– Deferred income tax thereof	<u>(36,803)</u>	<u>(26,718)</u>
	<u>110,411</u>	<u>80,154</u>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation differences	<u>(92,101)</u>	<u>408,211</u>
Other comprehensive income for the year, net of tax	<u>18,310</u>	<u>488,365</u>
Total comprehensive (loss)/income for the year	<u>(465,071)</u>	<u>259,006</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets			
Non-current assets			
Property, plant and equipment		769,021	869,599
Investment properties		5,396,060	5,255,795
Right-of-use assets		3,035,595	4,019,142
Intangible assets		1,107,218	1,353,451
Interest in an associated company		–	296
Prepayments, deposits and other receivables		196,947	206,850
Finance lease receivables		368,722	335,006
Finance assets at fair value through profit or loss		78,000	–
Deferred income tax assets		<u>92,078</u>	<u>121,662</u>
		<u>11,043,641</u>	<u>12,161,801</u>
Current assets			
Inventories		94,606	89,428
Debtors	10	34,861	34,137
Prepayments, deposits and other receivables		191,190	252,465
Finance lease receivables		68,673	68,524
Amounts due from fellow subsidiaries		976	1,861
Amounts due from related companies		7	1
Fixed deposits with original maturity over three months		459,853	728,669
Cash and bank balances		<u>619,595</u>	<u>840,752</u>
		<u>1,469,761</u>	<u>2,015,837</u>
Total assets		<u>12,513,402</u>	<u>14,177,638</u>
Equity and liabilities			
Equity			
Share capital		168,615	168,615
Reserves		<u>3,834,641</u>	<u>4,299,712</u>
Total equity		<u>4,003,256</u>	<u>4,468,327</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)**

AS AT 30 JUNE 2022

	<i>Note</i>	<b>2022</b> <b>HK\$'000</b>	2021 <i>HK\$'000</i>
Liabilities			
Non-current liabilities			
Lease liabilities		<b>3,256,172</b>	4,354,394
Deferred income tax liabilities		<b><u>967,804</u></b>	<u>971,246</u>
		<b><u>4,223,976</u></b>	<u>5,325,640</u>
Current liabilities			
Creditors	<i>11</i>	<b>580,311</b>	993,805
Accruals and other payables		<b>1,004,744</b>	1,032,527
Lease liabilities		<b>868,768</b>	660,400
Contract liabilities		<b>228,900</b>	238,363
Amounts due to fellow subsidiaries		<b>4,691</b>	7,758
Amounts due to related companies		<b>19,156</b>	15,596
Amounts due to ultimate holding company		<b>79,873</b>	–
Borrowings		<b>1,489,544</b>	1,412,275
Tax payable		<b><u>10,183</u></b>	<u>22,947</u>
		<b><u>4,286,170</u></b>	<u>4,383,671</u>
Total liabilities		<b><u>8,510,146</u></b>	<u>9,709,311</u>
Total equity and liabilities		<b><u>12,513,402</u></b>	<u>14,177,638</u>

## NOTES

### 1 BASIS OF PREPARATION

The consolidated financial statements for the year ended 30 June 2022 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

As at 30 June 2022, the Group had net current liabilities of approximately HK\$2,816,409,000, which included short term bank borrowings of approximately HK\$776,544,000 and shareholder loans of HK\$713,000,000 from New World Development Company Limited (“NWD”), its ultimate holding company.

The directors of the Company have reviewed the Group’s cash flow projections, which cover a period of twelve months from the end of the reporting period and have considered available information, among others, internally generated funds and financial resources (as described below) available to the Group in assessing the going concern basis in the preparation of the consolidated financial statements.

The Group’s shareholder loans from NWD will mature within the next 12 months from 30 June 2022. NWD has confirmed its intention to renew the shareholder loans for another 12 months upon their maturity.

In addition, during the year, the Group had successfully renewed its short term bank borrowings for another 12 months, which will mature within the next 12 months from 30 June 2022. As at 30 June 2022, short term bank borrowings included in current liabilities of approximately HK\$699,285,000 were guaranteed by NWD. The directors of the Company are confident that its short term bank borrowings can be renewed upon their maturity in view of the Group’s track record of successful renewal of the short term bank borrowings and the continued guarantee provided by NWD.

The directors of the Company are of the opinion that, taking into account the anticipated cash flows generated from the Group’s operation; the availability of the bank borrowings and successful renewal of the shareholder loans as and when needed, the Group will have adequate resources to continue its operations for the foreseeable future and to meet with its financial obligations as and when they fall due in the next 12 months from 30 June 2022. Accordingly, the directors of the Company consider it is appropriate to prepare these consolidated financial statements on a going concern basis.

## 1 BASIS OF PREPARATION (CONTINUED)

### (a) Adoption of amendments to standards

In the current year, the Group has adopted the following amendments to standards, which are mandatory for the financial year ended 30 June 2022:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

The adoption of the above amendments to standards does not have any significant effect on the results and financial position of the Group.

### (b) New standard, amendments to standards, interpretation and revised accounting guideline which are not yet effective

The following new standard, amendments to standards, interpretation and revised accounting guideline which are not yet effective are mandatory for the accounting periods beginning on or after 1 July 2022 or later periods which the Group has not early adopted:

HKFRS 17 and amendments to HKFRS 17	Insurance contracts
Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transactions
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRSs Amendments	Annual Improvements to HKFRSs 2018–2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The Group has already commenced an assessment of the impact of the new standard, amendments to standards, interpretation and revised accounting guideline, certain of which may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

## 2 REVENUE AND SEGMENT INFORMATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Commission income from concessionaire sales	665,362	893,026
Sales of goods – direct sales	<u>501,160</u>	<u>633,583</u>
Revenue from contracts with customers	1,166,522	1,526,609
Rental income	745,607	703,394
Interest income from finance leases as the lessor	<u>22,428</u>	<u>15,963</u>
	<u><u>1,934,557</u></u>	<u><u>2,245,966</u></u>

The income from concessionaire sales is analysed as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Proceeds from concessionaire sales	<u>4,654,718</u>	<u>6,052,313</u>
Commission income from concessionaire sales	<u>665,362</u>	<u>893,026</u>

The chief operating decision-maker (“CODM”) has been identified as executive Directors of the Company. The CODM reviews the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers that the Group has department store and property investment businesses. The CODM assesses the performance of the operating segments based on their revenue and operating results. The measurement of segment operating results excludes the effect of other losses, net, changes in fair value of investment properties and net unallocated corporate expenses or income. In addition, net finance costs and share of result of an associated company are not allocated to segments. The measurement of segment assets excludes interest in an associated company, deferred income tax assets and unallocated corporate assets. There is no inter-segment sales.

Revenue is primarily generated in Mainland China and all significant operating assets of the Group are in Mainland China.



## 2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Department store business HK\$'000	Property investment business HK\$'000	Consolidated HK\$'000
<i>For the year ended 30 June 2022</i>			
Segment revenue	<u>1,663,910</u>	<u>270,647</u>	<u>1,934,557</u>
Segment operating results	(57,892)	134,267	76,375
Other losses, net	(90,141)	(14,424)	(104,565)
Changes in fair value of investment properties	–	(107,504)	(107,504)
Unallocated corporate expenses, net			<u>(63,901)</u>
Operating loss			----- (199,595)
Finance income			33,170
Finance costs			<u>(240,124)</u>
Finance costs, net			----- (206,954)
Loss before income tax			(406,549)
Income tax expense			<u>(76,832)</u>
Loss for the year			<u>(483,381)</u>
<i>For the year ended 30 June 2021</i>			
Segment revenue	<u>2,039,653</u>	<u>206,313</u>	<u>2,245,966</u>
Segment operating results	189,324	161,224	350,548
Other losses, net	(349,192)	2	(349,190)
Changes in fair value of investment properties	–	(6,490)	(6,490)
Unallocated corporate income, net			<u>94,623</u>
Operating profit			----- 89,491
Finance income			37,839
Finance costs			<u>(230,328)</u>
Finance costs, net			----- (192,489)
Share of result of an associated company			(102,998)
			<u>(151)</u>
Loss before income tax			(103,149)
Income tax expense			<u>(126,210)</u>
Loss for the year			<u>(229,359)</u>

## 2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Department store business HK\$'000	Property investment business HK\$'000	Consolidated HK\$'000
<i>As at 30 June 2022</i>			
Segment assets	6,451,068	5,871,402	12,322,470
Deferred income tax assets	92,078	–	92,078
Unallocated corporate assets:			
Cash and bank balances			20,608
Others			78,246
			<u>78,246</u>
Total assets			<u><u>12,513,402</u></u>

### *For the year ended 30 June 2022*

Additions to non-current assets (Note (i))	111,977	7,235	119,212
Depreciation	503,746	2,923	506,669
Impairment loss on goodwill	212,410	7,940	220,350
Impairment loss on property, plant and equipment and right-of-use assets	78,576	–	78,576
Loss allowance of deposits and receivables	50,092	27,667	77,759
Gain on derecognition of lease liabilities and right-of-use assets, net (Note (ii))	(201,376)	–	(201,376)
Gain on derecognition of right-of-use assets, net	(46,237)	(2,336)	(48,573)
Loss allowance, loss on derecognition and lease modification of finance lease receivables, net	44,864	8,812	53,676
	<u>44,864</u>	<u>8,812</u>	<u>53,676</u>

### *As at 30 June 2021*

Segment assets	8,483,684	5,550,681	14,034,365
Interest in an associated company	296	–	296
Deferred income tax assets	121,662	–	121,662
Unallocated corporate assets:			
Cash and bank balances			21,066
Others			249
			<u>21,315</u>
Total assets			<u><u>14,177,638</u></u>

### *For the year ended 30 June 2021*

Additions to non-current assets (Note (i))	904,157	9,383	913,540
Depreciation	582,932	702	583,634
Impairment loss on goodwill	232,749	–	232,749
Impairment loss on property, plant and equipment and right-of-use assets	176,622	–	176,622
Reversal of loss allowance of receivables	(14,499)	(1,792)	(16,291)
Gain on derecognition of right-of-use assets, net	(38,624)	–	(38,624)
Loss on derecognition and lease modification of finance lease receivables, net	8,346	–	8,346
	<u>8,346</u>	<u>–</u>	<u>8,346</u>

#### Notes:

- (i) Additions to non-current assets represented additions to non-current assets other than financial instruments, interest in an associated company and deferred income tax assets.
- (ii) Gain on derecognition of lease liabilities and right-of-use assets, net was due to downsizing and closure of certain department stores during the year ended 30 June 2022.

### 3 OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Government grants	12,525	13,894
Income from suppliers	23,677	22,272
Service fee income	756	1,653
Carpark income	7,607	9,876
Other compensation income	13,823	16,693
Sundries	<u>1,950</u>	<u>3,093</u>
	<u><b>60,338</b></u>	<u><b>67,481</b></u>

### 4 OTHER LOSSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss on deregistration of a subsidiary	1,724	–
Impairment loss on goodwill (Note (i))	220,350	232,749
Impairment loss on property, plant and equipment and right-of-use assets (Note (i))	78,576	176,622
Impairment loss on interest in an associated company	297	–
Impairment loss on prepayments, deposits and other receivables	5,865	–
Gain on derecognition of lease liabilities and right-of-use assets, net (Note (ii))	(201,376)	–
Loss on disposal of property, plant and equipment, net	8,229	1,875
Gain on derecognition of right-of-use assets, net (Note (iii))	(48,573)	(38,624)
Loss on derecognition of finance lease receivables, net	39,505	6,873
Loss allowance and loss on lease modification of finance lease receivables, net	14,171	1,473
Rent concessions (Note (iv))	<u>(14,203)</u>	<u>(31,778)</u>
	<u><b>104,565</b></u>	<u><b>349,190</b></u>

#### Notes:

- (i) The impairment provisions were made to reflect management's latest plan for mainly six department stores (2021: eight department stores) in light of the latest market environment, the impact caused by the pandemic of COVID-19 and the management's assessment on the business prospect thereof.
- (ii) Gain on derecognition of lease liabilities and right-of-use assets, net was due to downsizing and closure of certain department stores during the year ended 30 June 2022.
- (iii) Gain on derecognition of right-of-use assets, net is recognised at the inception of subleases to tenants which are accounted for as finance lease receivables.
- (iv) Rent concessions represented the reduction in lease payment directly related to COVID-19. The Group has applied the practical expedient to all rent concessions that meet the conditions in the amendments to HKFRS 16.

## 5 OTHER OPERATING EXPENSES, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Selling, promotion, advertising and related expenses	28,864	33,762
Cleaning, repairs and maintenance	57,278	60,191
Auditors' remuneration		
– Audit services	3,766	3,763
– Non-audit services	994	1,198
Net exchange loss/(gain)	34,050	(128,923)
Other tax expenses	129,664	139,041
Loss allowance/(reversal of loss allowance) of debtors	48,463	(16,291)
Loss allowance of other receivables	23,431	1,534
Compensation expenses (Note)	74,394	–
Others	<u>20,367</u>	<u>11,791</u>
	<u><u>421,271</u></u>	<u><u>106,066</u></u>

Note:

Compensation expenses represented the compensation to the affected parties related to the early termination of the operation of certain department stores.

## 6 FINANCE COSTS, NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income on bank deposits	<u>(33,170)</u>	<u>(37,839)</u>
Interest expense on bank loans	8,644	9,375
Interest expense on shareholder's loans	8,905	8,406
Interest expense on lease liabilities	<u>222,575</u>	<u>212,547</u>
	<u><u>240,124</u></u>	<u><u>230,328</u></u>
	<u><u>206,954</u></u>	<u><u>192,489</u></u>

## 7 INCOME TAX EXPENSE

The amounts of taxation charged to the consolidated income statement represent:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax		
– Mainland China taxation	66,261	90,905
– Over-provision in prior years	(40)	(32)
Deferred income tax		
– Other temporary differences	<u>10,611</u>	<u>35,337</u>
	<u><u>76,832</u></u>	<u><u>126,210</u></u>

Taxation has been provided at the tax rates prevailing in the tax jurisdictions in which the members of the Group operate. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong for the years ended 30 June 2022 and 2021.

Subsidiaries of the Company in Mainland China are subject to corporate income tax at a rate of 25% (2021: 25%).

## 8 DIVIDENDS

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2022 (2021: HK\$Nil).

## 9 LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Loss attributable to shareholders of the Company (HK\$'000)	<u>(483,381)</u>	<u>(229,359)</u>
Weighted average number of ordinary shares in issue (shares in thousands)	<u>1,686,145</u>	<u>1,686,145</u>
Basic loss per share (HK\$ per share)	<u>(0.29)</u>	<u>(0.14)</u>

### (b) Diluted

Diluted loss per share for the years ended 30 June 2022 and 2021 are equal to basic loss per share as there was no dilutive potential ordinary share in issue.

## 10 DEBTORS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Debtors	88,480	42,756
Less: loss allowance	<u>(53,619)</u>	<u>(8,619)</u>
Debtors, net	<u><u>34,861</u></u>	<u><u>34,137</u></u>

The Group grants credit terms within 30 days in majority. Ageing analysis of the net debtors, based on the invoice dates, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within period for		
0–30 days	32,413	29,242
31–60 days	1,254	969
61–90 days	30	831
Over 90 days	<u>1,164</u>	<u>3,095</u>
	<u><u>34,861</u></u>	<u><u>34,137</u></u>

The debtors were primarily denominated in Renminbi.

## 11 CREDITORS

The Group normally receives credit terms of 60 to 90 days. Ageing analysis of the creditors, based on the invoice dates, is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within period for		
0–30 days	395,416	832,947
31–60 days	20,265	38,687
61–90 days	16,839	14,438
Over 90 days	<u>147,791</u>	<u>107,733</u>
	<u><u>580,311</u></u>	<u><u>993,805</u></u>

The creditors were primarily denominated in Renminbi.

Creditors included amounts due to related companies of approximately HK\$41,417,000 (2021: HK\$58,600,000) which were unsecured, interest free and repayable within 90 days.

## **BUSINESS REVIEW**

### **Results Summary**

With the changing consumption trends and emerging new consumption modes, the development of commodity value and attractiveness, together with the application of digitalization are the key elements for the merchandise retail sector to upgrade and transform. At the same time, due to the shift in consumption mode towards the pursuance of high quality, the improvement of both quality and efficiency has become the key focus of the Group in the financial year under review. The Group has also been actively responding to the national policies and navigating the changes in consumption trends. The Group lays its focus and foundation by the implementation of expanding merchandise mix, improving the quality of stores and establishing distinctive brand image (the “Three Qualities” Strategy). The Group keeps enhancing the supply capacity of commodities and membership services, as well as advancing the renovation of physical stores and operations while diversifying digital development to better meet the demand of consumers for a better life.

As at the year ended 30 June 2022, the Group’s revenue for the year was HK\$1,934.6 million compared with HK\$2,246.0 million of the Previous Year. In terms of segment, the Group’s revenue for the year ended 30 June 2022 was mainly derived from rental income which accounted for 38.5%. This was followed by commission income from concessionaire sales which took up 34.4%, sales of goods for direct sales which took up 25.9%, and interest income from finance leases as the lessor, which took up 1.2%.

The Group’s loss for the year ended 30 June 2022 was HK\$483.4 million compared with HK\$229.4 million loss for the year ended 30 June 2021. Loss per share for the year under review was HK\$0.29.

### **Business Network**

As at 30 June 2022, the Group operated 26 department stores and shopping malls in Mainland China, covering 15 key locations across the country which included Beijing, Shanghai, Chongqing, Wuhan, Nanjing, Tianjin, Changsha, Zhengzhou, Xi’an, Yantai, Shenyang, Kunming, Lanzhou, Yanjiao and Mianyang, with the total gross floor area of about 1,050,200 square metres.

## **OPERATIONS REVIEW**

Taking an overview of the whole market, demand on good quality merchandise has been continuously releasing with an optimized consumption structure and a visible upgrading trend. Meanwhile, under the gradually tightened regulation of online operations by the government of the People’s Republic of China (the “State Government”), the online and offline fair development environment is being formed while also bringing in new opportunities for offline business as well.

With the continuous impact of COVID-19 pandemic and the pandemic evolving as a normality, the Group always upholds the membership and commodities as its core values, and adheres to the complementary development of online and offline businesses.

In respect of the online business, as the digitization of merchandise retail industry has entered in a critical stage, the Group launched its further optimized and renewed online system which has integrated the “K Dollar reward system” of New World Development Company Limited Group (the “NWD Group”) and provided a more comprehensive, precise and intelligent value-added membership service. For instance, corresponding merchandises were recommended to members according to their shopping preferences. The system also concentrates on members’ privileges and loyalty points in order to plan for and launch innovative marketing campaigns, improve the sales proportion of members through precise marketing, and further facilitate ticket size and repeat patronage to achieve substantial growth.

For the offline business, the Group focuses on creating a one-stop consumption experience for customers, not only transforming and upgrading the physical stores in various degrees, but also optimizing in the aspects of services, scenarios and business category in all directions. Examples include the newly upgraded Beijing Chongwen Store, the first “Multi-media Live Streaming Room for Trend Setters and Star Creators” (融媒體潮創明星直播間) in Shanghai launched by Shanghai Tianshan Road Branch Store and other projects, which the Group intended to turn the physical stores into an integrated and interactive spaces with multi-dimensional experience. Moreover, the Group raised the value of commodities and attractiveness in terms of functions, qualities, appearance and display format to attract consumers. In addition, during the pandemic, the Group strengthened its merchandising capability and brand development, and continuously enhancing commodities operation and service capacity by adapting to consumption trends and leveraging the advantages of self-operated supply chain.

During the year under review, due to the resurgence of COVID-19 pandemic, business of the Group suffered from unprecedented pressures and challenges, especially the store closures at different stages with operation hours shortened in the four physical stores in Beijing from April to May 2022, and complete closure of the seven physical stores in Shanghai from March to May 2022. The overall business of the Group was greatly impacted, both of the Group’s revenue and profit have decreased.

To consolidate and optimize its resource allocation, the Group closed three stores during the year under review, namely Harbin Store, Shanghai Qibao Branch Store and Chengdu Store.



## Commercial Complex Business

### *Department Store and Shopping Mall Business*

During the year under review, the Group continued to focus on retail, and through business scenarios development, renovating the stores and upgrading of the online digital platform to closely connect online and offline, retail and service offering, thus comprehensively enrich and optimise its business modes, merchandise mix, services quality and the members consumption experience.

By adhering to its one store, one strategy specific operations scheme for the creation of segmentation market, the Group actively pushed forward its key transformation projects, and kept seeking to identify regional first stores and benchmark brand flagship stores for cooperation. During the year under review, the overall planning for the reforming of business modes and repositioning in line with business circle for our Beijing Chongwen Store has completed, focusing on the renovation and refurbishment of areas such as the main entrance, flyover and atrium of the shopping mall so as to upgrade its image and to introduce an array of international first-tier skin care brands and the restaurants recommended by the key opinion leaders (“KOLs”). Beijing Trendy Store was greatly improved which have significantly increased the foot traffic and in turn the revenue from rental business. The foot traffic increased by 34% year-on-year (“YOY”). The revenue from rental business increased by 51% YOY. The largest renovation works of the facade of our Shanghai Huaihai Branch Store and the upgrading of its business modes since its opening were carried out during the year under review, and 48 new brands were introduced, including 25 brand’s first stores, flagship stores, and city concept stores. Focusing on young consumers, Shanghai Huaihai Branch Store targets to create a consumption scene where domestic first stores and the restaurants recommended by the “KOLs” are gathered, to build a thematic area with trendy, social and artistic characteristics around the Metro Station and become a new landmark for checking-in and social gathering on Huaihai Road.

During the year under review, the Group carried out more than 100 themed marketing activities embracing the market hotspots. Many of them are regional based joint events, for example, the self-created Intellectual Property (“IP”) marketing activities such as “825 Shopping Carnival” (825購物狂歡節), “We are Eat Lovers” (胃愛吃狂), “Stores’ Joint Thanksgiving Month” (店慶月聯動), “Sales and Dance for the year of Tiger” (虎力全開 • 虎舞生威特別企劃), “Loving Fans Day” (新百寵粉節) and “Charity Festival in May” (5月公益節) in Northern China region, among which the “Sales for the year of Tiger” (虎力全開) made full use of the internet platforms for multi-channel promotion with more than 40 million times of exposure through all channels and has attracted wide attention. “Multi-media Live Streaming Room for Trend Setters and Star Creators” (融媒體潮創明星直播間), the first of such attempt in Shanghai, was landed in Shanghai Tianshan Road Branch Store, popular celebrities such as girl pop groups, Michelin chefs, outstanding dance performers and pianists, singer-song writer were invited to visit the live streaming room, attracted a large number of fans to participate in the exciting activities held in our stores, which not

only increased our market influence but also gained encouraging feedback from the market, which raised the number of young visitors and the sales amount of their consumption. The active level of members and the number of new members were thus synchronously increased.

Encompassing consumer's preferences and interests, the Group embraced the social needs of young consumers and kept abreast of the current upsurge in experiential business such as e-sports and other sport activities in order to create an attractive atmosphere for the social gathering of young people, and actively introduced a diversified consumption and business scenarios such as indoor sports stadiums, performance theatres, new cultural, entertainment and creative spaces. The newly introduced "Mesi Comedy" (么斯喜劇), an offline stand-up comedy theatre in Wuhan Wuchang Branch Store has attracted a large number of young visitors to our stores. Changsha Trendy Plaza has successively attracted first stores from Hunan and other business circles, such as "Peak of Love E-sports Hall" (巔峰之戀電競館), "Planet of Fashion and Fun" (潮玩星球), "Qijiu Roast Meat" (柒酒烤肉) and other trendy food and beverage brands. Shanghai Chengshan Branch Store focuses on sports business and has introduced new sports experience venues such as "3V3 Basketball Court" (3V3籃球場), "East Star" (東方啟明星), "Qiu Shang Jin Children's Tennis Centre" (球上勁), and cooperated with an array of brands to hold sports leagues to create sports-themed IP so as to substantially increase the frequency of visit to the stores and interaction among young visitors and family visitors.

"New Lab Mini Program" is the online marketing and traffic sharing centre of the Group and acts as the core carrier of the Group's digital development. During the year under review, through its new and optimized online system interconnection, "New Lab Mini Program" facilitated various promotional and targeted marketing activities. For example, birthday coupons were sent to the members on their birthdays, and the advertisements of related merchandises will be pushed to the members based on their shopping preferences. The proportion of sales and the number of repeated purchases from the members can be increased through the automatic verification and exchange of shopping cards and coupons, which could achieve the integration of commodity promotion and sales and membership services. During the year under review, the number of members of "New Lab Mini Program" increased by 46.8% YOY to 1.17 million.

Furthermore, the Group brings the "K Dollar reward system" into full play to generate a number of consumption benefits and convenient experiences for the members. For instance, a series of themed events such as "Create and Enjoy a Better Life" (創享美好生活) have been held based on the benefits of membership points and through the cooperation of a number of brands and online and offline channels. Such activities include targeted promotion of WeChat Moments of which more than 1.2 million times of exposure have been recorded in half a year. The Group offers an array of membership benefits such as redemption of membership points to offset prices, multiplied points, points for coupons or gifts and member exclusive activities in order to actively attract visitors to the offline stores,

enhance member interaction and attract new member enrolment. As at 30 June 2022, the total number of followers on the official Weibo and WeChat accounts of the Group and its stores increased by 5.32% YOY to nearly 4.4 million, and the total number of members of the Group increased by 9.1% YOY to 7.01 million.

The Group and its stores accelerated the process of creating and operating the accounts in distribution and other traffic channels such as WeChat Work, store official accounts, social media, video accounts, New Lab welfare officer (新閃購福利官), and conducted one-to-one communication with the members through live streaming groups and pop-up event groups so as to deliver high-quality merchandises and convenient services to the customers. The Group also nurtures its own star employees and star live commerce hosts and cooperates with specialized firms for internet celebrity incubation and operation as well as professional KOLs to effectively accelerate sale growth through online live streaming. During the year under review, nearly 600 times of live streaming were broadcasted on the “New Lab” platform and the sales from the “New Lab” increased by 28.7% YOY.

During the year under review, the trial run of “NWDS V Deals” Mini Program (新百V惠小程序) was launched in Zhengzhou Store, enabling the merchant tenants to join the Group’s online store system as a member to enable the integrated online operation of department stores, direct sales and rental business, and improving merchant tenants’ turnover through joint marketing. Since the launch of “NWDS V Deals” Mini Program for three months, the total number of members has exceeded 12,000.

### *Rental Business*

During the year under review, the Group followed the market trend and diversified its merchandising mix.

The domestic recurrence of the pandemic has increased the popularity among people to pursue healthy lifestyles such as participation in sports activities and outdoor camping. The pursuit of a healthy lifestyle has become a consumption hotspot in the current and post-pandemic era, leading to an increase in the demand for domestic sports brands such as Li Ning and Anta and in turn enhanced willingness to open more stores. During the year under review, the Group actively introduced yoga and fitness spaces such as “FUNDAY sports block” (FUNDAY運動街區), “MORE LUCKY Pilates Studio” (魔練普拉提) and other fitness clubs to further strengthen the synergy effect of sports brands.

Light meals and ready-to-eat meals are highly sought after by young consumers and have become the key shop category introduced by the Group during the year under review. All stores continue to introduce more popular beverage brands, for example, the Starbucks in Shanghai Pujian Branch Store has been upgraded to a Selected Store, “Nayuki Pro” (奈雪的茶) has opened tea drink stores in Beijing Liying Store and Beijing Trendy Store as well as Wuhan Xudong Branch Store and Wuhan Jianshe Store. “Cha Yan Yue Se” (茶顏悅色) has been introduced to Wuhan Xudong Branch Store and Wuhan Jianshe Store and became the

first batch of its brand stores in Wuhan. Mostly notably, based on our excellent cooperation with popular coffee brands, negotiations on opening more outlets in the Group's targeted stores is in progress.

However, subject to the fire prevention laws and regulations as well as the prevention and control measures against the recurrence of the pandemic, shops operated in the business of enclosed space such as escape rooms, live action role playing games and beauty and body care have been affected in varying degrees. Their business expansion plans have been shelved and their business performance has been declining.

### **Private Label Business**

As at 30 June 2022, the Group operated four “New World Supermarket” in Beijing, Wuhan, Lanzhou and Yantai respectively.

During the year under review, the Group enhanced the position of its supermarkets to an experiential and digital living supermarket, providing quality and healthy lifestyle solutions for consumers by offering high quality, healthy products with high cost-performance ratio as well as on-site featured services and experience. During the year ended 30 June 2022, the Group completed the upgrade of operating space and equipment in its supermarket of Beijing Chongwen Store, including focusing on adjustment and optimization of spatial planning and display of products, as well as the expansion of the supply chain storage of fresh products.

In light of the impact of the pandemic relapse, stores with supermarket business also planned ahead. For example, Beijing Chongwen Store “New World Supermarket” endeavored to maintain sufficient supply of daily necessities. Focusing on community delivery business, it leveraged its location advantage, expanded the regional coverage, enhanced operational efficiency and made joint efforts with the State Government to prevent pandemic and uphold the supply of merchandise.

As at 30 June 2022, the Group operated five LOL (Love • Original • Life) (“LOL”) private concept shops. Among them, three shops are located in Shanghai and two shops are located in Beijing.

During the post-pandemic period, as consumers further raised their demands on household living quality, they are enthusiastic about purchasing various housewares with high quality, attractive appearance and comforting effect. Upholding the concept of aesthetic lifestyle, LOL is selective in choosing premium products to meet consumers' demand. During the year ended 30 June 2022, the Group renovated and upgraded the LOL stores in Beijing Trendy Store and Shanghai Baoshan Branch Store, emphasised on adjusting the merchandise structure, focused on quality housewares and selected gifts, created consumption scenario requirements and products supply, the YOY growth of sales of both stores were increased by 12%.

Keeping up with current consumption trends, LOL further expanded its product lines to include popular products with high demand including sports equipment for outdoor, camping and skiing as well as fashionable electronic appliances, in order to cater to middle-to-high-end consumer groups with demanding for quality products and living experience. LOL will then continue upgrading, adjusting and creating scenes in some stores, introduce more European and American high-end housewares and designer products, expanding offline sales to online by putting together the operation of WeChat mini program “LOL Concept Shop”, so as to boost total sales.

## **OUTLOOK**

As the State Government has incorporated the promotion of digital economy development in the report on the work, conducting online business and utilizing digital tools are essential for business advancement. Currently, our digital construction is primarily conducted in the front-end, our next step will turn to the construction in mid-to-back-end and facilitate the development of online-merge-offline and smart decision-making intelligence.

In the short term, uncertainties, including recurrence of pandemic and evolving market economy, will continue to bring challenges and effect to the Group’s business. Looking forward, the Group will adhere to deepening its business development. While strengthening our operation, the Group will also carry out pandemic prevention and control, continue to promote business innovation and upgrade, and increase retail efficiency by taking full advantage of online platform. Through combining popular sales platform such as convenient and interactive live-streaming and video channels, with third-party products delivery channels with higher efficiency, the Group will expand and optimize contactless transaction environment and achieve closed-loop transaction, enabling consumers to access and pay in a more convenient way. The Group will grasp the opportunity of consumer market recovery brought by the effective control of pandemic. By combining consumption trends with a novel way of thinking, we conduct marketing campaigns to create synergies between multiple brands across different stores and regions, align products and membership, adapt to changes and keep abreast of the times. To ensure steady and sustainable growth, we must stay relevant to the latest development.

In tandem with that, as a member of the NWD Group’s ecosystem, the Group will uphold the concept of creating interconnectivity, achieving social responsibility and sustainable development as the benchmark of the corporate culture, constantly utilize its strengths, explore more consumption scenarios and develop distinguished consumption experience aiming at creating shared values.

## **FINANCIAL REVIEW**

### **Revenue and Other Income**

Revenue of the Group was HK\$1,934.6 million in FY2022 (or the “Current Year”) (FY2021 (or the “Previous Year”): HK\$2,246.0 million). The drop was primarily due to the impact caused by the continued and prolonged pandemic of COVID-19 and the operation of retail business in some regions has been adversely affected, including a city lockdown in Shanghai City, and are under greater operational pressure.

Gross sales proceeds of the Group, comprising proceeds from concessionaire sales and sales of goods for direct sales, rental income, interest income from finance leases as the lessor and other income, was HK\$5,984.3 million in FY2022 (FY2021: HK\$7,472.7 million).

The Group’s merchandise gross margin was 13.3% in the Current Year (FY2021: 13.9%). In FY2022, ladieswear, menswear and accessories made up approximately 35.6% of proceeds from concessionaire sales and sales of goods for direct sales. Gold, jewellery and watch made up approximately 34.1%, sportswear made up approximately 9.8%, cosmetic products made up approximately 10.9%, and kidswear, foodstuffs, electrical appliances, and housewares largely made up the rest. Direct sales revenue in the Current Year mainly comprised sales of cosmetic products (approximately 78.0%), supermarkets and convenience stores (approximately 20.9%), life concept shops, ladieswear, menswear and accessories as well as miscellaneous items (approximately 1.1%).

Rental income increased by 6.0% to HK\$745.6 million in FY2022 from HK\$703.4 million in FY2021, mainly due to expanded rentable area and improved tenant mix in the Current Year.

Interest income from finance leases as the lessor was HK\$22.4 million in FY2022 compared with HK\$16.0 million in FY2021.

Other income of the Group was HK\$60.3 million in FY2022 compared with HK\$67.5 million in FY2021. The decrease in other income was primarily due to a decrease in government grants of HK\$1.4 million, a decrease in carpark income of HK\$2.3 million and a decrease in other compensation income of HK\$2.9 million in the Current Year.

### **Other Losses, Net**

Net other losses of the Group in the Current Year was HK\$104.6 million which included HK\$201.4 million net gain on derecognition of lease liabilities and right-of-use assets due to downsizing of Tianjin New World Department Store, closure of Harbin New World Department Store and Hong Kong New World Department Store – Shanghai Qibao Branch Store in FY2022, HK\$48.6 million net gain on derecognition of right-of-use assets, and HK\$14.2 million rent concessions granted from certain landlords as a result of the COVID-19 pandemic. The above mentioned gains were partially offset by HK\$220.4 million of



impairment loss on goodwill and HK\$78.6 million of impairment loss on property, plant and equipment and right-of-use assets for mainly six department stores in light of the latest market environment and the management's assessment on the business prospect thereof, HK\$53.7 million totalled loss allowance, net loss on derecognition and lease modification of finance lease receivables, and HK\$8.2 million net loss on disposal of property, plant and equipment in the Current Year.

### **Changes in Fair Value of Investment Properties**

Changes in fair value of investment properties in the Current Year was HK\$107.5 million which was a net loss arose from the decrease in the fair value of the properties mainly in Shanghai City, Shenyang City, Tianjin City and Zhengzhou City.

### **Purchases of and Changes in Inventories, Net**

The purchases of and net changes in inventories primarily represented the cost of sales for direct sales of goods. It decreased to HK\$464.5 million in FY2022 from HK\$583.9 million in FY2021.

### **Purchases of Promotion Items**

The purchases of promotion items represented the costs of promotion items transferred to the customers of concessionaire sales and direct sales upon their consumption in department stores or redemption of reward points granted under customer loyalty programme. The purchases of promotion items was HK\$16.7 million in FY2022 compared with HK\$12.2 million in FY2021.

### **Employee Benefit Expense**

Employee benefit expense increased to HK\$463.2 million in FY2022 from HK\$458.1 million in FY2021. In RMB terms, employee benefit expense decreased to RMB383.1 million in FY2022 from RMB391.7 million in FY2021, primarily due to the continuous efforts by management to carry out cost control measures as well as the Group's effort in optimisation of human resources to lower the staff costs, and downsizing and closure of certain department stores in FY2021 and FY2022. The decrease was partially offset by the compensation to the employees of HK\$28.3 million for downsizing and closure of certain department stores during the year.

### **Depreciation**

Depreciation expense decreased to HK\$506.7 million in FY2022 from HK\$583.6 million in FY2021, primarily due to no depreciation charged in the Current Year for property, plant and equipment and right-of-use assets that have been fully depreciated, impaired or derecognized in FY2021, and downsizing and closure of certain department stores in FY2021 and FY2022.

## **Rental Expense**

Rental expense decreased to HK\$110.1 million in FY2022 from HK\$124.4 million in FY2021. The decrease was primarily due to the decrease in turnover rent in line with the decrease in sales proceeds in the Current Year.

## **Other Operating Expenses, Net**

Net other operating expenses increased to HK\$421.3 million in FY2022 from HK\$106.1 million in FY2021. The increase was primarily resulted from the increase of HK\$163.0 million of net exchange loss mainly arising from the changes on Hong Kong dollar against Renminbi during FY2022, loss allowance of debtors of HK\$48.5 million compared with reversal of loss allowance of debtors of HK\$16.3 million in FY2021, a total of HK\$74.4 million of compensation to the affected parties for downsizing and closure of certain department stores in FY2022, and an increase in loss allowance of other receivables of HK\$21.9 million in the Current Year. The increase was partially offset by the decrease in selling, promotion, advertising and related expenses and other tax expenses of HK\$14.3 million in line with the decrease in sales proceeds.

## **Operating (Loss)/Profit**

Operating loss was HK\$199.6 million in FY2022, as compared to operating profit of HK\$89.5 million in FY2021.

## **Finance Costs, Net**

Net finance costs was HK\$207.0 million in FY2022 compared with HK\$192.5 million in FY2021. The increase was mainly due to an increase in interest expense on lease liabilities of HK\$10.0 million in the Current Year.

## **Income Tax Expense**

Income tax expense of the Group was HK\$76.8 million in FY2022 compared with HK\$126.2 million in FY2021.

## **Loss for the year**

As a result of the reasons mentioned above, loss for the year was HK\$483.4 million compared with HK\$229.4 million in the Previous Year.

## **Liquidity and Financial Resources**

Fixed deposits with original maturity over three months and cash and bank balances of the Group amounted to HK\$1,079.4 million as at 30 June 2022 (30 June 2021: HK\$1,569.4 million).



The Group's borrowings as at 30 June 2022 were HK\$1,489.5 million (30 June 2021: HK\$1,412.3 million).

As at 30 June 2022, the Group's was in net debt position of HK\$410.1 million (30 June 2021: in net cash position of HK\$157.1 million).

At 30 June 2022, the Group's current liabilities exceeded its current assets by HK\$2,816.4 million (30 June 2021: HK\$2,367.8 million). The Group will continue to monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and its liabilities and commitments as and when they fall due.

The capital commitments of the Group as at 30 June 2022 were HK\$43.6 million which were contracted but not provided for in the consolidated statement of financial position.

### **Pledge of Assets**

As at 30 June 2022, the Group did not have any pledge of assets (30 June 2021: Nil).

### **Treasury Policies**

The Group mainly operates in Mainland China with most of the transactions denominated in Renminbi. The Group is mainly exposed to foreign exchange risk arising from Hong Kong dollar against Renminbi. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

### **Contingent Liabilities**

The Group did not have any significant contingent liabilities as at 30 June 2022.

### **FINAL DIVIDEND**

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2022 (2021: nil).

### **EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME**

As at 30 June 2022, the total number of employees of the Group was 2,412 (30 June 2021: 2,844). The Group ensures that all levels of employees are paid competitively within the standard in the market and employees are rewarded on performance related basis within the framework of the Group's salary and incentives.

The Group has made contributions to the staff related plans or funds in accordance with the regulations like pension plans, medical insurance, unemployment assistance, work related injury and maternity insurance. Such arrangements are in compliance with relevant laws and regulations.

## **ACQUISITION AND DISPOSAL**

The Group did not have any significant acquisition and disposal for the year ended 30 June 2022.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

During the year ended 30 June 2022, the Company had not redeemed any of its listed securities and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

## **CORPORATE GOVERNANCE CODE**

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") for the time being in force during the year ended 30 June 2022.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. Upon the Company's specific enquiry of each Director, all Directors confirmed that they had complied with the required standard set out in the Model Code and the code of conduct regarding Directors' securities transactions adopted by the Company during the year ended 30 June 2022. Relevant employees are subject to compliance with written guidelines on no less exacting terms than the Model Code.

## **AUDIT COMMITTEE**

The audit committee of the Company (the "Audit Committee") was established in accordance with requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process and risk management and internal controls. The Audit Committee consists of the four independent non-executive Directors. The Audit Committee has reviewed the systems of risk management and internal control, the annual results and the consolidated financial statements for the year ended 30 June 2022 and discussed the financial related matters with the management.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Wednesday, 16 November 2022 to Monday, 21 November 2022, both days inclusive, during which period no transfer of share of the Company will be registered. In order to establish entitlements to attend and voting at the forthcoming annual general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer agent of the Company in Hong Kong, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 15 November 2022.

By order of the board of  
**New World Department Store China Limited**  
**Dr. Cheng Chi-kong, Adrian**  
*Chairman*

Hong Kong, 29 September 2022

*As at the date of this announcement, the non-executive Directors are Dr. Cheng Chi-kong, Adrian and Ms. Chiu Wai-han, Jenny; the executive Directors are Mr. Cheung Fai-yet, Philip and Ms. Xie Hui-fang, Mandy; 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.*

*English names of brands and events in this announcement are only translations of their official Chinese names. In case of inconsistency, the Chinese names prevail.*