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INTERIM RESULTS ANNOUNCEMENT 2022/2023

HIGHLIGHTS

Same-store sales⁽¹⁾ growth for the period was -29.0% . The growth for the same period of Previous Year was -10.7% .

Revenue for the period was HK\$709.4 million compared with HK\$1,084.6 million in the same period of Previous Year.

Operating loss for the period was HK\$46.2 million, as compared to operating profit for the period of HK\$207.3 million in the same period of Previous Year.

Loss for the period was HK\$166.1 million, as compared to profit for the period of HK\$41.0 million in the same period of Previous Year.

Loss per share for the period was HK\$0.10.

(1) 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.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

The board of directors (the “Board” or “Directors”) of New World Department Store China Limited (the “Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (together, the “Group”) for the six months ended 31 December 2022 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Unaudited Six months ended 31 December 2022 <i>HK\$'000</i>	Unaudited 2021 <i>HK\$'000</i>
Revenue	2	709,427	1,084,559
Other income	3	34,434	38,453
Other gains, net	4	28,165	72,149
Changes in fair value of investment properties		(1,186)	(2,965)
Purchases of and changes in inventories, net		(171,202)	(261,480)
Purchases of promotion items		(7,316)	(11,418)
Employee benefit expense		(174,564)	(219,658)
Depreciation		(193,003)	(279,187)
Rental expense		(34,012)	(65,088)
Other operating expenses, net	5	<u>(236,923)</u>	<u>(148,084)</u>
Operating (loss)/profit		----- <u>(46,180)</u>	----- 207,281
Finance income		12,268	17,205
Finance costs		<u>(112,628)</u>	<u>(129,211)</u>
Finance costs, net	6	<u>(100,360)</u>	<u>(112,006)</u>
(Loss)/profit before income tax		(146,540)	95,275
Income tax expense	7	<u>(19,578)</u>	<u>(54,273)</u>
(Loss)/profit for the period		<u>(166,118)</u>	<u>41,002</u>
(Loss)/earnings per share attributable to shareholders of the Company during the period (expressed in HK\$ per share)			
– Basic and diluted	9	<u>(0.10)</u>	<u>0.02</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Unaudited Six months ended 31 December 2022 HK\$'000	Unaudited 2021 HK\$'000
(Loss)/profit for the period	(166,118)	41,002
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	7,765	869
– Deferred income tax thereof	(1,941)	(217)
	5,824	652
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation differences	(183,789)	83,680
Other comprehensive (loss)/income for the period, net of tax	(177,965)	84,332
Total comprehensive (loss)/income for the period	(344,083)	125,334

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 31 December 2022 <i>HK\$'000</i>	Audited As at 30 June 2022 <i>HK\$'000</i>
	<i>Note</i>		
Assets			
Non-current assets			
Property, plant and equipment		716,657	769,021
Investment properties		5,155,410	5,396,060
Right-of-use assets		2,642,404	3,035,595
Intangible assets		1,057,455	1,107,218
Prepayments, deposits and other receivables		195,587	196,947
Finance lease receivables		290,761	368,722
Financial assets at fair value through profit or loss		70,857	78,000
Deferred income tax assets		<u>83,142</u>	<u>92,078</u>
		<u>10,212,273</u>	<u>11,043,641</u>
Current assets			
Inventories		99,322	94,606
Debtors	10	22,941	34,861
Prepayments, deposits and other receivables		184,494	191,190
Finance lease receivables		71,623	68,673
Amounts due from fellow subsidiaries		1,826	976
Amounts due from related companies		–	7
Fixed deposits with original maturity over three months		435,626	459,853
Cash and bank balances		<u>530,564</u>	<u>619,595</u>
		<u>1,346,396</u>	<u>1,469,761</u>
Total assets		<u>11,558,669</u>	<u>12,513,402</u>
Equity and liabilities			
Equity			
Share capital		168,615	168,615
Reserves		<u>3,490,558</u>	<u>3,834,641</u>
Total equity		<u>3,659,173</u>	<u>4,003,256</u>

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

		Unaudited	Audited
		As at	As at
		31 December	30 June
		2022	2022
	<i>Note</i>	HK\$'000	HK\$'000
Liabilities			
Non-current liabilities			
Lease liabilities		2,830,810	3,256,172
Deferred income tax liabilities		<u>929,403</u>	<u>967,804</u>
		<u>3,760,213</u>	<u>4,223,976</u>
Current liabilities			
Creditors	<i>11</i>	681,734	580,311
Accruals and other payables		996,374	1,004,744
Lease liabilities		648,351	868,768
Contract liabilities		206,521	228,900
Amounts due to fellow subsidiaries		6,405	4,691
Amounts due to related companies		24,027	19,156
Amounts due to ultimate holding company		82,183	79,873
Borrowings		1,487,093	1,489,544
Tax payable		<u>6,595</u>	<u>10,183</u>
		<u>4,139,283</u>	<u>4,286,170</u>
Total liabilities		<u>7,899,496</u>	<u>8,510,146</u>
Total equity and liabilities		<u>11,558,669</u>	<u>12,513,402</u>

NOTES

1 BASIS OF PREPARATION

The condensed consolidated financial information of the Group for the six months ended 31 December 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

As at 31 December 2022, the Group had net current liabilities of approximately HK\$2,792,887,000, which included short term bank borrowings of approximately HK\$774,093,000 and shareholder’s 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 condensed consolidated financial information.

The Group’s shareholder’s loans from NWD will mature within the next 12 months from 31 December 2022. NWD has confirmed its intention to renew the shareholder’s loans for another 12 months upon their maturity.

In addition, during the financial year ended 30 June 2022, the Group had successfully renewed its short term bank borrowings for another 12 months, which will mature within the next 12 months from 31 December 2022. As at 31 December 2022, short term bank borrowings included in current liabilities of approximately HK\$699,813,000 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’s loans as and when needed, the Group will have adequate resources to continue its operations for the foreseeable future and to meet its financial obligations as and when they fall due in the next 12 months from 31 December 2022. Accordingly, the directors of the Company consider it is appropriate to prepare the condensed consolidated financial information on a going concern basis.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2022.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

1 BASIS OF PREPARATION (CONTINUED)

For the six months ended 31 December 2022, the Group has adopted the following amendments to existing standards and revised accounting guideline which are mandatory for the accounting period beginning on 1 July 2022:

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
HKFRSs Amendments	Annual Improvements to HKFRSs 2018–2020 Cycle
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combination

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

2 REVENUE AND SEGMENT INFORMATION

	Unaudited Six months ended 31 December 2022 HK\$'000	Unaudited 2021 HK\$'000
Commission income from concessionaire sales	214,053	398,311
Sales of goods – direct sales	<u>184,069</u>	<u>281,779</u>
Revenue from contracts with customers	398,122	680,090
Rental income	302,334	393,373
Interest income from finance leases as the lessor	<u>8,971</u>	<u>11,096</u>
	<u>709,427</u>	<u>1,084,559</u>

The income from concessionaire sales is analysed as follows:

	Unaudited Six months ended 31 December 2022 HK\$'000	Unaudited 2021 HK\$'000
Proceeds from concessionaire sales	<u>1,649,789</u>	<u>2,816,883</u>
Commission income from concessionaire sales	<u>214,053</u>	<u>398,311</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 gains, net, changes in fair value of investment properties and net unallocated corporate (expenses)/income. In addition, net finance costs is not allocated to segments. The measurement of segment assets excludes deferred income tax assets and unallocated corporate assets. There is no inter-segment sales.

2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

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

	Department store business HK\$'000	Property investment business HK\$'000	Consolidated HK\$'000
<i>Six months ended 31 December 2022</i>			
Segment revenue	607,800	101,627	709,427
Segment operating results	(46,395)	52,018	5,623
Other gains, net	51,536	(19,734)	31,802
Changes in fair value of investment properties	–	(1,186)	(1,186)
Unallocated corporate expenses, net			(82,419)
Operating loss			(46,180)
Finance income			12,268
Finance costs			(112,628)
Finance costs, net			(100,360)
Loss before income tax			(146,540)
Income tax expense			(19,578)
Loss for the period			(166,118)
<i>Six months ended 31 December 2021</i>			
Segment revenue	950,431	134,128	1,084,559
Segment operating results	56,778	73,999	130,777
Other gains, net	70,365	1,784	72,149
Changes in fair value of investment properties	–	(2,965)	(2,965)
Unallocated corporate income, net			7,320
Operating profit			207,281
Finance income			17,205
Finance costs			(129,211)
Finance costs, net			(112,006)
Profit before income tax			95,275
Income tax expense			(54,273)
Profit for the period			41,002

2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Department store business HK\$'000	Property investment business HK\$'000	Consolidated HK\$'000
<i>As at 31 December 2022</i>			
Segment assets	5,815,466	5,558,174	11,373,640
Deferred income tax assets	83,142	–	83,142
Unallocated corporate assets:			
Cash and bank balances			27,022
Others			74,865
			<u>11,558,669</u>
Total assets			<u>11,558,669</u>
<i>Six months ended 31 December 2022</i>			
Additions to non-current assets (<i>Note 1</i>)	43,705	1,807	45,512
Depreciation	192,335	668	193,003
Impairment loss on property, plant and equipment and right-of-use assets	3,515	–	3,515
(Reversal of loss allowance)/loss allowance of deposits and receivables, net	(15,107)	12,475	(2,632)
Gain on derecognition of lease liabilities and right-of-use assets, net (<i>Note 2</i>)	(55,495)	–	(55,495)
Gain on derecognition of right-of-use assets, net	(4,767)	(3,321)	(8,088)
Loss on derecognition and lease modification of finance lease receivables, net	4,682	23,041	27,723
	<u>4,682</u>	<u>23,041</u>	<u>27,723</u>
<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>12,513,402</u>
Total assets			<u>12,513,402</u>
<i>Six months ended 31 December 2021</i>			
Additions to non-current assets (<i>Note 1</i>)	100,302	4,890	105,192
Depreciation	277,083	2,104	279,187
Impairment loss on goodwill	69,611	–	69,611
Impairment loss on property, plant and equipment and right-of-use assets	64,107	–	64,107
Loss allowance of deposits and receivables	6,522	–	6,522
Gain on derecognition of lease liabilities and right-of-use assets, net (<i>Note 2</i>)	(201,865)	–	(201,865)
Gain on derecognition of right-of-use assets, net	(38,726)	–	(38,726)
Loss on derecognition and lease modification of finance lease receivables, net	25,748	–	25,748
	<u>25,748</u>	<u>–</u>	<u>25,748</u>

Notes:

- (1) Additions to non-current assets represent additions to non-current assets other than financial instruments and deferred income tax assets.
- (2) Gain on derecognition of lease liabilities and right-of-use assets, net was due to downsizing and closure of certain department stores during the six months ended 31 December 2022 and 2021.

3 OTHER INCOME

	Unaudited Six months ended 31 December 2022 HK\$'000	Unaudited 2021 HK\$'000
Government grants	3,893	6,763
Income from suppliers	7,298	17,107
Service fee income	35	545
Carpark income	3,138	5,029
Other compensation income	16,211	7,717
Sundries	<u>3,859</u>	<u>1,292</u>
	<u>34,434</u>	<u>38,453</u>

4 OTHER GAINS, NET

	Unaudited Six months ended 31 December 2022 HK\$'000	Unaudited 2021 HK\$'000
Loss on deregistration of a subsidiary	–	(1,707)
Loss on fair value of financial assets at fair value through profit or loss, net	(3,637)	–
Impairment loss on goodwill (<i>Note 1</i>)	–	(69,611)
Impairment loss on property, plant and equipment and right-of-use assets (<i>Note 1</i>)	(3,515)	(64,107)
Impairment loss on prepayments, deposits and other receivables	–	(1,810)
Gain on derecognition of lease liabilities and right-of-use assets, net (<i>Note 2</i>)	55,495	201,865
Loss on disposal of property, plant and equipment, net	(543)	(8,065)
Gain on derecognition of right-of-use assets, net	8,088	38,726
Loss on derecognition of finance lease receivables, net	(25,847)	(25,946)
(Loss)/gain on lease modification of finance lease receivables, net	(1,876)	198
Rent concessions (<i>Note 3</i>)	<u>–</u>	<u>2,606</u>
	<u>28,165</u>	<u>72,149</u>

Notes:

- (1) The impairment provisions were made to reflect management's latest plan for one department store (2021: two department stores) in light of the latest market environment and the management's assessment on the business prospect thereof.
- (2) Gain on derecognition of lease liabilities and right-of-use assets, net was due to downsizing and closure of certain department stores during the six months ended 31 December 2022 and 2021.
- (3) 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 HKFRS16.

5 OTHER OPERATING EXPENSES, NET

	Unaudited Six months ended 31 December 2022 HK\$'000	Unaudited 2021 HK\$'000
Selling, promotion, advertising and related expenses	7,828	16,708
Cleaning, repairs and maintenance	20,814	29,310
Auditor's remuneration		
– Audit services	2,098	1,788
– Non-audit services	741	733
Net exchange loss/(gain)	63,833	(25,774)
Other tax expenses	44,087	72,405
Loss allowance of debtors, net	6,478	4,712
(Reversal of loss allowance)/loss allowance of other receivables, net	(9,110)	2,593
Compensation expenses (<i>Note</i>)	72,087	40,485
Others	28,067	5,124
	<u>236,923</u>	<u>148,084</u>

Note:

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

6 FINANCE COSTS, NET

	Unaudited Six months ended 31 December 2022 HK\$'000	Unaudited 2021 HK\$'000
Interest income on bank deposits	(12,268)	(17,205)
Interest expense on bank loans	13,084	4,175
Interest expense on shareholder's loans	12,928	4,279
Interest expense on lease liabilities	86,616	120,757
	<u>112,628</u>	<u>129,211</u>
	<u>100,360</u>	<u>112,006</u>

7 INCOME TAX EXPENSE

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

	Unaudited Six months ended 31 December 2022 <i>HK\$'000</i>	Unaudited 31 December 2021 <i>HK\$'000</i>
Current income tax		
– Mainland China taxation	11,078	41,818
– Over-provision in prior years	(40)	(165)
Deferred income tax		
– Temporary differences	<u>8,540</u>	<u>12,620</u>
	<u>19,578</u>	<u>54,273</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 six months ended 31 December 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 an interim dividend for the six months ended 31 December 2022 (2021: HK\$Nil).

9 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	Unaudited Six months ended 31 December 2022	Unaudited 31 December 2021
(Loss)/profit attributable to shareholders of the Company (HK\$'000)	<u>(166,118)</u>	<u>41,002</u>
Weighted average number of ordinary shares in issue (shares in thousands)	<u>1,686,145</u>	<u>1,686,145</u>
Basic (loss)/earnings per share (HK\$ per share)	<u>(0.10)</u>	<u>0.02</u>

9 (LOSS)/EARNINGS PER SHARE (CONTINUED)

(b) Diluted

Diluted (loss)/earnings per share for the six months ended 31 December 2022 and 2021 are equal to basic (loss)/earnings per share as there was no dilutive potential ordinary share in issue.

10 DEBTORS

	Unaudited As at 31 December 2022 <i>HK\$'000</i>	Audited As at 30 June 2022 <i>HK\$'000</i>
Debtors	33,416	88,480
Less: loss allowance	<u>(10,475)</u>	<u>(53,619)</u>
Debtors, net	<u>22,941</u>	<u>34,861</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:

	Unaudited As at 31 December 2022 <i>HK\$'000</i>	Audited As at 30 June 2022 <i>HK\$'000</i>
Within period for		
0–30 days	15,466	32,413
31–60 days	2,100	1,254
61–90 days	1,177	30
Over 90 days	<u>4,198</u>	<u>1,164</u>
	<u>22,941</u>	<u>34,861</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:

	Unaudited	Audited
	As at	As at
	31 December	30 June
	2022	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within period for		
0–30 days	341,574	395,416
31–60 days	159,551	20,265
61–90 days	24,668	16,839
Over 90 days	<u>155,941</u>	<u>147,791</u>
	<u>681,734</u>	<u>580,311</u>

The creditors were primarily denominated in Renminbi.

Creditors included amounts due to related companies of approximately HK\$30,983,000 (30 June 2022: HK\$41,417,000) which were unsecured, interest free and repayable within 90 days.

BUSINESS REVIEW

Results Summary

The retail industry is heavily reliant upon the economic growth and consumer confidence in Mainland China. During the period under review, the growth of the Group's business was unceasingly hindered by the complex and ever-changing international politics and economic environment, impact of the recurring pandemic on various regions across Mainland China and the macroeconomic conditions. However, with the implementation of new pandemic prevention and control policies by the government of the People's Republic of China (the "State Government") at the end of the year, consumer spending has shown signs of recovery, together with the improving market confidence and increasing footfall. With the shift in consumption patterns increased online traffic, demand for differentiated shopping experiences and the upgrading and integration of offline consumption experience, department store industry plays a key role in the optimization of consumption experience. The merchandise retail sector also leveraged on different marketing mix to better meet the evolving consumers' needs. Albeit there are numerous ways available to the transformation of the department store industry, it is the general trend to embrace the internet evolution and accelerate the digitalization.

During the period under review, the Group focused on upgrading the consumption experience through enhanced property and retail management, while developing an effective online-offline integration and intelligence in the long run, the Group continued not only to optimize its online and offline shopping experience, but also to solidify the foundation of digital transformation and apply it to each business segment.

For the six months ended 31 December 2022, the Group's revenue for the period was HK\$709.4 million, compared with HK\$1,084.6 million in the same period of the previous year. In terms of segment, the Group's revenue for the period was mainly derived from rental income which accounted for 42.6%. This was followed by commission income from concessionaire sales which took up 30.2%, sales of goods for direct sales which took up 25.9%, and interest income from finance leases as the lessor, which took up 1.3%. The Group's loss for the period was HK\$166.1 million. Loss per share for the period was HK\$0.10.

Business Network

As at 31 December 2022, the Group operated 24 department stores and shopping malls in Mainland China, covering 13 key locations across the country including Beijing, Shanghai, Chongqing, Wuhan, Nanjing, Tianjin, Changsha, Zhengzhou, Yantai, Shenyang, Lanzhou, Yanjiao and Mianyang, with a total gross floor area of about 978,900 square meters.

To consolidate and optimize its resource allocation, the Group closed two stores during the period under review, namely Xi'an Trendy Plaza and Kunming Store.

OPERATIONS OVERVIEW

At present, physical retail industry has been impacted and hit by, among others, the changing of consumption structure, online retail, social media and e-commerce, intensifying the competition in the market. During the period under review, as a result of the prolonged recurrence of the pandemic, the Group had to comply with the government's pandemic prevention and control measures, and thus its physical stores saw a decline in operating income and a plunge of the number of visitors, which affected the overall business of the Group considerably, both revenue and profit slid.

At the end of 2022, with the implementation of the new pandemic prevention and control policies by the State Government, the market for retail and consumer goods were back on track and consumer confidence gradually restored. The number of shop-goers visiting the Group's stores in cities such as Beijing, Shanghai and Wuhan has returned to more than 80% of that for the corresponding period, among which, Wuhan Xudong Branch Store and Shanghai Huaihai Branch Store saw year-on-year ("YOY") increase of more than 18% and 39% respectively in term of foot traffic. The recovery in overall number of visitors is picking up momentum.

Deepening its presence in the retail industry, the Group has followed the consumption trends and adapted to the market environment, spared no effort on the adjustment and improvement in the scenario development and brand upgrading, further added fun and attractiveness to its online-offline linkage of marketing activities, and optimized the experience and the feeling of togetherness offered by our membership services, while further improving our digital marketing ecosystem, and keeping pace with the development of our products, services, and experience at the same time.

Commercial Complex Business

Department Store and Shopping Mall Business

The consumer demand has become more diversified in the post-pandemic era. In response to this, the Group, with its profound understanding of the preferences and interests of its target customers and the importance to renovate and refurbish the consumption space of its department stores, continuously introduced regional first stores and increased the exquisite brand selection. During the period under review, the Group's stores in different cities underwent renovation and improvement works orderly. For example, the Group has completed the first phase of image revamp for the Beijing Chongwen Store as planned, and upgraded and renovated designated areas in the Beijing Qianzi Store. In addition, the consumer demand for cosmetic and skincare products surged after the adjustment to the pandemic prevention and control policies. In view of this, by leveraging its amiable and established relationship with its suppliers, the Group targeted a number of international affordable luxury brands as the penetration of upgrading its brand selection. On top of the image upgrade with over 50 popular cosmetic brands that included LANCÔME, ESTÉE

LAUDER, SHISEIDO, ARMANI and SKINCEUTICALS, more globally renowned brands, such as LA MER, LA PRAIRIE, HR and POLA, were also introduced to the Beijing Chongwen Store successively. This not only increased the luxury atmosphere and the sense of prestige of the store but also created a matrix of global affordable luxury brands.

The Group also focused on increasing customer lifetime value by boosting the frequency of members' visit, ticket size and repeat patronage through precise and effective marketing initiatives, which in turn drove the overall sales of its members. It has always been the Group's main focus to keep abreast with the market trend and think from the consumers' perspective, and thus it joined hands with various brands to hold youthful and fascinating marketing campaigns with innovative scenarios. This lured visitors and stimulated sales. A campaign with the theme of "Chinese Valentine's Day and Chinese Customs Carnival" (農曆七夕國風大賞) was jointly held by the Group's 14 stores located in nine cities in the Northern China Region. Themed around the four important festivals, namely Chinese Valentine's Day, Autumn commences, End of heat and the "825 Shopping Carnival" (825狂歡節), our stores offered irresistible discounts, multiplied points and other marketing initiatives for key products such as cosmetics, gold and jewelry and ladies' fashion under the campaign. In order to fully take advantage of the post pandemic consumption rebound and attract shoppers returning to our stores, the Group also cooperated with its merchant tenants to organize various interactive campaigns with the theme of Chinese customs, such as "The Vintage Market and Blind Date on Chinese Valentine's Day" (七夕復古市集相親會), "Enjoying Watermelons and Peaches on the Autumn Commences" (立秋啃秋瓜食秋桃), "Hundred Fish Feast in Summer End Fishing Festival" (處暑開漁節百魚宴) and "825 Shopping Carnival" (825狂歡節). What is more, cross-sector themed campaigns such as "Summer Market" (夏日膨脹市集) and "Outdoor Camping Garden Party" (露營遊園會) were also held for each and every festival, such campaigns were partnered with mini programs like banks, Koubei and Amap, by using the resources to promote, realize traffic sharing, subsidy support and sales growth.

During the period under review, against the backdrop of lingering impact of pandemic, the number of both brick and mortar store visitors decreased, and offline activities and marketing performed weakly. The Group therefore shifted its focus to developing its online businesses, where the "New Lab Mini Program" and TikTok e-commerce platform became the core revenue stream and the emphasis of business development for the first half of the financial year.

In the first half of the financial year, our "New Lab Mini Program" realized stable sales performance from cosmetic and other products by utilizing such channels as paid advertisements, official accounts and community. Meanwhile, Xiaohongshu and other platforms were also employed by our Group to conduct content conversion, which successfully brought a leapfrog growth to the popularity and sales of gold and jewelry. In the first half of the financial year, the "New Lab Mini Program" for Shanghai Wujiaochang Branch Store recorded a total sale of over RMB3.0 million. During the "Double 11" (雙11

節) campaign, conversion rate for transactions with new members achieved the target of 139.8%. At the end of December, Beijing Chongwen Store held a “Special Live Broadcast for New Year’s Day of Happy Season” (元旦歡樂季專場直播) with LEGO, breaking the record high view rating for new year’s eve live broadcast. During the period under review, the number of members of “New Lab” has exceeded 1.3 million, representing a YOY increase of 26.1%.

Moreover, TikTok E-Commerce Live Broadcast has become an essential traffic and sales channel to the retail industry. During the period under review, as part of the Group’s online shopping business strategy, each store actively launched itself on the TikTok e-commerce platform to attract more customers, aside from using its own E-Commerce Platform “New Lab Mini Program”. The Shanghai Wujiaochang Branch Store pioneered to launch e-commerce live streaming on TikTok in October. As of the end of December, a total of 40 sessions of live streaming were broadcast, with a Gross Merchandise Volume (“GMV”) of nearly RMB800,000 for Southern China Region.

Members with greater loyalty and support have always been highly valued by the Group. During the period under review, the Group continued to enrich membership benefits and optimize service experience. The Group strengthened its members’ support by using innovative means, such as grading membership benefits and organizing marketing activities. Examples include the year-end membership campaign held in the stores in the Northern China Region, where customers were encouraged to spend their loyalty points at the stores by providing them with such initiatives as one loyalty point for ten cash dollars on designated dates, lottery reward for over a certain amount of consumption, loyalty points for parking vouchers, in a bid to activate inactive members and call for their repeat patronage. The Group also collaborated with “Beijing Le Xiang Piao Wu” (北京樂享票務) to offer big deals such as free tickets to Universal Studios for new membership registration and redemption of loyalty points, providing more consumption options to the members for holiday travel. In addition, during the period under review, the “New World Department Store China Limited (“NWDS”) tenant vouchers” (新百租賃券) were distributed in the stores of the Group across the country, where the merchant tenants were successfully included in our loyalty point program. Members can spend their loyalty points to redeem mall vouchers for merchant tenants, broadening the use of the loyalty points of members.

Furthermore, proactively introducing cross-industry resources to its department stores to enrich membership benefits was another key move that attracted online purchases from the Group’s members. In close cooperation with Ele.me, Koubei and Amap under Alibaba, our stores offered exclusive benefits to our members such as ride-hailing coupons and additional cosmetic gifts for new members, together with push notifications for such benefits as free parking, renewal gifts, registration gifts, redemption of loyalty points for gifts and birthday gifts. We also sent short message precisely to our targeted members for promotion and marketing purposes so as to attract them to visit and spend in-store to enlarge the sales

proportion of members. During the period under review, the sales proportion of members for Nanjing store reached 144% YOY whereas number of transactions from members for Wuhan Jianshe Store increased by 8.7% YOY.

The carpark system and customer relationship management system for Beijing Chongwen store, Beijing Qianzi Store, and Shanghai Baoshan Branch Store have been consolidated to improve operational efficiency. Members can now spend their loyalty points directly to deduct parking hours and redeeming parking coupons via the “New Lab Mini Program”, or simply to pay parking fees directly, this measure greatly improved customer experience and efficiency.

A noteworthy effort during the period under review was a brand-new system of “Member Acceleration” (跳級會員) launched by the Group, under which a customer who has met the specific spending amounts may skip the basic level of “Happiness membership” (幸福卡會員) and be directly upgraded to “Platinum” (白金卡會員), thereby enjoying more members’ privileges and more valuable experience, avoiding a feeling of weariness being grown on such customer after a protracted period as a basic member level.

During the period under review, the Group also encouraged members and customers to participate in charity activities and advocated the awareness of environmental protection with events such as “Week for Environmental Protection Culture” (環保文化周) and “Old for New” — Book Exchange Event (舊書換新書). With offline stores as platforms, we also engaged our partners and consumers in community services events including resources recycling, energy saving and emission reduction, and green hiking to promote sustainability together.

As at 31 December 2022, the total number of followers on the official Weibo and WeChat accounts of the Group and its stores increased by 3.42% YOY, and the total number of members of the Group increased by 7.2% YOY to nearly 7.14 million.

Rental Business

In recent years, consumers have become more discerning in brand selection and product quality, and the competition for attracting premium brands have intensified over time. During the period under review, the Group has continued on high-quality solicitation of tenants for its merchandising mix as scheduled so as to expand the Group’s portfolio of exclusive brands and enhance the branding effect, introduce more regional first stores and benchmark brand flagship stores and make adjustment to the creation of experience scenarios. “Cha Yan Yue Se” (茶顏悅色) debuted its “YUENN&YANG Coffee” (鴛鴦咖啡) in Changsha Trendy Plaza. Dikka, a bakery under “THE TREE” (大樹餐廳), opened its first store in Shanghai Huaihai Branch Store. “MOMO DIM SUMS” (墨茉點心局), shortly after its opening in Changsha Trendy Plaza, has been upgraded to first “MOMO market” (墨茉市集) in the country. Our stores have also strengthened their cooperation with various

popular brands of coffee shops and tea houses, as evidenced by the opening of M Stand Coffee in Beijing Chongwen Store and Shanghai Pujian Branch Store, Tim Hortons Coffee in Beijing Qianzi Store, and MANNER Coffee in Shanghai Baoshan Branch Store.

Restaurant chains for regular meals have been hard-hit by the pandemic in recent years. However, with new policies of pandemic prevention and control in place at the end of the year, dining out has become one of the hottest offline activities and a catalyst for the recovery of consumer spending that created siphoning effect. In view of the need of the rising generation, Shanghai Chengshan Branch Store has brought in the celebrity restaurant chain of “Xita Grandma Barbecue” (西塔老太太) and “Yiji Abalone” (一雞鮑魚). Likewise, Shanghai Tianshan Road Branch Store has brought in popular brands such as “Renshengyichuan Barbecue” (人生一串) to attract more visitors and boost consumption.

While maintaining its mix of international brands, the Group has also ramped up addition of domestic sports brands to fully capitalize on the fitness and wellness trends. Domestic brands, represented by Anta and Li Ning, have maintained growth momentum in the sports category. It spared no effort on the expansion of its merchandise offering such as outdoors and camping goods and continued to introduce brands for the niche market of outdoor enthusiasts to meet targeted customers’ expectation for a quality life and supplement the sales from the sports segment.

Leveraging on the upturn of the physical experience market, the Group has been proactive in introducing emerging experience businesses and enriching its brand mix. More diversified and enjoyable experience services have been provided with the opening of “Mysongktv” (唱吧麥頌) and “Hilefit Fitness” (樂刻健身) in Shanghai Chengshan Branch Store, “MORE LUCKY Pilates Studio” (魔練普拉提) in Shanghai Pujian Branch Store, and “Malai Archery” (馬萊傳統弓) in Shanghai Huaihai Branch Store.

Private Label Business

As at 31 December 2022, the Group operated four “New World Supermarket” which were located in Beijing, Wuhan, Lanzhou and Yantai respectively. During the period under review, the Group further strengthened the membership of its supermarkets, organized more member activities and offered member exclusive discounts so as to stimulate purchase from the supermarket members. The percentage of sales attributable to the supermarket members accounted for 67.7%, representing an increase of 1.6% YOY.

In the first half of the financial year, over 5,600 SKUs were introduced to the supermarkets. Featured product promotions were launched depending on the festival to be celebrated, be it the Chinese Valentine’s Day, anniversary celebration, Mid-Autumn Festival as well as the New Year’s Day. We have also drawn traffic and driven sales growth through channels such as live-streaming, which further increased the online sales volume of the supermarkets. New World Supermarket continuously placed its focus on the differentiated operations of the merchandises, introduction of new supply chains, solicitation of and calling for the return of

VIP customers and holding of activities exclusive for members. In addition, online platforms, such as Online Community, Tiktok Store and JD Daojia were also used to drive offline sales.

As at 31 December 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 period under review, the Group focused on upgrading the image of the LOL store in Shanghai K11 Art Mall, restructuring the portfolio of its merchandise categories and updating the list of its brand partners, with an aim to further expand its merchandise categories to cover wellness and lifestyle categories, such as camping and outdoor skateboarding goods, imported ornaments and digital collectables; LOL shops worked mostly on introducing well-known quality brands so as to meet the demand for quality products and innovative experience among consumer groups. Meanwhile, unique, niche and exquisite products were introduced that aligned with the pursuit of well-heeled young consumer groups, which also served as a showcase of LOL’s new image and positioning. For LOL gold label shops, to meet the demand of customers in the community, LOL had developed outdoor sports items, pet toy, furniture, Frisbees, pet supplies and ornaments and gradually introduced health products with mid-high price, such as Leifin hairdryer and Amiro beauty device, all of which have demonstrated outstanding performance.

In respect of operation, LOL accelerated the expansion of the group-buying business in the first half of the financial year. The total sales from group-buying of digital products increased 152% YOY. Meanwhile, in order to further boost sales in this aspect, we added several traffic-drawing sales channels such as Xiaohongshu, Tiktok and Amap. We tailored various sales promotion activities for different channels so as to increase the total sales. Leveraging on optimization and adjustment of its product appeal and the expansion of the sales channels, LOL sales increased 6% YOY for the first half of the financial year.

OUTLOOK

Looking ahead, our fundamental strategies of maintaining a customer centric approach and promoting digitalization of business in living services and the online-offline integration will remain unchanged. In addition to this, the modification of pandemic control and prevention policies are poised to maximize the recovery of number of visitors and the unleashing of spending power, which will be a new growth driver for the transformation of online-offline synergy and digitalization of business.

We will ride on the trend of consumption upgrade and continue to keep an eye on technology evolution and business opportunity from online retailing. While putting efforts in extending the application of our online shopping platform, “New Lab”, it is also important

to improve the performance of the stores of the Group by attracting more visitors to our offline stores through the development of our diversified online platforms to drive more sales to our offline stores from the online platforms and e-commerce.

The Group will continue to increase customer lifetime value through revitalization of our existing department stores and shopping malls, as well as actively evaluate strategic alternatives which will allow us to leverage our core operational expertise including retail property and event management, and expand our Buyer-to-Consumer (B2C) ecosystem.

Meanwhile, the Group regards its staff as a valuable resources and asset. As to talent cultivation, the Group has established a comprehensive talent training system to strengthen the orientation of corporate culture, staff empowerment and improvement of job efficiency so as to reasonably establish, develop and cultivate a talent pool, building a strong supporting talent base for the Group.

Going forward, against the backdrop of the lingering pandemic and its long-term impact, we shall first implement pandemic control measures in our offline stores to create a safe and worry-free shopping environment for our customers. On top of this, navigating the changes in the market and economic environment, the Group will promote consumption on green, smart and health products, with the developing and organizing the first-store strategy. Our long-term development strategies and core goals are exploration of more consumption scenarios and unleashing the new spending power. We will be pragmatic and prudent in capturing business opportunities and implement various measures to boost the consumption and improve the performance of the Company, pushing forward a long-term, stable and sustainable growth.

FINANCIAL REVIEW

Revenue and Other Income

Revenue of the Group was HK\$709.4 million in 1HFY2023 (or the “Current Period”) (1HFY2022 (or the “same period of Previous Year”): HK\$1,084.6 million). In RMB terms, revenue of the Group was RMB631.4 million in 1HFY2023 (1HFY2022: RMB894.8 million). The drop was primarily due to the continuous impact of the COVID-19 outbreak in Mainland China and the operation of retail business in some regions has been adversely affected 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\$2,179.6 million in 1HFY2023 (1HFY2022: HK\$3,541.6 million).

The Group's merchandise gross margin was 12.0% in the Current Period (1HFY2022: 13.1%). In 1HFY2023, ladieswear, menswear and accessories made up approximately 31.8% of proceeds from concessionaire sales and sales of goods for direct sales. Gold, jewellery and watch made up approximately 36.7%, 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 Period mainly comprised sales of cosmetic products (approximately 77.0%), supermarkets and convenience stores (approximately 21.2%), life concept shops, ladieswear, menswear and accessories as well as miscellaneous items (approximately 1.8%).

Rental income decreased by 23.1% from HK\$393.4 million in 1HFY2022 to HK\$302.3 million in 1HFY2023, mainly due to continuous impact of the COVID-19, downsizing of Tianjin New World Department Store, closure of Harbin New World Department Store, Hong Kong New World Department Store – Shanghai Qibao Branch Store and Chengdu New World Department Store in FY2022, and closure of Xi'an New World Trendy Plaza and Kunming New World Department Store in the Current Period.

Interest income from finance leases as the lessor was HK\$9.0 million in 1HFY2023 compared with HK\$11.1 million in 1HFY2022.

Other income of the Group was HK\$34.4 million in 1HFY2023 compared with HK\$38.5 million in 1HFY2022. The decrease was primarily due to a decrease in government grants of HK\$2.9 million and a decrease in income from suppliers of HK\$9.8 million in the Current Period. The decrease was partially offset by the increase in other compensation income of HK\$8.5 million.

Other Gains, Net

Net other gains of the Group in the Current Period was HK\$28.2 million which was primarily resulted from HK\$55.5 million net gain on derecognition of lease liabilities and right-of-use assets due to closure of Xi'an New World Trendy Plaza and Kunming New World Department Store and HK\$8.1 million net gain on derecognition of right-of-use assets in 1HFY2023. The gains were partially offset by HK\$3.6 million net loss on fair value of financial assets at fair value through profit or loss, HK\$3.5 million of impairment loss on property, plant and equipment and right-of-use assets for one department store, HK\$27.7 million totalled net loss on derecognition and lease modification of finance lease receivables in the Current Period.

Changes in Fair Value of Investment Properties

Changes in fair value of investment properties in the Current Period was HK\$1.2 million which was a loss arose from the decrease in the fair value of the properties in Shanghai 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\$171.2 million in 1HFY2023 from HK\$261.5 million in 1HFY2022. The decrease was in line with the decrease in sales of goods for direct sales in the Current Period.

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\$7.3 million in 1HFY2023 compared with HK\$11.4 million in 1HFY2022.

Employee Benefit Expense

Employee benefit expense decreased from HK\$219.7 million in 1HFY2022 to HK\$174.6 million in 1HFY2023, 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. The decrease was partially offset by the compensation to the employees of HK\$5.9 million due to closure of and plan to close certain department stores in the Current Period.

Depreciation

Depreciation expense decreased from HK\$279.2 million in 1HFY2022 to HK\$193.0 million in 1HFY2023. The decrease was primarily due to no depreciation charged in the Current Period for property, plant and equipment and right-of-use assets that have been fully depreciated, impaired or derecognized in FY2022, and downsizing and closure of certain department stores in FY2022 and 1HFY2023.

Rental Expense

Rental expense decreased from HK\$65.1 million in 1HFY2022 to HK\$34.0 million in 1HFY2023, primarily due to the decrease in turnover rent in line with the decrease in sales proceeds in the Current Period and closure of certain department stores in FY2022.

Other Operating Expenses, Net

Net other operating expenses increased to HK\$236.9 million in 1HFY2023 from HK\$148.1 million in 1HFY2022. The increase was primarily resulted from the increase of HK\$89.6 million of net exchange loss mainly arising from the changes on Hong Kong dollar against Renminbi during 1HFY2023, a total of HK\$72.1 million of compensation to the affected parties mainly for certain department stores which were closed or to be closed compared

with HK\$40.5 million in 1HFY2022, an increase in other operating expenses of HK\$22.9 million which was mainly due to the reduction of HK\$12.8 million reimbursement from suppliers related to credit card commission in the Current Period and the inclusion of a reduction of compensation provision made in prior years of HK\$6.3 million in 1HFY2022. The increase was partially offset by the decrease in selling, promotion, advertising and related expenses and other tax expenses of HK\$37.2 million in line with the decrease in sales proceeds, a decrease in cleaning, repairs and maintenance expenses of HK\$8.5 million and HK\$9.1 million net reversal of loss allowance of other receivables in 1HFY2023 compared with HK\$2.6 million net loss allowance of other receivables in 1HFY2022.

Operating (Loss)/Profit

Operating loss was HK\$46.2 million in 1HFY2023, as compared to operating profit of HK\$207.3 million in 1HFY2022.

Finance Costs, Net

Net finance costs was HK\$100.4 million in 1HFY2023 compared with HK\$112.0 million in 1HFY2022. The decrease was mainly due to a decrease in interest expense on lease liabilities of HK\$34.1 million in the Current Period. The decrease was partially offset by an increase on the average borrowing costs due to the rise in Hong Kong Interbank Offered Rate in 1HFY2023.

Income Tax Expense

Income tax expense of the Group was HK\$19.6 million in 1HFY2023 compared with HK\$54.3 million in 1HFY2022.

(Loss)/Profit for the period

As a result of the reasons mentioned above, loss for the period was HK\$166.1 million, as compared to profit for the period of HK\$41.0 million in the same period of 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\$966.2 million as at 31 December 2022 (30 June 2022: HK\$1,079.4 million).

The Group's borrowings as at 31 December 2022 were HK\$1,487.1 million (30 June 2022: HK\$1,489.5 million).

As at 31 December 2022, the Group was in net debt position of HK\$520.9 million (30 June 2022: HK\$410.1 million).

At 31 December 2022, the Group's current liabilities exceeded its current assets by HK\$2,792.9 million (30 June 2022: HK\$2,816.4 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 31 December 2022 were HK\$40.2 million which were contracted but not provided for in the condensed consolidated statement of financial position.

Pledge of Assets

As at 31 December 2022, the Group did not have any pledge of assets (30 June 2022: 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 and United States 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 31 December 2022.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 31 December 2022 (2021: nil).

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

As at 31 December 2022, the total number of employees of the Group was 2,214 (2021: 2,689). 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 Group's salary and incentives framework, which is reviewed annually.

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 during the six months ended 31 December 2022.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its listed securities during the six months ended 31 December 2022. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the six months ended 31 December 2022.

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 Listing Rules (the "Corporate Governance Code") for the time being in force during the six months ended 31 December 2022 except for the deviation from code provision B.2.4 (a).

Code provision B.2.4 (a) stipulates that where all the independent non-executive directors ("INEDs") of an issuer have served more than nine years on the board, the issuer should disclose the length of tenure of each existing INED on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the annual general meeting. All the existing INEDs of the Company have served on the board for more than nine years. However, the Company did not disclose the length of tenure of each INED in the circular to shareholders dated 21 October 2022 (the "Circular"), as it was our understanding that the relevant disclosures are required to be made in the annual general meeting circular for the financial year commencing on or after 1 January 2022 (i.e. our financial year ending 30 June 2023), but not in the Circular for the year ended 30 June 2022. Accordingly, the Company would like to provide supplemental information that, as at the date of this announcement, each of the existing INEDs, namely Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai, has been appointed as an INED of the Company since June 2007 and has been serving for more than 15 years. The Company will ensure compliance with the Corporate Governance Code.

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 six months ended 31 December 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 unaudited interim results of the Group for the six months ended 31 December 2022 and the unaudited condensed consolidated financial information and the interim report for the six months ended 31 December 2022 and discussed the financial related matters with the management. The unaudited interim results of the Group for the six months ended 31 December 2022 have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

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

Hong Kong, 22 February 2023

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