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## **ANNUAL RESULTS ANNOUNCEMENT 2023/2024**

### **HIGHLIGHTS**

Same-store sales<sup>(1)</sup> growth for the year was -7.2%. The growth for the previous year was -10.2%.

Revenue for the year was HK\$1,359.5 million compared with HK\$1,483.7 million in the previous year.

Operating profit for the year was HK\$254.7 million, as compared to operating loss of HK\$79.4 million in the previous year.

Profit for the year was HK\$13.3 million, as compared to loss of HK\$320.9 million in the previous year.

Earnings per share for the year was HK\$0.008.

<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 2024

The board (the “Board”) of directors (the “Directors”) of New World Department Store China Limited (the “Company”) is pleased to announce the audited annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 30 June 2024 as follows:

### CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2024

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	2	<b>1,359,456</b>	1,483,733
Other income	3	<b>333,507</b>	291,936
Other gains, net	4	<b>187,610</b>	36,413
Changes in fair value of investment properties		<b>(119,286)</b>	(22,527)
Purchases of and changes in inventories, net		<b>(295,708)</b>	(372,500)
Purchases of promotion items		<b>(8,312)</b>	(15,225)
Employee benefit expense		<b>(342,217)</b>	(408,692)
Depreciation		<b>(353,854)</b>	(382,656)
Rental expense		<b>(74,140)</b>	(74,877)
Other operating expenses, net	5	<b><u>(432,346)</u></b>	<b><u>(615,000)</u></b>
Operating profit/(loss)		<b><u>254,710</u></b>	<b><u>(79,395)</u></b>
Finance income		<b>18,010</b>	22,983
Finance costs		<b><u>(235,532)</u></b>	<b><u>(226,155)</u></b>
Finance costs, net	6	<b><u>(217,522)</u></b>	<b><u>(203,172)</u></b>
Profit/(loss) before income tax		<b>37,188</b>	(282,567)
Income tax expense	7	<b><u>(23,874)</u></b>	<b><u>(38,285)</u></b>
Profit/(loss) for the year		<b><u>13,314</u></b>	<b><u>(320,852)</u></b>
Earnings/(loss) per share attributable to shareholders of the Company (expressed in HK\$ per share)			
– Basic and diluted	9	<b><u>0.008</u></b>	<b><u>(0.190)</u></b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2024**

	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Profit/(loss) for the year	<u><b>13,314</b></u>	<u>(320,852)</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	–	7,809
– Deferred income tax thereof	<u>–</u>	<u>(1,952)</u>
	<u>–</u>	<u>5,857</u>
<i>Items that may be reclassified subsequently to profit or loss</i>		
Translation differences	<b>(18,970)</b>	(313,245)
Release of exchange reserve upon deregistration of subsidiaries	<u><b>10,762</b></u>	<u>–</u>
	<u><b>(8,208)</b></u>	<u>(313,245)</u>
Other comprehensive loss for the year, net of tax	<u><b>(8,208)</b></u>	<u>(307,388)</u>
Total comprehensive income/(loss) for the year	<u><b>5,106</b></u>	<u>(628,240)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	<i>Note</i>	<b>2024</b>	2023
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Assets</b>			
<b>Non-current assets</b>			
Investment properties		4,556,235	4,923,988
Property, plant and equipment		704,300	708,775
Right-of-use assets		2,202,384	2,382,218
Intangible assets		1,011,973	1,017,443
Interest in an associated company		–	–
Prepayments, deposits and other receivables		151,881	163,814
Finance lease receivables		235,848	290,613
Finance assets at fair value through profit or loss		85,278	66,494
Deferred income tax assets		<u>86,681</u>	<u>86,191</u>
		<u><b>9,034,580</b></u>	<u><b>9,639,536</b></u>
<b>Current assets</b>			
Inventories		63,658	79,045
Debtors	10	21,303	20,750
Prepayments, deposits and other receivables		118,776	142,948
Finance lease receivables		89,931	75,238
Amounts due from fellow subsidiaries		1,184	2,286
Amounts due from related companies		826	–
Fixed deposits with original maturity over three months		305,612	307,186
Cash and bank balances		<u>569,643</u>	<u>524,327</u>
		<u><b>1,170,933</b></u>	<u><b>1,151,780</b></u>
<b>Total assets</b>		<u><b>10,205,513</b></u>	<u><b>10,791,316</b></u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital		168,615	168,615
Reserves		<u>3,211,507</u>	<u>3,206,401</u>
<b>Total equity</b>		<u><b>3,380,122</b></u>	<u><b>3,375,016</b></u>

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

AS AT 30 JUNE 2024

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>
Liabilities			
Non-current liabilities			
Lease liabilities		<b>2,212,827</b>	2,500,913
Deferred income tax liabilities		<b><u>835,258</u></b>	<u>896,367</u>
		<b><u>3,048,085</u></b>	<u>3,397,280</u>
Current liabilities			
Creditors	<i>11</i>	<b>442,928</b>	661,426
Accruals and other payables		<b>1,080,422</b>	1,000,400
Lease liabilities		<b>461,283</b>	625,597
Contract liabilities		<b>122,208</b>	169,673
Amounts due to fellow subsidiaries		<b>8,097</b>	10,404
Amounts due to related companies		<b>40,614</b>	47,976
Amounts due to ultimate holding company		<b>101,035</b>	81,995
Borrowings		<b>1,469,297</b>	1,412,495
Tax payable		<b><u>51,422</u></b>	<u>9,054</u>
		<b><u>3,777,306</u></b>	<u>4,019,020</u>
Total liabilities		<b><u>6,825,391</u></b>	<u>7,416,300</u>
Total equity and liabilities		<b><u>10,205,513</u></b>	<u>10,791,316</u>

## NOTES

### 1 BASIS OF PREPARATION

The consolidated financial statements for the year ended 30 June 2024 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 (“FVPL”) which are carried at fair value.

The preparation of consolidated 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 2024, the Group had net current liabilities of approximately HK\$2,606,373,000, which included short term bank borrowings of approximately HK\$756,297,000 and shareholder loans of HK\$713,000,000 from New World Development Company Limited (“NWD”), its ultimate holding company.

The Directors 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 2024. NWD has confirmed its intention to renew the shareholder loans for another 12 months upon their maturity and to continue to act as guarantor of the Group’s bank borrowings.

In addition, during the year ended 30 June 2024, 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 2024. As at 30 June 2024, short term bank borrowings included in current liabilities of approximately HK\$699,498,000 were guaranteed by NWD.

The Directors, having made all necessary enquiries of the directors of NWD in terms of NWD’s ability to continue to provide the shareholder loans and to act as the guarantor of the Group’s bank borrowings, and NWD’s compliance with banking requirements, are confident that NWD is able to provide the shareholder loans to the Group and that the 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 are of the opinion that, taking into account the anticipated cash flows generated from the Group’s operation; the availability of the bank borrowing facilities 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 2024. Accordingly, the Directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

## 1 BASIS OF PREPARATION (CONTINUED)

### (a) Adoption of new standard and amendments to standards

In the current year, the Group has adopted the following new standard and amendments to standards, which are mandatory for the financial year ended 30 June 2024:

HKFRS 17 and amendments to HKFRS 17	Insurance contracts
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 Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

Except as described below, the adoption of the above new standard and amendments to standards does not have any significant effect on the results and financial position of the Group.

The adoption of HKAS 12 (Amendments) – Deferred Tax related to Assets and Liabilities from a Single Transaction requires the Group to recognise deferred tax for all temporary differences related to leases. The retrospective application from 1 July 2022 primarily impacts disclosures of components of deferred tax assets and liabilities before offsetting, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as at 1 July 2022 and 30 June 2023 as the related deferred tax balances qualify for offsetting under HKAS 12.

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

The following new standards, amendments to standards and interpretation which are not yet effective are mandatory for the accounting periods beginning on or after 1 July 2024 or later periods which the Group has not early adopted:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-Current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKAS 21	Lack of Exchangeability
Amendments to HKFRS 9 and HKFRS 7	Amendments to Classification and Measurement of Financial Instruments
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKFRSs Amendments	Annual Improvement to HKFRS Accounting Standards – Volume 11
HKFRS 18	Presentation and Disclosure in Financial Statements
HKFRS 19	Subsidiaries without Public Accountability: Disclosures

## 1 BASIS OF PREPARATION (CONTINUED)

### (b) New standards, amendments to standards and interpretation which are not yet effective (Continued)

The Group has already commenced an assessment of the impact of the new standards, amendments to standards and interpretation, 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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Commission income from concessionaire sales	435,932	479,918
Sales of goods – direct sales	<u>322,103</u>	<u>402,350</u>
Revenue from contracts with customers	758,035	882,268
Rental income	584,977	583,840
Interest income from finance leases as the lessor	<u>16,444</u>	<u>17,625</u>
	<u><u>1,359,456</u></u>	<u><u>1,483,733</u></u>

The income from concessionaire sales is analysed as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Proceeds from concessionaire sales	<u>3,090,527</u>	<u>3,618,718</u>
Commission income from concessionaire sales	<u>435,932</u>	<u>479,918</u>

Revenue from contracts with customer was recognised at a point in time.

The chief operating decision-maker (“CODM”) has been identified as executive Directors. 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. In addition, net finance costs are not allocated to segments. The measurement of segment assets excludes 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 <i>HK\$'000</i>	Property investment business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<i>For the year ended 30 June 2024</i>			
Segment revenue	<u>1,150,912</u>	<u>208,544</u>	<u>1,359,456</u>
Segment operating results	99,806	119,652	219,458
Other gains, net	188,138	226	188,364
Changes in fair value of investment properties	–	(119,286)	(119,286)
Unallocated corporate expenses, net			<u>(33,826)</u>
Operating profit			-----254,710
Finance income			18,010
Finance costs			<u>(235,532)</u>
Finance costs, net			----- <u>(217,522)</u>
Profit before income tax			37,188
Income tax expense			<u>(23,874)</u>
Profit for the year			<u>13,314</u>
<i>For the year ended 30 June 2023</i>			
Segment revenue	<u>1,280,535</u>	<u>203,198</u>	<u>1,483,733</u>
Segment operating results	(18,724)	77,690	58,966
Other gains, net	38,893	2,055	40,948
Changes in fair value of investment properties	–	(22,527)	(22,527)
Unallocated corporate expenses, net			<u>(156,782)</u>
Operating loss			----- <u>(79,395)</u>
Finance income			22,983
Finance costs			<u>(226,155)</u>
Finance costs, net			----- <u>(203,172)</u>
Loss before income tax			(282,567)
Income tax expense			<u>(38,285)</u>
Loss for the year			<u>(320,852)</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 2024</i>			
Segment assets	5,105,939	4,923,373	10,029,312
Deferred income tax assets	86,681	–	86,681
Unallocated corporate assets:			
Cash and bank balances			3,988
Others			<u>85,532</u>
Total assets			<u><u>10,205,513</u></u>
<i>For the year ended 30 June 2024</i>			
Additions to non-current assets (Note)	233,261	9,312	242,573
Depreciation	352,609	1,245	353,854
Loss allowance/(reversal of loss allowance) of debtors and other receivables, net	754	(73)	681
Gain on derecognition of lease liabilities and right-of-use assets, net (Note 4(ii))	(193,967)	–	(193,967)
Gain on derecognition of right-of-use assets, net (Note 4(iii))	(16,207)	–	(16,207)
Loss allowance, loss on derecognition and lease modification of finance lease receivables, net	<u>16,369</u>	<u>1,576</u>	<u>17,945</u>
<i>As at 30 June 2023</i>			
Segment assets	5,314,558	5,318,286	10,632,844
Deferred income tax assets	85,694	497	86,191
Unallocated corporate assets:			
Cash and bank balances			5,528
Others			<u>66,753</u>
Total assets			<u><u>10,791,316</u></u>
<i>For the year ended 30 June 2023</i>			
Additions to non-current assets (Note)	107,947	6,068	114,015
Depreciation	381,327	1,329	382,656
Impairment loss on property, plant and equipment and right-of-use assets	3,769	–	3,769
(Reversal of loss allowance)/loss allowance of debtors and other receivables, net	(17,576)	7,634	(9,942)
Gain on derecognition of lease liabilities and right-of-use assets, net (Note 4(ii))	(55,826)	–	(55,826)
Gain on derecognition of right-of-use assets, net (Note 4(iii))	(1,894)	–	(1,894)
Loss allowance, loss/(gain) on derecognition and lease modification of finance lease receivables, net	<u>12,883</u>	<u>(2,052)</u>	<u>10,831</u>

*Note:*

Additions to non-current assets represented additions to non-current assets other than financial instruments and deferred income tax assets.

### 3 OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Income from suppliers, concessionaires and tenants		
– Administration and management fees	185,193	186,637
– Credit card handling fees	34,179	37,442
– Promotion and related fees	30,523	24,184
Car park income	9,123	6,703
Government grants	7,763	8,601
Sundries	<u>66,726</u>	<u>28,369</u>
	<u><b>333,507</b></u>	<u><b>291,936</b></u>

### 4 OTHER GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
(Loss)/gain on deregistration of subsidiaries	(5,522)	660
Loss on fair value of financial assets at FVPL, net	(754)	(4,535)
Impairment loss on property, plant and equipment and right-of-use assets ( <i>Note (i)</i> )	–	(3,769)
Gain on derecognition of lease liabilities and right-of-use assets, net ( <i>Note (ii)</i> )	193,967	55,826
Loss on disposal of property, plant and equipment, net	(135)	(2,832)
Gain on disposal of investment properties	1,792	–
Gain on derecognition of right-of-use assets, net ( <i>Note (iii)</i> )	16,207	1,894
Loss on derecognition of finance lease receivables, net	(13,867)	(9,877)
Loss allowance and loss on lease modification of finance lease receivables, net	<u>(4,078)</u>	<u>(954)</u>
	<u><b>187,610</b></u>	<u><b>36,413</b></u>

*Notes:*

- (i) The impairment loss for the year ended 30 June 2023 was made to reflect management's latest plan for mainly two department stores in light of the latest market environment 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 or closure of certain department stores.
- (iii) Gain on derecognition of right-of-use assets, net was recognised at the inception of subleases to tenants which were accounted for as finance lease receivables.

## 5 OTHER OPERATING EXPENSES, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Property management and related expenses	122,765	135,879
Electricity and water expenses	86,775	85,374
Selling, promotion, advertising and related expenses	36,552	41,820
Auditors' remuneration		
– Audit services	3,976	3,900
– Non-audit services	794	975
Net exchange loss	8,988	129,168
Other tax expenses	91,145	99,599
Loss allowance/(reversal of loss allowance) of debtors	1,830	(4,265)
Reversal of loss allowance of other receivables	(1,149)	(5,677)
Compensation expenses ( <i>Note (i)</i> )	17,451	63,839
Others ( <i>Note (ii)</i> )	63,219	64,388
	<u>432,346</u>	<u>615,000</u>

### Notes:

- (i) Compensation expenses for the year ended 30 June 2023 mainly represented the compensation to the affected parties related to the closure of certain department stores.
- (ii) Others included credit card handling fees, legal and professional fees and insurance expenses etc.

## 6 FINANCE COSTS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income on bank deposits	(18,010)	(22,983)
Interest expense on bank loans	41,135	28,207
Interest expense on shareholder loans	42,172	29,452
Interest expense on lease liabilities	152,225	168,496
	<u>235,532</u>	<u>226,155</u>
	<u>217,522</u>	<u>203,172</u>

## 7 INCOME TAX EXPENSE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
– Mainland China taxation	84,037	33,993
– (Over)/under-provision in prior years	(2,303)	544
Deferred income tax		
– Other temporary differences	<u>(57,860)</u>	<u>3,748</u>
	<u>23,874</u>	<u>38,285</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 2024 and 2023.

Subsidiaries of the Company in Mainland China are subject to corporate income tax at a rate of 25% (2023: 25%).

## 8 DIVIDENDS

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2024 (2023: Nil).

## 9 EARNINGS/(LOSS) PER SHARE

### (a) Basic

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

	2024	2023
Profit/(loss) attributable to shareholders of the Company (HK\$'000)	<u>13,314</u>	<u>(320,852)</u>
Weighted average number of ordinary shares in issue (shares in thousands)	<u>1,686,145</u>	<u>1,686,145</u>
Basic earnings/(loss) per share (HK\$ per share)	<u>0.008</u>	<u>(0.190)</u>

### (b) Diluted

Diluted earnings/(loss) per share for the years ended 30 June 2024 and 2023 are equal to basic earnings/(loss) per share as there was no dilutive potential ordinary share in issue.

## 10 DEBTORS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Debtors	28,963	27,549
Less: loss allowance	<u>(7,660)</u>	<u>(6,799)</u>
Debtors, net	<u><u>21,303</u></u>	<u><u>20,750</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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within period for		
0–30 days	17,865	15,012
31–60 days	815	477
61–90 days	194	64
Over 90 days	<u>2,429</u>	<u>5,197</u>
	<u><u>21,303</u></u>	<u><u>20,750</u></u>

The debtors were primarily denominated in Renminbi (“RMB”).

## 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:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within period for		
0–30 days	363,069	418,986
31–60 days	47,346	135,816
61–90 days	8,853	22,562
Over 90 days	<u>23,660</u>	<u>84,062</u>
	<u><u>442,928</u></u>	<u><u>661,426</u></u>

The creditors were primarily denominated in RMB.

Creditors included amounts due to related companies of approximately HK\$25,085,000 (2023: HK\$41,600,000) which were unsecured, interest free and repayable within 90 days.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

#### **Results Summary**

From restoring consumption in year 2023 to boosting consumption in year 2024, China has concentrated and focused its effort on tapping consumption potential, stabilising and expanding the traditional consumption sectors, and promoting quality upgrade of service consumption for economy.

By the implementation of a series of policies to stimulate consumption, the consumer market witnessed a moderate recovery momentum. During the year under review, the Group capitalised the growth opportunities swiftly, it matched the precise positioning of each store with consumer demand and strengthened the introduction of brands and diversified the categories with keen market insights. A number of effective internal measures such as cost reduction and quality improvement also contributed to a steady and stable improvement in the Group's performance.

For the year ended 30 June 2024, the Group's revenue for the year was HK\$1,359.5 million, compared with HK\$1,483.7 million of the previous year. By segment, the Group's revenue for the year was mainly derived from rental income which accounted for 43.0%. This was followed by commission income from concessionaire sales which took up 32.1%, sales of goods for direct sales which took up 23.7%, and interest income from finance leases as lessor, which took up 1.2%.

The Group's profit for the year ended 30 June 2024 was HK\$13.3 million. Earnings per share for the year under review was HK\$0.008.

#### **Business Network**

As at 30 June 2024, the Group operated 22 department stores and shopping malls in Mainland China, covering 12 key locations across the country including Beijing, Shanghai, Chongqing, Wuhan, Nanjing, Tianjin, Changsha, Zhengzhou, Yantai, Shenyang, Lanzhou and Mianyang, occupying a total gross floor area of approximately 920,000 square metres. Due to the expiration of the rental contract, the Group closed one store during the year under review, namely the Wuhan Wuchang Branch Store.

## OPERATIONS REVIEW

With the gradual recovery in consumer market, the department store retail industry is back on track. During the year under review, the Group focused on stepping up its efforts in brand introduction and category management, elevated store image with upgrade and renovation, explored potential member base and enriched offline campaigns to draw traffic. The Group also teamed up with other platforms from other sectors to drive live streaming business, and bolstered its multi-dimensional competitiveness through the integration of “bricks-and-clicks + People, Merchandise, Stores”.

The Group placed building consumer demand and brand portfolio among the top agenda. For instance, following the upgrade of overall store image and adjustment of Shanghai Wujiaochang Branch Store, which focused on introducing first stores in the business district that accounted for approximately 30%, catering, entertainment and sports merchandise were added. Beijing Chongwen Store created a unique Anime, Comics and Games (ACG) area by introducing IP “IPSTAR” (潮玩星球), “Gu Fan Tian” (穀翻天), “Galaxy Animation IP Theme Park” (星河動漫IP主題公園) and other ACG brands, alongside the addition of lifestyle brands such as “MUJI” (無印良品). Shanghai Huaihai Branch Store drew “TANGO LIVEHOUSE”, the national first indoor cycling store, as well as “SAKImoto” (崎本的店), a popular Japanese bakery brand, into its store. Shanghai Pujian Branch Store completed refurbishment of “Manner Coffee” Bakery and “Nike” SPORT M Store. The enrichment of brand portfolio not only catered for demand and preference of different customers, but also increased the footfall in the stores.

As for membership, the Group added eight new exclusive benefits, which improved membership service experience in all aspects and attracted users for long-term operation of private platform. Meanwhile, the Group’s children membership programme, being the national first of the kind, was officially launched to further enhance shopping experience for children and families, which has buoyed spending on parent-child merchandise.

The Group’s stores actively explored social arena and organised a number of bazaars leveraging on the characteristics of business districts where the store locates, such as “V Market” (V來集市) and “Chun Ri Vibrant Bazaar” (椿日活力市集) at Shanghai Huaihai Branch Store, “Rejuvenated Mart” (複春湖集) at Wuhan Jianshe Store, and “Flea Market” (跳蚤市集) at Shanghai Pujian Branch Store, aiming to create new social consumption scenario and drive foot traffic.



During the year under review, the Group made significant strides for offline traffic owing to vigorous development of its own e-commerce platform “New Lab Mini Program” (新閃購小程序) to expand online marketing matrix and through collaboration with platforms such as TikTok, Meituan and AutoNavi. Meanwhile, special live streaming events such as “General Manager Live Room” (總經理直播間) and “Crazy Thursdays” (瘋狂星期四) combined live streaming with vouchers to promote spending conversion. In addition, online initiatives were designed to keep up with market trends and cater for consumer preference. To name a few, “New Lab Double New Year’s Day” (新閃購雙旦) event, a swift promotion of new products, presented limited-time offers and exclusive products to attract users; “New Lab 618” (新閃購618) mega sales was held early during mid-year, providing a wide array of discounted offers for users; and “New Lab x Double 11” (新閃購雙11聯動) demonstrated well adoption of “brick-and-click” strategy, delivering a brand new shopping experience for users. The “New Lab” (新閃購) recorded a double-digit year-on-year (“YOY”) growth in online sales.

In terms of ongoing enhancement of brands and offerings, unceasing attraction of traffic and online marketing, and improvement in foot traffic, the Group has achieved modest success and is well poised to maintain momentum of steady growth in general.

## **Department Store and Shopping Mall Business**

### ***Broadening the Reach of Brands, Driving New Football for Stores and Consolidating Brand Product Matrix***

As always, the Group remains committed to prioritising consumers, gaining profound insights and precisely satisfying customers’ demands. During the year under review, stores of the Group focused on bringing in new brands and developing brand product matrix based on its uniqueness, in order to keep boosting foot traffic and operational value, fostering common growth among customers and merchants. It was crucial to stabilising the Group’s performance.

During the year under review, the highlights of Group’s operation focus included introduction and enhancement of various brands in first stores, city concept stores and flagship stores. For instance, Shanghai Huaihai Branch Store unveiled “TANGO LIVEHOUSE”, the national first indoor music cycling store in China, and “SAKIMOTO Bakery” (崎本の店), a popular Japanese bakery brand. Meanwhile, Shanghai Wujiaochang Branch Store introduced “MAXUS”, the national first yoyo club, “South Memory” (望湘園) Hunan Cuisine, and the skincare brand “L’OCCITANE” (歐舒丹) was elevated to the national first premier counter. Moreover, Beijing Chongwen Store introduced “IPSTAR” (潮玩星球), the first ACG Goods Store in Beijing, and “Hong Xing Qian Jin” (紅星前進), the first bread and milk bakery store in the business district, which have emerged as new landmarks for customers.

Regarding the alignment of store positioning with requirements of customers in the business district, Changsha Trendy Plaza focusing on the needs of “New Changsha People” (新長沙人) and “Travel Squad” (特種兵群體), introduced popular establishments that offer emotional engagement, such as the trending game experience store “Running Cubes” (奔跑吧格子), the KOL’s favourite Guizhou restaurant “Mi La Guo” (米辣果) for sour soup hot pot and the “Poke Drama Theatre” (破殼劇本館), all of which have drawn vast crowds of youngsters to quene as gathering spots. In terms of houseware and living facilities, “MUJI” (無印良品), a large-scale lifestyle brand, opened its store in Beijing Chongwen Store. Wuhan Jianshe Store, positioned as a “Quality Platform for Young Families”, introduced the first anchor store “Domino’s” (達美樂) in the business district along with “Zhen Pin Dian Dian Can” (臻品點點餐). Targeting to serve the social needs of young students, Yantai Store and Shenyang Jinqiao Road Trendy Plaza have also introduced a variety of entertainment activities, including snooker, escape rooms, street dance and fitness facilities, to engage the local youth in a multifaceted and interactive manner. With respect to consumer experience and emotional resonance, expansion of “Nike” counter to SPORT M store and transition of “Manner Coffee” into a bakery at Shanghai Pujian Branch Store have injected new vitality into consumption. Furthermore, Beijing Trendy Store has collaborated with the Beijing Branch Office of China Post to launch the “Beijing Memory-themed Post Office” (北京記憶主題郵局), in order to establish a cultural and creative brand that capture the essence of traditional Beijing culture and facilitate the dissemination of outstanding Chinese traditions.

Meanwhile, the Group’s stores further adjusted and optimised the proportion of food and beverage offerings, entertainment options and other facilities within its own businesses, and brought in premium lifestyle food and beverage stores. Shanghai Pujian Branch Store and Chengshan Branch Store have introduced “Bao Yue Lou” (寶粵樓), the Cantonese-style restaurants, offering taste of Chill out for Dim Sum lifestyle. The national first store of “Fuguzhi” (福鼓紙), a puffer fish paper hot pot restaurant, has been launched in Shanghai Huaihai Branch Store. “Ho Ho Choy Hot Pot” (好好彩啫啫煲) has set up its first food stall at Shanghai Tianshan Road Branch Store, while “Cui Hua Lou” (萃華樓), an established Beijing restaurant at Beijing Chongwen Store, was awarded as the popular restaurant in “Golden Phoenix Tree China Restaurant Guide” (金棕櫚中國餐廳指南). Apart from these, a number of stores under the Group have also introduced popular brands such as “CHAGEE” (霸王茶姬), “Cha Yan Yue Se” (茶顏悅色) and “HotMaxx” (好特賣).

Notably, “Generation Z”, represented by the post-95s and post-00s who are willing to spend on films and television, ACG, and related products, is emerging as a major consumer group in the market. In view of this, Beijing Chongwen Store renovated the ACG area, which now features IP-themed restaurants, specialty goods stores and ACG apparel, along with events such as flashmob dances and gatherings. Meanwhile, Changsha Trendy Plaza has launched the brand “IPSTAR” (潮玩星球) to offer an array of animation and comic brands, thereby establishing a hub for enthusiasts. In addition, Beijing Liying Store, which has long been a venue provider for ACG culture, organised events such as “ACG Guiguzi” (ACG鬼谷子),

“Pokémon Tournament” (寶可夢卡牌賽), “Wandai Clearance” (萬代開倉) and “Bilibili Anime Exhibitions” (哔哩哔哩漫展). Looking forward, the Group will also continue to further diversify its offerings in ACG categories and brands to enhance its market share through differentiated positioning.

### ***Deepening Penetration of Membership Operations to Achieve Traffic Effect***

To focus on membership operations and help merchants increase their operational capabilities, the Group organised diversified and customised marketing campaigns during the year under review. The Group’s large-scale marketing campaign of the year, “66 Joyful Butterfly Festival” (66福蝶節) was launched in every store. Under the theme of “Butterfly”, the campaign built a world of butterflies for consumers across the regions to embrace the Mother Nature, while creating synergy with six major marketing campaigns and the stores’ anniversary celebrations from May to June, producing a combined effect that continuously attracted different group of customers to the stores.

During the year under review, outdoor bazaars gradually gained popularity among consumers, and various themed market events were also launched in stores. Shanghai Huaihai Branch Store held three themed marts, including “V Market” (V來集市), “Chun Ri Vibrant Bazaar” (椿日活力市集) and “Sustainable Lifestyle V Market” (可續之間生活V市集), along with “Rejuvenated Mart” (複春湖集) launched by Wuhan Jianshe Store. These diversified market events attracted a huge amount of foot traffic and injected vitality into the shopping malls.

Marketing campaigns are essential for reaching target members. Capitalising on the recovery of consumer market, all stores retained and acquired new customer groups through different strategies such as creating IP, expanding scenes and becoming talk of the town. Advocating positivity towards life through woolen arts, Shanghai Huaihai Branch Store curated the exhibition “Huaihai Wool Project” (淮海毛線計劃), which showcased a wide variety of woolen crafts and designs to attract a tide of customers to the store. The event was advertised by several official media including “Huang Pu The Shanghai” (黃埔最上海), “Weekend in Shanghai” (週末上海) and “Hello Huaihai Road” (儂好淮海路), reaching 63,000 views on Xiaohongshu with traffic skyrocketed by 197% YOY. Cyndi Wang (王心凌), a well-known celebrity, was invited to the celebration of the 25<sup>th</sup> anniversary of Beijing Chongwen Store, which attracted consumers to visit the store through “Cloud Interaction” (雲互動), driving foot traffic and increasing the brand value of the store. Chongqing store created a giant tulip waterfall background of “LOVE FOR Tulip” (LOVE FOR鬱) as a popular photo spot for influencers, which turned into a hot search on the internet and became the new check-in point for gathering on the Guanyin Bridge Area in Chongqing. Setting the theme as “New Year’s Interannual Parties”, Shanghai Shaanxi Road Branch Store filled the New Year’s Eve celebration with joy, where more than 100 special guests were invited to usher in 2024 together.

The Group strived to identify new incremental breakthroughs in the established market, such as the national first children membership programme for family customers, focusing on family customer group and providing exclusive discounts, birthday gifts, various harmonious family activities such as youth street dances, children model festivals, etc. Such efforts deepened the emotional resonance between shopping malls and children users, as well as driving the frequency of spending on family merchandise. During the year under review, more than 7,000 children registered as members across the board. All of its stores unveiled the brand new premium membership, allowing members to enjoy eight major benefits, namely “five common benefits + three store-featured benefits” (五大統一權益+三大門店特色權益). The five common benefits include welcome gifts, points for cash rebate, birthday surprises, consumption privileges and tailored services, and the three store-featured benefits include exclusive benefits featuring the characteristics of the local stores such as extra discounts for members and special lunch deals. Coupled with diverse and amusing marketing campaigns, they connected with existing members while attracting more potential consumers.

In respect to cross-industry collaboration, the Group’s stores leveraged on the characteristics of business district to conduct different events and attract traffic with surrounding businesses to deeply explore the needs of customer groups in quality, social engagement and life. For instance, in “2024 Happy Huaihai Carnival” (2024歡樂淮海嘉年華), Shanghai Huaihai Branch Store joined merchants in the Huaihai Road business district to set up a “Road to Prosperity” (繁華之路) check-in spot in the shopping mall, with a total exposure of more than 400,000 times. Besides, being the check-in spot of the “China Coordinates City Orienteering Outdoor Challenge” (中國座標城市定向戶外挑戰賽), a number of participants were attracted. Shanghai Chengshan Branch Store partnered with Shanghai First Maternity and Infant Hospital to launch “The Young Doctor Service Station” project, jointly creating a “15-minute Convenient Living Circle” in Pudong New Area. Shanghai Pujian Branch Store collaborated with Renji Hospital located nearby the business district in the community to organise the “Exclusive Internal Shopping Events for Renji Medicals” (獨家寵愛·仁濟醫務內購會), at which blowout sales of various brands were offered at large discounts to express care and gratitude to medical staff and has attracted their attention.

The Group vigorously developed online live streaming, and embraced “online” and attracted traffic to “offline” through benefits such as free food coupons, free coupons, vouchers or related gifts, gaining exposure in both online and offline. The “Crazy Thursdays” (瘋狂星期四) themed live streaming jointly held by Wujiaochang Branch Store, Pujian Branch Store, Chengshan Branch Store and Baoshan Branch Store in Shanghai has led to a surge in Gross Merchandise Volume (“GMV”). During the National Day Holiday in October 2023, four stores in Beijing jointly launched a Tiktok live streaming campaign named the “National Day Celebration Guide” (國慶窗前指南), during which it ranked top on the Beijing’s Group Buying List (北京團購帶貨榜). Four stores in Central China, namely Wuhan Jianshe Store, Wuhan Xudong Branch Store, Changsha Trendy Plaza and Zhengzhou Store, jointly launched celebration via Tiktok live streaming, with a total GMV of nearly RMB300,000. At

the same time, the “More Evaluation” (多多策評) IP was created to seek resonance with consumers, established a unique IP image to drive traffic, voice and consumer awareness through shooting and distributing short videos of offline hopping. Meanwhile, the “General Manager Live Room” (總經理直播間) matched the personal IP of the store manager and the store, offering guarantee for the products under sale while bringing the store closer to customers.

Our own online platform “New Lab” (新閃購) optimised the brand portfolio during the year under review, introducing international cosmetics brands such as “Dior” (迪奧), “La Mer” (海藍之謎), “La Prairie” (萊珀妮), “Helena” (赫蓮娜), and “Pola” (寶麗) to strengthen online high-end cosmetics positioning. We also expanded external brands and supply chains, such as household appliances and home categories, as well as increased live streaming sales and fast retailing business, promoted the development of online marketing collaboration such as Tiktok, AutoNavi, JD.com and UnionPay, and synchronise online and offline sales nodes to promote membership acquisition and transaction conversion. Meanwhile, we continued to promote membership expansion through five customer acquisition approaches including offline events, counter cashiers, auto-points, channel promotions and brand shopping guides. During the year under review, the online sales of “New Lab” (新閃購) secured significant growth at double-digits.

### **Private Label Business**

As of 30 June 2024, the Group operated five Love ● Original ● Life (“LOL”) private concept shops. Among them, three shops are located in K11 Art Mall, Chengshan Branch Store and Baoshan Branch Store in Shanghai and two shops are located in Trendy Store and Liying Store in Beijing.

During the year under review, LOL, as always, adheres to the value of providing goods and gifts that please everyone for consumers who pursue a better lifestyle. With fashion buyers being the brains behind, the shops not only brought in extraordinary products, visual display and shopping experience, but also added trendy and playful elements to create a new atmosphere that blends diverse dimension culture, allowing customers to rediscover the amusement of offline shopping. LOL cherrypicked the British-imported magnetic art and trendy building blocks “TRIDO”, which was the winner of the Grand Prix of Red Dot Design in Germany, the American natural aesthetic “NATURA” specimen, the American Old Money style “ARKROCKET” vinyl record player, and the Icelandic “LAVAS” fragrance stone, all of which were popular among consumers. At the same time, LOL also collaborated with brands such as the Singaporean jewelry and ceramic art “SUNS”, designer ornaments “BUER BEAR”, White Art Museum aromatherapy “LA FADEUR”, artistic mug “C tone”, and trendy headphones “ZIIM”, all of which were showcased at the LOL store in K11 Art Mall.



During the year under review, LOL actively explored the brand and possibility of experiential marketing via the creative launch of POPUP stores, which selectively set up POPUP counters at Shanghai China Resources Times Square and Shanghai Suhewan Vientiane World. In addition, LOL joined hands with “MARSHALL”, a popular and trendy brand of bluetooth speaker, to organise a roving exhibition “Hats off to Rock and Roll – Voices over Six Decades” (致敬搖滾 — 穿越60載的響亮) in the atrium of the K11 Art Mall, which not only captured attention among a vast number of music lovers, but also went viral and gained exposure on social media such as Xiaohongshu.

As at 30 June 2024, the Group operated three large complex supermarkets “New World Supermarket”, which were located in Beijing Chongwen Store, Wuhan Jianshe Store and Yantai Store. To consolidate and optimise its resource allocation, the Group closed one supermarket during the year under review, namely “New World Supermarket” under Lanzhou Store.

During the year under review, to keep improving operating capabilities of merchandises and accentuate visual merchandising, the supermarkets launched different themes in their stores. For instance, “New World Supermarket” under Wuhan Jianshe Store set up a Russian pavilion selling Russian specialties and a “New Stylish Market” (有新市) to introduce products under own brands. “New World Supermarket” under Beijing Chongwen Store organised a series of novel festive celebrations such as “VIP ceremony”, “Hot Pot Festival” and “Goddess Festival”, the combination of themed venues and festivals has attracted customers by shaping consumption scenarios and constantly bringing new experience. The “New Lab Mini Program” (新閃購小程序) teamed up with online platforms such as Meituan and JD Daojia, service consumption with convenience and efficiency became a reality.

## **OUTLOOK**

Consumption is the foundation for stable operation of economy. The Group remains committed to rationality, steadiness and innovation. It will also continue to implement the core principles of “Merchandises + Services + Experiences” (商品+服務+體驗), focusing on improvement in quality and efficiency of store operation and bringing out the advantages of “One Store, One Strategy” (一店一策), so as to fully explore the combination of market demand and the uniqueness of each store, thereby offering higher quality services and consumer experience for customers.

Meanwhile, amidst the volatility and uncertainties in the macro-economy and consumer market, the Group will pay close attention to market landscape, strengthen analysis and judgement of consumer market trend, advance through the combination of “brand category enhancement + breakthrough in brands” (品類提升+品牌突破). By leveraging on combined efforts from both online and offline, we will provide customers with a more diversified product offerings and consumption experience, and further unleash the consumption demand.

Looking forward, along with the development of digital consumption, green consumption and health consumption, new products, new scenarios and new businesses will successively emerge. The Group will keep abreast of the trends, adopt “brick-and-click” strategy well in the consumption cycle and innovate consumption scenarios, in a bid to further unlock consumption potential and take effective measures to ensure a bright prospect for the business in a long run.

## **FINANCIAL REVIEW**

### **Revenue and Other Income**

Revenue of the Group was HK\$1,359.5 million in FY2024 (FY2023: HK\$1,483.7 million). The decrease in revenue was primarily due to the drop in sales of goods – direct sales and commission income from concessionaire sales.

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\$4,347.6 million in FY2024 (FY2023: HK\$4,914.5 million).

The Group’s merchandise gross margin (the combination of concessionaire commission rate and direct sales margin) was 13.5% in FY2024 (FY2023: 12.7%). In FY2024, ladieswear, menswear and accessories made up approximately 34.3% of proceeds from concessionaire sales and sales of goods for direct sales. Gold, jewellery and watch made up approximately 33.8%, cosmetic products made up approximately 10.7%, sportswear made up approximately 9.5% and kidswear, foodstuffs, electrical appliances and housewares largely made up the rest. Direct sales revenue in FY2024 mainly comprised sales of cosmetic products (approximately 76.3%), supermarkets and convenience stores (approximately 21.2%) and other goods (approximately 2.5%).

Rental income of the Group was HK\$585.0 million in FY2024 (FY2023: HK\$583.8 million).

Interest income from finance leases as the lessor was HK\$16.4 million in FY2024 compared with HK\$17.6 million in FY2023.

Other income of the Group was HK\$333.5 million in FY2024 compared with HK\$291.9 million in FY2023. The increase was primarily due to the written back of creditors with long aging.

## **Other Gains, Net**

Net other gains of the Group was HK\$187.6 million in FY2024 which was primarily resulted from HK\$194.0 million gain on derecognition of lease liabilities related to downsizing or closure of certain department stores, and HK\$16.2 million net gain on derecognition of right-of-use assets. These gains were partially offset by loss on deregistration of subsidiaries of HK\$5.5 million, and net loss on derecognition and lease modification and loss allowance of finance lease receivables of HK\$17.9 million in total.

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

Loss in fair value of investment properties was HK\$119.3 million in FY2024 which was mainly arose from the decrease in the fair value of the properties in Shanghai City and Wuhan 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 from HK\$372.5 million in FY2023 to HK\$295.7 million in FY2024. The decrease was in line with the decrease in sales of goods for direct sales in FY2024.

## **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 decreased from HK\$15.2 million in FY2023 to HK\$8.3 million in FY2024, primarily due to changes in promotion activities.

## **Employee Benefit Expense**

Employee benefit expense decreased from HK\$408.7 million in FY2023 to HK\$342.2 million in FY2024, primarily due to the continuous efforts by the management to carry out cost control measures to reduce staff costs, and the closure of certain department stores in FY2023 and FY2024.

## **Depreciation**

Depreciation expense decreased from HK\$382.7 million in FY2023 to HK\$353.9 million in FY2024, primarily because no depreciation was charged in FY2024 for property, plant and equipment and right-of-use assets that have been fully depreciated, impaired or derecognised in FY2023, and closure of certain department stores in FY2023 and FY2024.



## **Rental Expense**

Rental expense decreased from HK\$74.9 million in FY2023 to HK\$74.1 million in FY2024, primarily due to the decrease in turnover rent of certain department stores.

## **Other Operating Expenses, Net**

Net other operating expenses decreased from HK\$615.0 million in FY2023 to HK\$432.3 million in FY2024. The decrease was primarily because net exchange loss decreased by HK\$120.2 million, and compensation expenses decreased by HK\$46.4 million.

## **Operating Profit/(loss)**

Operating profit was HK\$254.7 million in FY2024, compared to operating loss of HK\$79.4 million in FY2023.

## **Finance Costs, Net**

Net finance costs increased from HK\$203.2 million in FY2023 to HK\$217.5 million in FY2024. The increase was mainly due to an increase in the average borrowing costs as a result of the rise in Hong Kong Interbank Offered Rate in FY2024, but it was partially offset by a decrease in interest expense on lease liabilities.

## **Income Tax Expense**

Income tax expense decreased from HK\$38.3 million in FY2023 to HK\$23.9 million in FY2024. The decrease was mainly because deferred income tax credits of HK\$57.9 million was recorded in FY2024, but the impact was partially offset by an increase in current income tax.

## **Profit/(loss) for the year**

As a result of the reasons mentioned above, profit for the year was HK\$13.3 million, compared to loss for the year of HK\$320.9 million in FY2023.

## **Liquidity and Financial Resources**

Fixed deposits with original maturity over three months and cash and bank balances of the Group amounted to HK\$875.3 million as at 30 June 2024 (30 June 2023: HK\$831.5 million).

As at 30 June 2024, the Group's borrowings were HK\$1,469.3 million (30 June 2023: HK\$1,412.5 million).

As at 30 June 2024, the Group was in net debt position of HK\$594.0 million (30 June 2023: HK\$581.0 million).

As at 30 June 2024, the Group's current liabilities exceeded its current assets by HK\$2,606.4 million (30 June 2023: HK\$2,867.2 million). The Group will continue to monitor rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs and liabilities and commitments as and when they fall due.

The capital commitments of the Group as at 30 June 2024 were HK\$42.6 million (30 June 2023: HK\$72.7 million) which were contracted but not provided for in the consolidated statement of financial position.

### **Pledge of Assets**

As at 30 June 2024, the Group did not have any pledge of assets (30 June 2023: nil).

### **Treasury Policies**

The Group mainly operates in Mainland China with most of the transactions denominated in RMB. The Group is mainly exposed to foreign exchange risk arising from Hong Kong dollar against RMB. 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 2024.

### **Acquisition and Disposal**

The Group did not have any significant acquisition and disposal in FY2024.

### **FINAL DIVIDEND**

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2024 (2023: nil).

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

As at 30 June 2024, the total number of employees of the Group was 1,838 (2023: 2,117). 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.

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

During the year ended 30 June 2024, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares).

## **CORPORATE GOVERNANCE PRACTICES**

The Board recognises the importance of corporate governance practices to a listed company. The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders and stakeholders of the Company. The Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 30 June 2024.

The Company will continue to review and improve its corporate governance practices to ensure compliance with the Corporate Governance Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 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 2024.

The Company has also established written guidelines for relevant employees as required under code provision C.1.3 of the Corporate Governance Code. Relevant employees are subject to compliance with written guidelines on no less exacting terms than the Model Code. No incident of non-compliance with the written guidelines by such employees was noted by the Company during the year ended 30 June 2024.

## **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, risk management and internal controls. The Audit Committee consists of five independent non-executive Directors. The Audit Committee has reviewed the systems of risk management and internal controls, the annual results and the audited consolidated financial statements of the Group for the year ended 30 June 2024 and discussed the financial related matters with the management and the external auditor.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company (the “AGM”), the register of members of the Company will be closed from Friday, 15 November 2024 to Wednesday, 20 November 2024, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the branch share registrar and transfer agent of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Thursday, 14 November 2024.

By Order of the Board  
**Dr. Cheng Chi-kong, Adrian**  
*Chairman*

Hong Kong, 25 September 2024

*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 Ms. Xie Hui-fang, Mandy and Mr. Cheung Fai-yet, Philip; and the independent non-executive Directors are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter, Mr. Yu Chun-fai and Ms. Ho Pui-yun, Gloria.*

*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.*