



新世界百貨中國有限公司  
New World Department Store China Limited

*(incorporated in the Cayman Islands with limited liability)*  
(Hong Kong Stock Code: 825)

INTERIM REPORT  
2022/2023



# CORPORATE PROFILE

Founded in 1993, New World Department Store China Limited (Hong Kong Stock Code: 825) is the retail flagship of New World Development Company Limited (Hong Kong Stock Code: 17) and has developed itself into a retail group integrating department stores and shopping malls business. The Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2007. As at 31 December 2022, New World Development Company Limited owned approximately 75% shares of the Group.

## RETAIL NETWORK

To orderly expand its business network across Mainland China, the Group adopts the expansion strategies of “multiple presences within a single city” and “radiation city”. As at 31 December 2022, among the department stores and shopping malls operated by the Group, 17 stores were “New World” (「新世界」) branded, while seven stores in Shanghai were “Ba Li Chun Tian” (「巴黎春天」) branded, with a total gross floor area of about 978,900 square metres, covering 13 key locations in Mainland China, including Beijing, Shanghai, Chongqing, Wuhan, Nanjing, Tianjin, Changsha, Zhengzhou, Yantai, Shenyang, Lanzhou, Yanjiao and Mianyang.

## ORGANIZATION STRUCTURE

The Group owns a seasoned and innovative management team and adopts a three-tier structure for effective management, in which the headquarters centrally controls the two operating regions of the Group, and each region manages the operations of their stores. Such structure actualizes both resource-sharing and synergy within each region. When formulating professional strategies such as merchandising and marketing strategies, the Group implements a double-line management mechanism. Based on the positioning and direction of the Group, the headquarters formulates a macroscopic corporate strategy and deploys resources for its strategic plans, which is then adjusted and executed towards the relevant goals by stores according to their local circumstances to ensure the Group’s strategy is landed.

## BUSINESS OPERATIONS

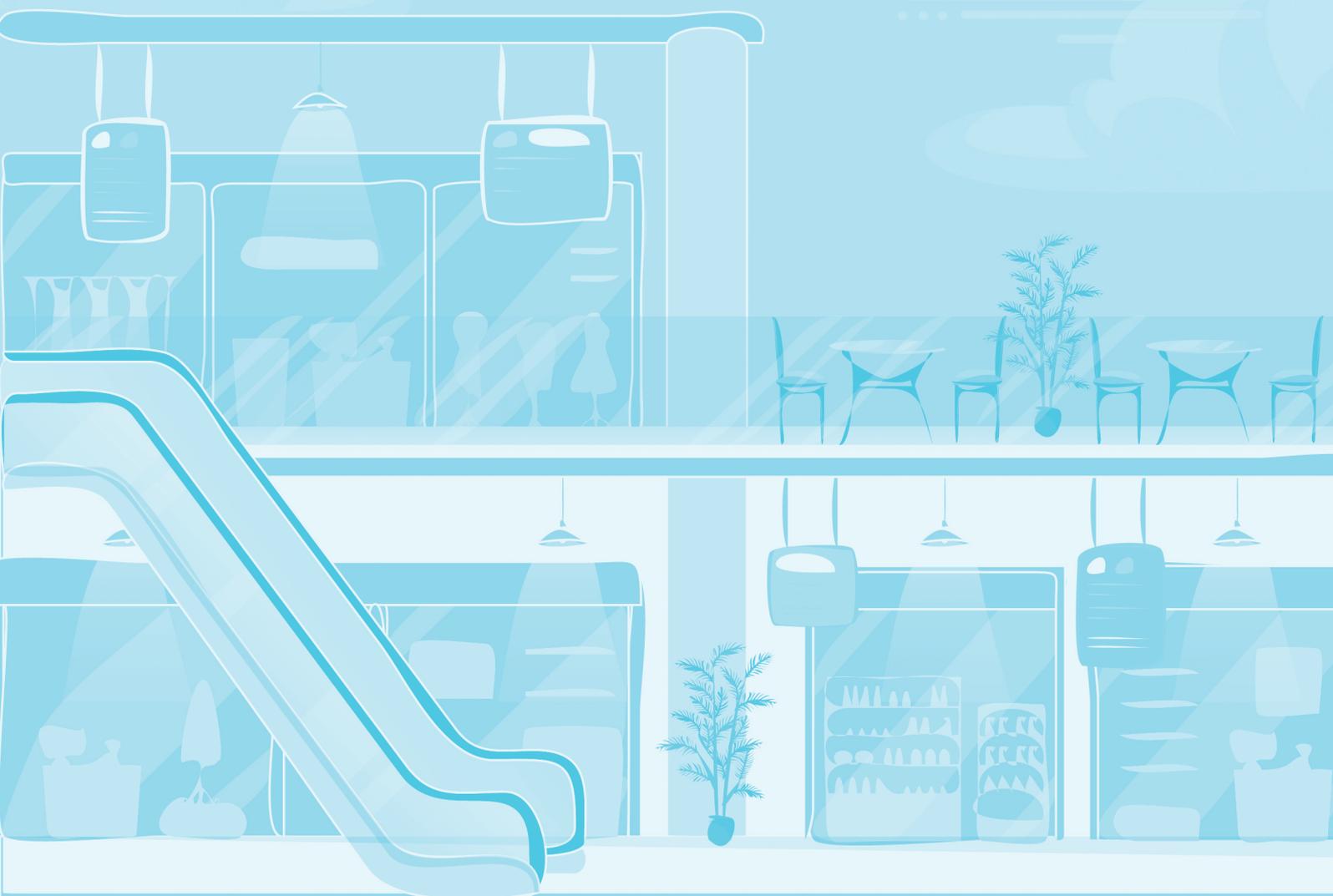
The Group actively implements categorized store management and “One Store, One Strategy” operations strategy to encourage stores to adopt different strategies to capture opportunities arisen from the consumption upgrade in Mainland China. The Group’s revenue is mainly derived from: commission income from concessionaire sales, rental income, sales of goods for direct sales, and interest income from finance leases as the lessor. In addition to its core department store business, the Group has been synchronously expanding its direct sales business in recent years, such as LOL (Love • Original • Life) Concept Shop, to strengthen its differentiated operations.

## TALENT DEVELOPMENT

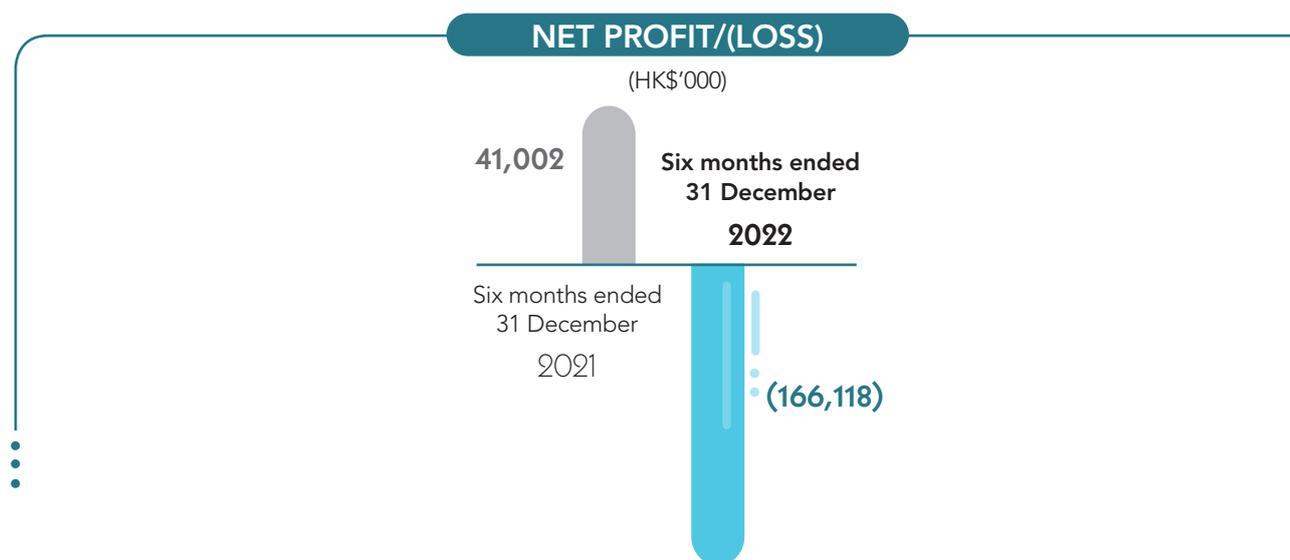
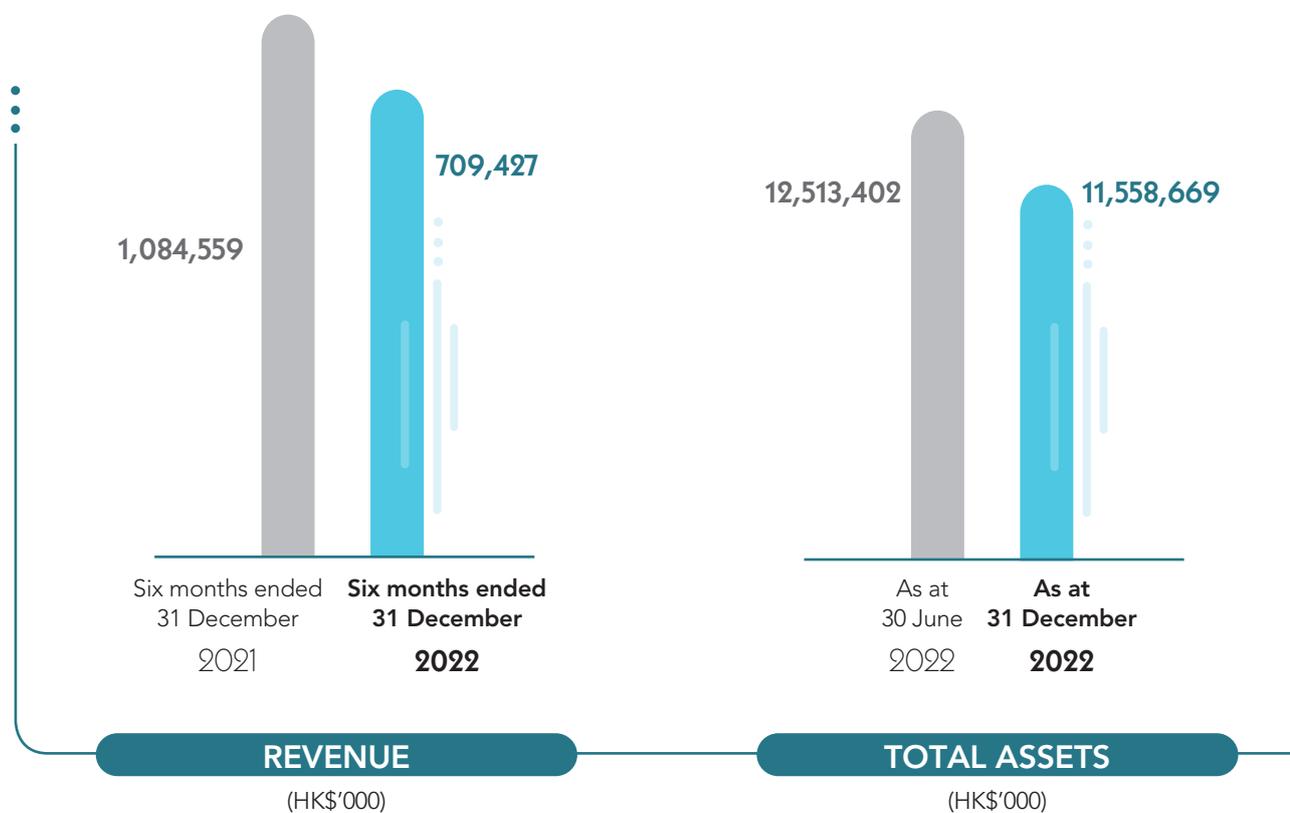
The Group regards its staff as a valuable asset. Through a series of incentive schemes, training programmes and career opportunities, the Group strives to fortify the team’s proactiveness, innovative capability and sense of belonging so as to encourage and cultivate its talents, who will join up to put the Group’s vision and mission into actions. As at 31 December 2022, the Group had 2,214 employees.

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# FINANCIAL HIGHLIGHTS



## FINANCIAL HIGHLIGHTS

	Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
<b>OPERATING RESULT</b>		
Revenue	709,427	1,084,559
Representing:		
Commission income from concessionaire sales	214,053	398,311
Sales of goods – direct sales	184,069	281,779
Rental income	302,334	393,373
Interest income from finance leases as the lessor	8,971	11,096
Operating (loss)/profit	(46,180)	207,281
(Loss)/profit for the period ("Net (loss)/profit")	(166,118)	41,002
	As at 31 December 2022 HK\$'000	As at 30 June 2022 HK\$'000
<b>FINANCIAL POSITION</b>		
Total assets	11,558,669	12,513,402
Total liabilities	7,899,496	8,510,146
Borrowings	1,487,093	1,489,544
Less: Fixed deposits with original maturity over three months, cash and bank balances	(966,190)	(1,079,448)
Net debt	520,903	410,096
Total equity	3,659,173	4,003,256
Net gearing ratio (Note (i))	14.2%	10.2%

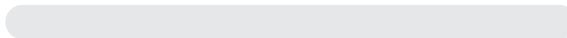
Note:

(i) Net debt divided by total equity.

# CHAIRMAN'S STATEMENT



*the Group...will continue to serve the market by keeping a close eye on...consumer services, improving digital platforms continuously...and diversifying the merchandises offerings, thereby creating a business ecosystem which is mutually beneficial and conducive to consumers, suppliers and retailers.*



## CHAIRMAN'S STATEMENT

In the second half of 2022, the global economic uncertainty remained elevated. Coupled with the impact of the recurring pandemic on various regions across Mainland China, as well as the complex and ever-changing domestic and international environments, which hampered the momentum in the consumer market and weighed on the physical retail industry further. With the implementation of new epidemic prevention and control policies by the People's Republic of China Government at the end of 2022, consumer spending has been showing signs of recovery. Meanwhile, local governments in the country launched various initiatives to stimulate consumption and development, in a bid to boost economic vitality and reinject growth driver, which gradually lifted consumer confidence and foot traffic in return.

During the period under review, the Group adopted a digital approach to its operation by constantly optimizing and enhancing the "New Lab Mini Program" and other sales and marketing online platforms. A wide array of services to its members and brands was offered by the Group, which drew traffic for sales terminals. In addition, the Group focused more on the application of emerging media platforms and digital channels, such as WeChat Official Account and TikTok Live Broadcast. Some stores under the Group set up accounts and actively carried out livestreaming e-commerce on TikTok e-commerce platform, to further expand the online-merge-offline layout.

In respect of social responsibilities, a number of initiatives in relation to energy conservation and environment protection were launched by the Group, including energy management, waste reduction and proper use of resources, with an aim to mitigate the impact of the Group's business on the environment. Furthermore, during the period under review, the Group has been continuing to join hands with premium brands to promote green and philanthropic concepts by the incorporation of the spirit of "Green", "Wellness", "Smart" and "Caring" in each event and marketing campaign, showcasing our commitment to corporate social responsibility.

Consumption is the key to driving domestic economic growth. In spite of the uncertainty in macroeconomy ahead, the Group remains positive in the prospect of overall domestic retail market, which will continue to serve the market by keeping a close eye on both online and offline experiences and consumer services, improving digital platforms continuously, exploring opportunities in the latest consumption trends and diversifying the merchandises offerings, thereby creating a business ecosystem which is mutually beneficial and conducive to consumers, suppliers and retailers.

On behalf of the Board, I would like to extend my gratitude to all employees for their contribution and dedication, and express sincere thanks to our shareholders, customers and business partners for their long-term support. With concerted efforts, the Group will maintain a sound growth by way of exploring opportunities in the market unceasingly and giving full play to the Company's strengths, in return for your support and trust.

**Dr. Cheng Chi-kong, Adrian**  
Chairman

Hong Kong, 22 February 2023

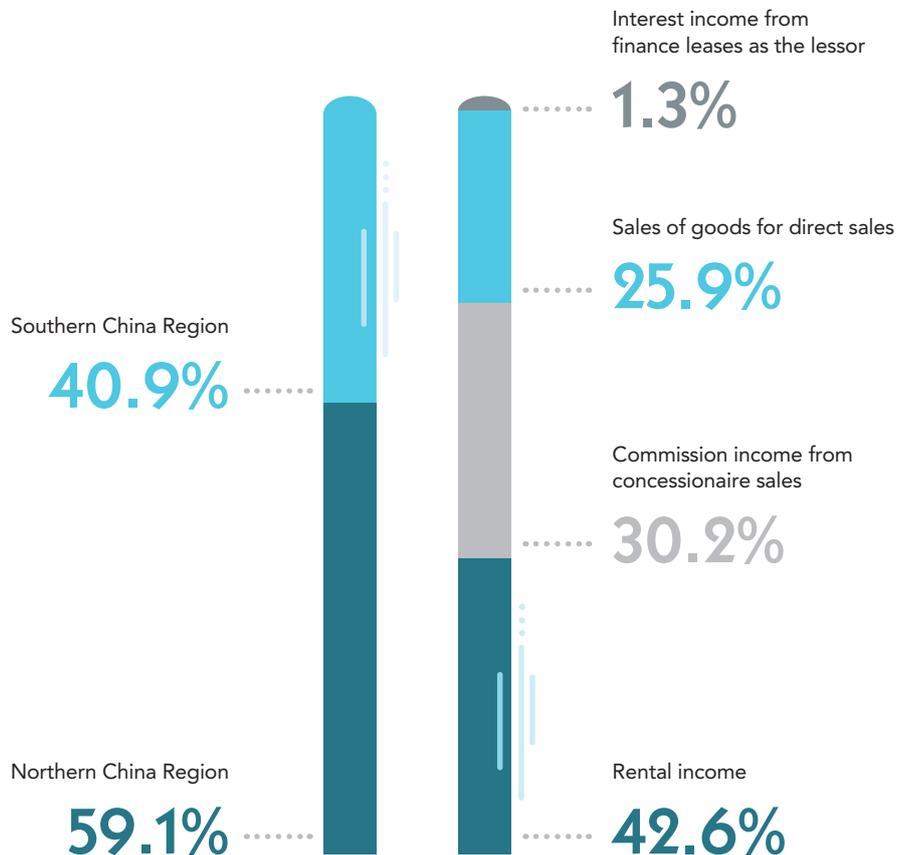
# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 2022, consumer spending has shown signs of recovery, together with the improving market

confidence and increasing footfall. With the shift in consumption patterns, online traffic increased, 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.



# MANAGEMENT DISCUSSION AND ANALYSIS

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 metres.

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 18.0% and 39.0% 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 introducing regional first stores and increasing 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 establishing 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 repeating 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 jewellery 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 jewellery. 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 Mini Program” 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 RMB0.8 million for the 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 the Group 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 144.0% 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 improves customer experience and efficiency.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 3.4% 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 has 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 the new policies of pandemic prevention and control in place at the end of 2022, 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Private Label Business

As at 31 December 2022, the Group operated four large complex supermarkets “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 stock keeping units 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 shop 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 152.0% 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 6.0% 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 “New Lab Mini Program”, our online shopping platform, 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

The Group will continue to increase customer lifetime value through the 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.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 recommitment 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

# MANAGEMENT DISCUSSION AND ANALYSIS

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.

# REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF NEW WORLD DEPARTMENT STORE CHINA LIMITED**  
*(incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 16 to 50, which comprises the interim condensed consolidated statement of financial position of New World Department Store China Limited (the "Company") and its subsidiaries (together, the "Group") as at 31 December 2022 and the interim condensed consolidated income statement, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review 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. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 22 February 2023

# CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2022

	Note	Unaudited Six months ended 31 December	
		2022 HK\$'000	2021 HK\$'000
Revenue	6	709,427	1,084,559
Other income	7	34,434	38,453
Other gains, net	8	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	9	(174,564)	(219,658)
Depreciation		(193,003)	(279,187)
Rental expense		(34,012)	(65,088)
Other operating expenses, net	10	(236,923)	(148,084)
<b>Operating (loss)/profit</b>		<b>(46,180)</b>	207,281
Finance income		12,268	17,205
Finance costs		(112,628)	(129,211)
Finance costs, net	11	(100,360)	(112,006)
<b>(Loss)/profit before income tax</b>		<b>(146,540)</b>	95,275
Income tax expense	12	(19,578)	(54,273)
<b>(Loss)/profit for the period</b>		<b>(166,118)</b>	41,002
<b>(Loss)/earnings per share attributable to shareholders of the Company during the period (expressed in HK\$ per share)</b>			
– Basic and diluted	14	(0.10)	0.02

The notes on pages 22 to 50 are an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2022

	Unaudited	
	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
(Loss)/profit for the period	(166,118)	41,002
<b>Other comprehensive income</b>		
<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 and loss</i>		
Translation differences	(183,789)	83,680
<b>Other comprehensive (loss)/income for the period, net of tax</b>	<b>(177,965)</b>	84,332
<b>Total comprehensive (loss)/income for the period</b>	<b>(344,083)</b>	125,334

The notes on pages 22 to 50 are an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	Unaudited As at 31 December 2022 HK\$'000	Audited As at 30 June 2022 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15(a)	716,657	769,021
Investment properties	16	5,155,410	5,396,060
Right-of-use assets	15(b)	2,642,404	3,035,595
Intangible assets	17	1,057,455	1,107,218
Prepayments, deposits and other receivables		195,587	196,947
Finance lease receivables	26	290,761	368,722
Financial assets at fair value through profit or loss	27	70,857	78,000
Deferred income tax assets		83,142	92,078
		<b>10,212,273</b>	11,043,641
<b>Current assets</b>			
Inventories	18	99,322	94,606
Debtors	19	22,941	34,861
Prepayments, deposits and other receivables		184,494	191,190
Finance lease receivables	26	71,623	68,673
Amounts due from fellow subsidiaries	20	1,826	976
Amounts due from related companies	20	–	7
Fixed deposits with original maturity over three months		435,626	459,853
Cash and bank balances		530,564	619,595
		<b>1,346,396</b>	1,469,761
<b>Total assets</b>		<b>11,558,669</b>	12,513,402
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	21	168,615	168,615
Reserves	22	3,490,558	3,834,641
<b>Total equity</b>		<b>3,659,173</b>	4,003,256

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	Unaudited As at 31 December 2022 HK\$'000	Audited As at 30 June 2022 HK\$'000
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities	25	2,830,810	3,256,172
Deferred income tax liabilities		929,403	967,804
		<b>3,760,213</b>	<b>4,223,976</b>
<b>Current liabilities</b>			
Creditors	24	681,734	580,311
Accruals and other payables		996,374	1,004,744
Lease liabilities	25	648,351	868,768
Contract liabilities		206,521	228,900
Amounts due to fellow subsidiaries	20	6,405	4,691
Amounts due to related companies	20	24,027	19,156
Amounts due to ultimate holding company	20	82,183	79,873
Borrowings	23	1,487,093	1,489,544
Tax payable		6,595	10,183
		<b>4,139,283</b>	<b>4,286,170</b>
<b>Total liabilities</b>		<b>7,899,496</b>	<b>8,510,146</b>
<b>Total equity and liabilities</b>		<b>11,558,669</b>	<b>12,513,402</b>

The notes on pages 22 to 50 are an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2022

	Attributable to shareholders of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Exchange Reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 July 2021	168,615	1,826,646	260,623	391,588	483,012	173,112	1,164,731	4,468,327
<b>Comprehensive income</b>								
Profit for the period	-	-	-	-	-	-	41,002	41,002
<b>Other comprehensive income</b>								
Revaluation of properties upon reclassification from property, plant and equipment and right-of-use assets to investment properties	-	-	869	-	-	-	-	869
- Deferred income tax thereof	-	-	(217)	-	-	-	-	(217)
Translation differences	-	-	-	-	-	83,680	-	83,680
<b>Total comprehensive income for the period ended 31 December 2021</b>	-	-	652	-	-	83,680	41,002	125,334
<b>Transactions with owners</b>								
Transfer to statutory reserve	-	-	-	-	5,805	-	(5,805)	-
<b>Total transactions with owners</b>	-	-	-	-	5,805	-	(5,805)	-
<b>As at 31 December 2021 – Unaudited</b>	168,615	1,826,646	261,275	391,588	488,817	256,792	1,199,928	4,593,661

	Attributable to shareholders of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Exchange Reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 July 2022	168,615	1,826,646	371,034	391,588	538,264	81,011	626,098	4,003,256
<b>Comprehensive income</b>								
Loss for the period	-	-	-	-	-	-	(166,118)	(166,118)
<b>Other comprehensive income</b>								
Revaluation of properties upon reclassification from property, plant and equipment and right-of-use assets to investment properties	-	-	7,765	-	-	-	-	7,765
- Deferred income tax thereof	-	-	(1,941)	-	-	-	-	(1,941)
Translation differences	-	-	-	-	-	(183,789)	-	(183,789)
<b>Total comprehensive loss for the period ended 31 December 2022</b>	-	-	5,824	-	-	(183,789)	(166,118)	(344,083)
<b>Transactions with owners</b>								
Transfer to statutory reserve	-	-	-	-	3,310	-	(3,310)	-
<b>Total transactions with owners</b>	-	-	-	-	3,310	-	(3,310)	-
<b>As at 31 December 2022 – Unaudited</b>	168,615	1,826,646	376,858	391,588	541,574	(102,778)	456,670	3,659,173

The notes on pages 22 to 50 are an integral part of this condensed consolidated financial information.

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2022

	Unaudited	
	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
<b>Cash flows from operating activities</b>		
Net cash generated from operating activities	308,199	393,540
<b>Cash flows from investing activities</b>		
Additions to investment properties	(1,080)	(4,526)
Additions to property, plant and equipment	(39,798)	(61,065)
Decrease in fixed deposits with original maturity over three months	3,560	135
Purchase of financial assets at fair value through profit or loss	–	(30,861)
Proceeds from disposal of property, plant and equipment	860	–
Principal portion of finance lease received as the lessor	25,732	44,004
Interest portion of finance lease received as the lessor	8,971	11,096
Interest received	12,286	12,769
<b>Net cash from/(used in) investing activities</b>	<b>10,531</b>	<b>(28,448)</b>
<b>Cash flows from financing activities</b>		
Drawdown of bank borrowings	35,513	–
Repayment of bank borrowings	(35,019)	–
Finance costs paid	(10,591)	(4,240)
Principal portion of lease payments as the lessee	(277,669)	(284,921)
Interest portion of lease payments as the lessee	(86,616)	(120,757)
<b>Net cash used in financing activities</b>	<b>(374,382)</b>	<b>(409,918)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(55,652)</b>	<b>(44,826)</b>
Cash and cash equivalents as at 1 July	619,595	840,752
Effect of foreign exchange rate changes	(33,379)	12,442
<b>Cash and cash equivalents as at 31 December</b>	<b>530,564</b>	<b>808,368</b>

The notes on pages 22 to 50 are an integral part of this condensed consolidated financial information.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 1 GENERAL INFORMATION

New World Department Store China Limited (the “Company”) was incorporated in the Cayman Islands on 25 January 2007 as an exempted company with limited liability under the Companies Law, (Cap. 22) of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company and its subsidiaries (together, the “Group”) are engaged in department store and property investment operations in Mainland China.

The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2007.

This condensed consolidated financial information is presented in Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated financial information has been approved for issue by the Board of Directors on 22 February 2023.

## 2 BASIS OF PREPARATION

This 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”).

This 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 2 BASIS OF PREPARATION (continued)

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.

## 3 ACCOUNTING POLICIES

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.

### 3.1 Adoption of amendments to standards by the Group

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.

## 4 ESTIMATES

The preparation of this condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's annual financial statements for the year ended 30 June 2022.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: including foreign exchange risk, credit risk, liquidity risk and interest rate risk.

This condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 30 June 2022.

There have been no changes in the risk management policies since the last financial year end.

### 5.2 Liquidity risk

The liquidity risk of the Group is managed by maintaining sufficient cash and cash equivalents, which is generated from the operating cash flows and financing cash flows.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Carrying amounts HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	Over 1 year but within 5 years HK\$'000	More than 5 years HK\$'000
As at 31 December 2022					
Creditors	681,734	681,734	681,734	–	–
Other payables	889,464	889,464	889,464	–	–
Amounts due to fellow subsidiaries	6,405	6,405	6,405	–	–
Amounts due to related companies	24,027	24,027	24,027	–	–
Amounts due to ultimate holding company	82,183	82,183	82,183	–	–
Borrowings	1,487,093	1,536,815	1,536,815	–	–
Lease liabilities	3,479,161	3,920,535	708,351	1,790,922	1,421,262

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.2 Liquidity risk (continued)

	Carrying amounts HK\$'000	Total contractual undiscounted cash flow HK\$'000	Within 1 year or on demand HK\$'000	Over 1 year but within 5 years HK\$'000	More than 5 years HK\$'000
As at 30 June 2022					
Creditors	580,311	580,311	580,311	–	–
Other payables	905,746	905,746	905,746	–	–
Amounts due to fellow subsidiaries	4,691	4,691	4,691	–	–
Amounts due to related companies	19,156	19,156	19,156	–	–
Amounts due to ultimate holding company	79,873	79,873	79,873	–	–
Borrowings	1,489,544	1,507,789	1,507,789	–	–
Lease liabilities	4,124,940	5,338,422	911,542	2,215,411	2,211,469

### 5.3 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amounts since they are expected to be recovered or settled within twelve months from the reporting date, repayable on demand or bear interest at variable rates:

- Finance lease receivables under current assets
- Debtors
- Deposits and other receivables under current assets
- Fixed deposits with original maturity over three months
- Cash and bank balances
- Creditors
- Other payables
- Amounts due from/to fellow subsidiaries, related companies and ultimate holding company
- Borrowings
- Lease liabilities under current liabilities

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.4 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the financial instruments of the Group are as follows:

- (i) Listed instrument is stated at market price. The quoted market price used for financial asset held by the Group is the bid price at the end of the reporting period. It is included in level 1.
- (ii) Unlisted investments are stated at fair values which are estimated using other prices observed in recent transactions or valuation techniques when the market price is not readily available. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's financial assets at fair value through profit or loss ("FVPL") that is measured at fair value:

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 December 2022				
Financial assets at FVPL	–	–	70,857	70,857
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 30 June 2022				
Financial assets at FVPL	–	–	78,000	78,000

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

### 5.4 Fair value estimation (continued)

The following table presents the changes in financial assets at FVPL in level 3 financial instruments for the six months ended 31 December 2022:

	Financial Asset at FVPL HK\$'000
As at 1 July 2021	–
Addition	30,861
Translation difference	339
As at 31 December 2021	31,200
As at 1 July 2022	<b>78,000</b>
Fair value loss	<b>(3,637)</b>
Translation difference	<b>(3,506)</b>
As at 31 December 2022	<b>70,857</b>

## 6 REVENUE AND SEGMENT INFORMATION

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 6 REVENUE AND SEGMENT INFORMATION (continued)

The income from concessionaire sales is analysed as follows:

	Unaudited	
	Six months ended 31 December	
	2022 HK\$'000	2021 HK\$'000
Proceeds from concessionaire sales	1,649,789	2,816,883
Commission income from concessionaire sales	214,053	398,311

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.

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

NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION

**6 REVENUE AND SEGMENT INFORMATION** (continued)

	Department store business HK\$'000	Property investment business HK\$'000	Consolidated HK\$'000
Six months ended 31 December 2022			
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)

NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION

**6 REVENUE AND SEGMENT INFORMATION** (continued)

	Department store business HK\$'000	Property investment business HK\$'000	Consolidated HK\$'000
Six months ended 31 December 2021			
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

NOTES TO THE CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION

**6 REVENUE AND SEGMENT INFORMATION** (continued)

	Department store business HK\$'000	Property investment business HK\$'000	Consolidated HK\$'000
As at 31 December 2022			
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
Total assets			11,558,669
Six months ended 31 December 2022			
Additions to non-current assets (Note (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 (Note (ii))	(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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 6 REVENUE AND SEGMENT INFORMATION (continued)

	Department store business HK\$'000	Property investment business HK\$'000	Consolidated HK\$'000
As at 30 June 2022			
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
Total assets			12,513,402
Six months ended 31 December 2021			
Additions to non-current assets (Note (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 (Note (ii))	(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

Notes:

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

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 7 OTHER INCOME

	Unaudited	
	Six months ended 31 December	
	2022	2021
	HK\$'000	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	3,859	1,292
	<b>34,434</b>	<b>38,453</b>

## 8 OTHER GAINS, NET

	Unaudited	
	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Loss on deregistration of a subsidiary	–	(1,707)
Loss on fair value of financial assets at FVPL, net	(3,637)	–
Impairment loss on goodwill (Note (i))	–	(69,611)
Impairment loss on property, plant and equipment and right-of-use assets (Note (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 (Note (ii))	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 (Note (iii))	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 (Note (iv))	–	2,606
	<b>28,165</b>	<b>72,149</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 8 OTHER GAINS, NET (continued)

Notes:

- (i) 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.
- (ii) Gain on derecognition of lease liabilities and right-of-use assets, net was due to downsizing and closure of certain department stores during the six months ended 31 December 2022 and 2021.
- (iii) Gain on derecognition of right-of-use assets, net, is recognised at the inception of subleases to tenants which are accounted for as finance lease receivables.
- (iv) Rent concessions represented the reduction in lease payment directly related to COVID-19. The Group has applied the practical expedient to all rent concessions that meet the conditions in the amendments to HKFRS16.

## 9 EMPLOYEE BENEFIT EXPENSE

	Unaudited	
	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Wages, salaries and other benefits	154,881	196,536
Retirement benefit costs – defined contribution plans	19,683	23,122
	174,564	219,658

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 10 OTHER OPERATING EXPENSES, NET

	Unaudited	
	Six months ended 31 December	
	2022 HK\$'000	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/(gains)	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 (Note)	72,087	40,485
Others	28,067	5,124
	<b>236,923</b>	<b>148,084</b>

Note:

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

## 11 FINANCE COSTS, NET

	Unaudited	
	Six months ended 31 December	
	2022 HK\$'000	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
	<b>112,628</b>	<b>129,211</b>
	<b>100,360</b>	<b>112,006</b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 12 INCOME TAX EXPENSE

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

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

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%).

## 13 DIVIDENDS

The Directors have resolved not to recommend an interim dividend for the six months ended 31 December 2022 (2021: HK\$Nil).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 14 (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	2021
(Loss)/profit attributable to shareholders of the Company (HK\$'000)	<b>(166,118)</b>	41,002
Weighted average number of ordinary shares in issue (shares in thousands)	<b>1,686,145</b>	1,686,145
Basic (loss)/earnings per share (HK\$ per share)	<b>(0.10)</b>	0.02

#### (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.

### 15(a) PROPERTY, PLANT AND EQUIPMENT

For the six months ended 31 December 2022, the Group had additions of property, plant and equipment of approximately HK\$28,177,000 (2021: HK\$87,978,000) and disposals of property, plant and equipment with net book amount of approximately HK\$1,403,000 (2021: HK\$8,065,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15(b) RIGHT-OF-USE ASSETS

	Prepaid leasehold land HK\$'000	Buildings, plant and machinery and others HK\$'000	Total HK\$'000
As at 1 July 2022	715,007	2,320,588	3,035,595
Lease modification	–	(105,893)	(105,893)
Derecognition	–	(35,619)	(35,619)
Depreciation	(12,374)	(136,538)	(148,912)
Transfer from finance lease receivables	–	42,046	42,046
Transfer to investment properties	(6,361)	–	(6,361)
Impairment charged for the period	–	(2,020)	(2,020)
Translation differences	(32,135)	(104,297)	(136,432)
As at 31 December 2022 – Unaudited	664,137	1,978,267	2,642,404
As at 30 June 2022 – Audited	715,007	2,320,588	3,035,595

### 15(c) IMPAIRMENT TESTS FOR RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment and right-of-use assets are allocated to the Group's CGUs identified. For the purpose of impairment test, the recoverable amounts of CGUs is determined based on the higher of fair value less costs of disposal and value in use calculation.

The recoverable amounts of property, plant and equipment and right-of-use assets were determined either:

- (i) by way of cash flow projections based on financial estimates covering a period over the lease term and a post-tax discount rate; or
- (ii) with reference to the latest valuation of the corresponding properties by an independent professional valuer.

The key assumptions used in the impairment assessment, where discounted cash flow model was adopted, are annual gross revenue growth rate, gross margin ratios and discount rate which are based on management's best estimates and reflect specific risks relating to the relevant businesses.

The key assumptions used in the impairment assessments, with reference to the latest independent valuation of the underlying properties of the CGUs, are capitalisation rates, prevailing market rents and estimated transaction costs of disposal. The capitalisation rates adopted in the valuation are derived from analysis of rental/sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 15(c) IMPAIRMENT TESTS FOR RIGHT-OF-USE ASSETS AND PROPERTY, PLANT AND EQUIPMENT (continued)

During the period ended 31 December 2022, impairment loss of approximately HK\$3,515,000 was recognised. For the period ended 31 December 2022, impairment provision were made on property, plant and equipment and right-of-use assets to reflect management's latest plan for a department store in light of the latest market environment and the management's assessment on the business prospect thereof. The impairment loss recognised for the period represented the difference between the carrying amounts of property, plant and equipment and right-of-use assets of the CGU and their estimated recoverable amounts.

If the annual gross revenue had been 15% (2021: 10%) lower than management's current estimates, the loss before income tax for the period would have been approximately HK\$55,540,000 higher (2021: the profit before income tax for the period would have been approximately HK\$14,012,000 lower).

If the gross margin ratios had been 1% (2021: 1%) lower than management's current estimates, the loss before income tax for the period would have been approximately HK\$148,000 higher (2021: the profit before income tax for the period would have been approximately HK\$1,045,000 lower).

If the discount rate had been 0.5% (2021: 0.5%) higher than management's current estimates, there is no material adverse impact to the condensed consolidated financial information (2021: same).

If the valuation of the corresponding properties has been 3% (2021: 5%) lower with all other variables held constant, there is no material adverse impact to the condensed consolidated financial information (2021: same).

### 16 INVESTMENT PROPERTIES

For the six months ended 31 December 2022, the Group had additions of investment properties of approximately HK\$1,080,000 (2021: HK\$4,526,000). The Group leased out certain leased-in premises to third parties, and it transferred these assets with an aggregate carrying amount of approximately HK\$190,646,000 from right-of-use assets and property, plant and equipment to investment properties at fair value of approximately HK\$191,515,000 as a result of change in use of these assets during the period ended 31 December 2021.

As at 31 December 2022, no investment property was pledged to secure bank loans of the Group.

As at 31 December 2022, certain investment properties were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professional valuers. The valuations are derived using the income approach. This approach is based on the capitalisation of net income with due allowance for outgoings and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of rental/sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 17 INTANGIBLE ASSETS

As at 31 December 2022, goodwill allocated to CGUs of the department store business and CGUs of the property investment business was approximately HK\$816,610,000 and HK\$240,845,000 respectively. For the purpose of impairment test, the recoverable amount of each CGU is determined based on the higher of fair value less costs of disposal and value in use calculations. The recoverable amounts of CGUs of the department store business and CGUs of the property investment business are measured using the discounted cash flow projections and the valuation of the corresponding properties respectively.

The cash flow projections are based on financial estimates covering a five-year period and a post-tax discount rate. Cash flows beyond the five-year period are extrapolated using the estimated growth rates, where applicable.

The key assumptions on average annual gross revenue growth rate, gross margin ratios, discount rate and long term growth rate used in the cash flows projections as at 31 December 2022 are based on management's best estimates and reflect specific risks relating to the relevant business.

The key assumptions used in the impairment assessments, with reference to the latest independent valuation of the underlying properties of the CGUs, are capitalisation rates, prevailing market rents and estimated transaction costs of disposal. The capitalisation rates adopted in the valuation are derived from analysis of rental/sale transactions and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation are referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

During the period ended 31 December 2022, impairment loss of Nil (2021:HK\$69,611,000) was recognised. For the period ended 31 December 2021, impairment provision was made on goodwill of one CGU allocated to the department store business of Beijing New World Liying Department Store based on the management's latest plan in light of the latest market environment and the management's assessment on the business prospect thereof. The estimated recoverable amount of CGU was approximately HK\$292,850,000 which was its fair value less cost of disposal. The fair value estimation is included in level 3 fair value hierarchy. The impairment loss recognised for the period ended 31 December 2021 represented the difference between the carrying amount of the CGU including goodwill and its estimated recoverable amount.

If the annual gross revenue had been 15% (2021: 10%) lower than management's current estimates, the loss before income tax for the period would have been approximately HK\$489,338,000 higher (2021: the profit before income tax for the period would have been approximately HK\$201,893,000 lower).

If the gross margin ratios had been 1% (2021: 1%) lower than management's current estimates, the loss before income tax for the period would have been approximately HK\$82,402,000 higher (2021: the profit before income tax for the period would have been approximately HK\$49,686,000 lower).

If the discount rate had been 0.5% (2021: 0.5%) higher than management's current estimates, the loss before income tax for the period would have been approximately HK\$61,627,000 higher (2021: the profit before income tax for the period would have been approximately HK\$13,302,000 lower).

If the valuation of the corresponding properties in relation to the goodwill allocated to CGUs of the property investment business has been 1% (2021: 5%) lower with all other variables held constant, there is no material adverse impact to the condensed consolidated financial information (2021: same).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 18 INVENTORIES

	<b>Unaudited As at 31 December 2022 HK\$'000</b>	Audited As at 30 June 2022 HK\$'000
Finished goods	99,322	94,606

The cost of inventories recognised as expense and included in "purchases of and changes in inventories, net" amounted to approximately HK\$171,202,000 (2021: HK\$261,480,000), which included reversal of inventory write-down, net of approximately HK\$277,000 (2021: HK\$1,652,000).

### 19 DEBTORS

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

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

	<b>Unaudited As at 31 December 2022 HK\$'000</b>	Audited As at 30 June 2022 HK\$'000
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	4,198	1,164
	22,941	34,861

The individually impaired receivables mainly relate to tenants, which are in unexpectedly difficult economic situations.

The debtors were primarily denominated in Renminbi ("RMB").

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 20 AMOUNTS DUE FROM/(TO) FELLOW SUBSIDIARIES, RELATED COMPANIES AND ULTIMATE HOLDING COMPANY

As at 31 December 2022 and 30 June 2022, the balances with fellow subsidiaries and related companies were unsecured, interest free, repayable on demand and denominated in RMB.

As at 31 December 2022 and 30 June 2022, the balance with ultimate holding company was unsecured, interest free, repayable on demand and denominated in United States dollars ("USD").

The related companies represent the joint ventures of NWD, Chow Tai Fook Jewellery Group Limited and its subsidiaries ("CTFJ Group") and members of the companies controlled by Mr. Doo Wai-hoi ("Mr. Doo"), an associate of a Director.

## 21 SHARE CAPITAL

	Number of shares '000	Share capital HK\$'000
Ordinary shares of HK\$0.1 each, issued and fully paid: As at 30 June 2021 and 2022 (audited) and 31 December 2021 and 2022 (unaudited)	1,686,145	168,615

## 22 RESERVES

	Attributable to shareholders of the Company						
	Share premium HK\$'000	Property revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000 (Note)	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 July 2021	1,826,646	260,623	391,588	483,012	173,112	1,164,731	4,299,712
Profit for the period	-	-	-	-	-	41,002	41,002
Revaluation of properties upon reclassification from property, plant and equipment and right-of- use assets to investment properties, net of tax	-	652	-	-	-	-	652
Translation differences	-	-	-	-	83,680	-	83,680
Transfer to statutory reserve	-	-	-	5,805	-	(5,805)	-
As at 31 December 2021 – Unaudited	1,826,646	261,275	391,588	488,817	256,792	1,199,928	4,425,046

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 22 RESERVES (continued)

	Attributable to shareholders of the Company						Total HK\$'000
	Share premium HK\$'000	Property revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000 (Note)	Exchange reserve HK\$'000	Retained earnings HK\$'000	
	As at 1 July 2022	1,826,646	371,034	391,588	538,264	81,011	
Loss for the period	-	-	-	-	-	(166,118)	(166,118)
Revaluation of properties upon reclassification from property, plant and equipment and right-of-use assets to investment properties, net of tax	-	5,824	-	-	-	-	5,824
Translation differences	-	-	-	-	(183,789)	-	(183,789)
Transfer to statutory reserve	-	-	-	3,310	-	(3,310)	-
As at 31 December 2022 – Unaudited	1,826,646	376,858	391,588	541,574	(102,778)	456,670	3,490,558

Note:

Upon conversion of the Group's PRC subsidiaries into wholly-owned foreign enterprises in 2007 and pursuant to the relevant PRC Law and articles of association of the subsidiaries of the Company established in the PRC, they are required to appropriate 10% of their statutory net profit to the enterprise expansion fund. The enterprise expansion fund can only be used to increase capital of group companies or to expand their production operation upon approval by the relevant authority.

## 23 BORROWINGS

	Unaudited As at 31 December 2022 HK\$'000	Audited As at 30 June 2022 HK\$'000
Unsecured bank loans	774,093	776,544
Shareholder's loans	713,000	713,000
	<b>1,487,093</b>	1,489,544

Shareholder's loans from ultimate holding company are interest-bearing at Hong Kong Interbank Offered Rate plus 1.1% (30 June 2022: 1.1%) per annum, unsecured and repayable within one year.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 23 BORROWINGS (continued)

The average effective interest rates of the borrowings are analysed as follows:

	<b>Unaudited As at 31 December 2022</b>	Audited As at 30 June 2022
HK\$	3.42%	1.24%
RMB	3.47%	3.45%

The carrying amounts of the borrowings are denominated in the following currencies:

	<b>Unaudited As at 31 December 2022 HK\$'000</b>	Audited As at 30 June 2022 HK\$'000
HK\$	1,412,812	1,412,285
RMB	74,281	77,259
	<b>1,487,093</b>	1,489,544

As at 31 December 2022, bank loans of approximately HK\$699,813,000 (30 June 2022: HK\$699,285,000) were guaranteed by ultimate holding company.

The contractual repricing dates or maturity dates (whichever is earlier) of the interest-bearing borrowings are as follows:

	<b>Unaudited As at 31 December 2022 HK\$'000</b>	Audited As at 30 June 2022 HK\$'000
Within six months	1,487,093	1,412,285
In the seventh month to one year	–	77,259
	<b>1,487,093</b>	1,489,544

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 24 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:

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

The creditors were primarily denominated in RMB.

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.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 25 LEASE LIABILITIES

Lease liabilities were measured at the present value of the remaining leases payments, discounted at the Group's incremental borrowing rate, and the aggregate effect is as follows:

	HK\$'000
As at 1 July 2022	4,124,940
Derecognition	(55,510)
Lease payments made during the period	(364,285)
Lease modification	(127,309)
Interest expenses on lease liabilities	86,616
Translation differences	(185,291)
As at 31 December 2022 – Unaudited	3,479,161
Of which are:	
Current lease liabilities	648,351
Non-current lease liabilities	2,830,810
	3,479,161
As at 30 June 2022 – Audited	4,124,940
Of which are:	
Current lease liabilities	868,768
Non-current lease liabilities	3,256,172
	4,124,940

Lease liabilities included lease liabilities to fellow subsidiaries and related companies of approximately HK\$73,215,000 (30 June 2022: HK\$90,275,000).

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

### 26 FINANCE LEASE RECEIVABLES

	Unaudited As at 31 December 2022 HK\$'000	Audited As at 30 June 2022 HK\$'000
Finance lease receivables	379,270	475,198
Unguaranteed residual values	26,553	30,046
Gross investment in finance leases	405,823	505,244
Less: unearned finance income	(41,243)	(55,935)
Net investment in finance leases	364,580	449,309
Less: accumulated allowance for impairment	(2,196)	(11,914)
Finance lease receivables – net	362,384	437,395
Of which are:		
Current finance lease receivables	71,623	68,673
Non-current finance lease receivables	290,761	368,722
	362,384	437,395

The table below analyses the Group's gross investment in finance leases by relevant maturity groupings at the end of each reporting period:

	Unaudited As at 31 December 2022 HK\$'000	Audited As at 30 June 2022 HK\$'000
Gross investment in finance leases		
Within one year	88,433	98,991
In the second to fifth year	255,662	320,133
After the fifth year	61,728	86,120
	405,823	505,244

The effective interest rate applied to the finance lease receivables was 4.9% (30 June 2022: 4.9%).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 27 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited As at 31 December 2022 HK\$'000	Audited As at 30 June 2022 HK\$'000
Unlisted securities, at fair value	70,857	78,000

The financial assets were denominated in USD.

## 28 COMMITMENTS AND CONTINGENCIES

### (a) Capital commitments

Capital commitments in respect of investment properties, property, plant and equipment and right-of-use assets of the Group at the end of the reporting period are as follows:

	Unaudited As at 31 December 2022 HK\$'000	Audited As at 30 June 2022 HK\$'000
Contracted but not provided for	40,229	43,587

### (b) Operating lease receivables

The future minimum rental payments receivable by the Group under non-cancellable operating leases are as follows:

	Unaudited As at 31 December 2022 HK\$'000	Audited As at 30 June 2022 HK\$'000
Within one year	439,512	525,418
In the second to fifth year	555,941	736,166
After the fifth year	41,471	66,585
	<b>1,036,924</b>	<b>1,328,169</b>

The contingent operating lease rental income of the Group for the period ended 31 December 2022 was approximately HK\$32,722,000 (2021: HK\$17,381,000).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 29 RELATED PARTY TRANSACTIONS

### (a) Transactions with related parties

In addition to those disclosed elsewhere in this condensed consolidated financial information, the following is a summary of significant related party transactions during the period carried out by the Group in the normal course of its business:

	Notes	Unaudited Six months ended 31 December	
		2022 HK\$'000	2021 HK\$'000
<b>Fellow subsidiaries</b>			
Rental expenses	(i)	<b>(9,111)</b>	(11,233)
Building management expenses	(ii)	<b>(2,986)</b>	(5,080)
Other service fee expenses	(iii)	<b>(15)</b>	(118)
Interest expense on lease liabilities	(iv)	<b>(48)</b>	(2,055)
Insurance expenses	(v)	<b>(39)</b>	(32)
<b>Related companies</b>			
Rental expenses	(i)	<b>(21,331)</b>	(48,325)
Building management expenses	(ii)	<b>(12,839)</b>	(13,194)
Commission income from concessionaires sales	(vi)	<b>16,098</b>	26,620
Rebates on prepaid shopping cards and vouchers	(vii)	<b>43</b>	117
Rental income	(viii)	–	100
Other service fee expenses	(iii)	–	(4)
Interest expense on lease liabilities	(iv)	<b>(1,872)</b>	(5,977)
Additions to right-of-use assets	(ix)	–	(4,484)
Customer loyalty programme service income	(x)	<b>176</b>	55
Customer loyalty programme service costs	(x)	<b>(521)</b>	(18)

Notes:

- (i) The rental expenses were charged in accordance with respective lease agreements and accounted for in accordance with accounting policy of leases for short-term leases and turnover rent under HKFRS 16.
- (ii) The building management expenses were charged at fixed monthly amounts in accordance with respective contracts.
- (iii) This represents other services provided by the subsidiaries of NWD (except the Group) and members of the companies controlled by Mr. Doo.
- (iv) Interest expense on lease liabilities was charged at the relevant incremental borrowing rate.
- (v) This represents the insurance services provided by the subsidiaries of NWS Holdings Limited.
- (vi) The income was charged in accordance with concessionaire counter agreements with CTFJ Group. The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.
- (vii) This represents rebates offered by the CTFJ Group in respect of the sales of prepaid shopping cards and vouchers issued jointly by the Group and the CTFJ Group.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

## 29 RELATED PARTY TRANSACTIONS (continued)

### (a) Transactions with related parties (continued)

Notes: (continued)

- (viii) The income was charged in accordance with lease agreements with members of the companies controlled by Mr. Doo.
- (ix) Additions to right-of-use assets were measured in accordance with relevant lease agreement.
- (x) This represents the service income from/costs to a joint venture of NWD.

### (b) Related party balances

The details for balances with related parties are disclosed in Notes 20, 23, 24 and 25 to this condensed consolidated financial information. Accruals and other payables included interest payable of shareholder's loans of approximately HK\$ 54,531,000 (30 June 2022: HK\$41,783,000).

### (c) Lease transactions with related parties

- (i) The repayment amount of lease liabilities to related parties were approximately HK\$14,923,000 during the period (2021: HK\$50,613,000).
- (ii) Right-of-use assets with a total carrying amount of Nil (2021:HK\$35,135,000) and lease liabilities with a total carrying amount of Nil (2021:HK\$205,315,000) were derecognised during the period ended 31 December 2022 upon early termination of lease agreements with its related parties.

### (d) Key management compensation

	Unaudited	
	Six months ended 31 December	
	2022	2021
	HK\$'000	HK\$'000
Basic salaries, housing allowances, other allowances and other benefits in kind	11,166	11,978
Discretionary bonus	359	697
Retirement benefit costs – defined contribution plans	512	592
	12,037	13,267

## 30 ULTIMATE HOLDING COMPANY

The Directors regard NWD, a company incorporated in Hong Kong and listed on the Main Board of The Stock Exchange of Hong Kong Limited, as being the ultimate holding company of the Company.

# OTHER INFORMATION

## INTERIM DIVIDEND

The board of directors (the “Directors” or “Board”) of New World Department Store China Limited (the “Company”, or together with its subsidiaries, the “Group”) has resolved not to declare an interim dividend for the six months ended 31 December 2022 (2021: nil).

## AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established in accordance with requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.

## 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 report, 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.

### 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.

### UPDATE ON DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors since the date of the Company's Annual Report 2022 are set out below:

With effect from 1 November 2022, Mr. Yu Chun-fai was appointed as an executive director of Oriental Payment Group Holdings Limited.

Dr. Cheng Chi-kong, Adrian resigned as a non-executive director of Giordano International Limited, a listed public company in Hong Kong, on 1 December 2022 and ceased to be a member of the Tianjin Municipal Committee of The Chinese People's Political Consultative Conference of the People's Republic of China from December 2022. He was appointed as a vice-president of All-China General Chamber of Industry and Commerce on 13 December 2022 and a member of the 14th National Committee of the Chinese People's Political Consultative Conference of the People's Republic of China on 17 January 2023. In addition, he was appointed as a board member of the Hong Kong Financial Services Development Council, a non-official member of the Task Force on Promoting and Branding Hong Kong and the chairman of the Mega Arts and Cultural Events Committee with effect from 17 January 2023, 27 January 2023 and 1 February 2023 respectively. He was also appointed as a non-executive director and a co-chairman of Meta Media Holdings Limited, a listed public company in Hong Kong, on 16 February 2023.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code were as follows:

### (a) Long positions in shares

	Capacity	Nature of interest	Number of shares held	Total	Approximate percentage of shareholding (direct or indirect)
<b>The Company</b>					
(Ordinary shares of HK\$0.10 each)					
Ms. Xie Hui-fang, Mandy	Beneficial owner	Personal interest	177,000	177,000	0.01
<b>New World Development Company Limited</b>					
(Ordinary shares)					
Dr. Cheng Chi-kong, Adrian	Beneficial owner	Personal interest	2,559,118	2,559,118	0.10
Ms. Chiu Wai-han, Jenny	Beneficial owner	Personal interest	29,899	29,899	0.00

### (b) Long positions in underlying shares – share options

#### *New World Development Company Limited*

Under the share option scheme of the holding company, New World Development Company Limited ("NWD"), the undermentioned Director has personal interests in share options to subscribe for shares of NWD. Certain details of the share options of NWD held by her during the six months ended 31 December 2022 were as follows:

Name	Date of grant	Exercisable period (Note)	Number of share options held				Balance as at 31 December 2022	Exercise price per share HK\$
			Balance as at 1 July 2022	Granted during the period	Exercised during the period	Lapsed during the period		
Ms. Chiu Wai-han, Jenny	6 July 2018	(1)	75,000	–	–	(75,000)	–	44.160
			75,000	–	–	–	–	

Notes:

- (1) Divided into 4 tranches exercisable from 6 July 2018, 6 July 2019, 6 July 2020 and 6 July 2021 respectively to 5 July 2022.
- (2) The cash consideration paid by the above Director for each grant of the share options is HK\$10.00.

## OTHER INFORMATION

### NWS Holdings Limited

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited (“NWSH”), the undermentioned Director has personal interests in share options to subscribe for shares of NWSH. Certain details of the share options of NWSH held by him during the six months ended 31 December 2022 were as follows:

Name	Date of grant	Exercisable period (Note)	Number of share options held				Balance as at 31 December 2022	Exercise price per share HK\$
			Balance as at 1 July 2022	Granted during the period	Exercised during the period	Lapsed during the period		
Dr. Cheng Chi-kong, Adrian	25 July 2022	(1)	–	5,495,000	–	–	5,495,000	7.830
			–	5,495,000	–	–	5,495,000	

Notes:

- (1) Divided into 4 tranches exercisable from 25 August 2022, 25 July 2023, 25 July 2024 and 25 July 2025 respectively to 24 July 2032.
- (2) The cash consideration paid by the above Director for each grant of the share options is HK\$10.00.

Save as disclosed above, as at 31 December 2022, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

## SUBSTANTIAL SHAREHOLDERS’ INTERESTS IN SECURITIES

As at 31 December 2022, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO:

### Long positions in the shares of the Company

Name	Capacity	Nature of interest	Number of shares held	Total	Approximate percentage of shareholding (direct or indirect)
Cheng Yu Tung Family (Holdings) Limited (“CYTFH”) <sup>(1)</sup>	Controlled corporation	Corporate interest	1,264,400,000	1,264,400,000	74.99
Cheng Yu Tung Family (Holdings II) Limited (“CYTFH-II”) <sup>(2)</sup>	Controlled corporation	Corporate interest	1,264,400,000	1,264,400,000	74.99
Chow Tai Fook Capital Limited (“CTFC”) <sup>(3)</sup>	Controlled corporation	Corporate interest	1,264,400,000	1,264,400,000	74.99
Chow Tai Fook (Holding) Limited (“CTFH”) <sup>(4)</sup>	Controlled corporation	Corporate interest	1,264,400,000	1,264,400,000	74.99
Chow Tai Fook Enterprises Limited (“CTFE”) <sup>(5)</sup>	Controlled corporation	Corporate interest	1,264,400,000	1,264,400,000	74.99
New World Development Company Limited (“NWD”)	Controlled corporation	Corporate interest	45,500,000	1,264,400,000	74.99
	Beneficial owner	–	1,218,900,000		

## OTHER INFORMATION

Notes:

- (1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFC.
- (2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFC.
- (3) CTFC holds 81.03% direct interest in CTFH and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFH.
- (4) CTFH holds 100% direct interest in CTFE and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFE.
- (5) CTFE together with its subsidiaries have interest in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by NWD.

Save as disclosed above, the Company has not been notified of any other person (other than the Directors or chief executive of the Company) who, as at 31 December 2022, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO, which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

### SHARE OPTION SCHEME

The share option scheme of the Company adopted on 12 June 2007 has expired on 12 June 2017, and no new share option scheme has been adopted thereafter.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Non-executive Directors

Dr. Cheng Chi-kong, Adrian SBS JP (*Chairman*)  
Ms. Chiu Wai-han, Jenny

### Executive Directors

Mr. Cheung Fai-yet, Philip (*Joint Chief Executive Officer*)  
Ms. Xie Hui-fang, Mandy (*Joint Chief Executive Officer*)

### Independent Non-executive Directors

Mr. Cheong Ying-chew, Henry  
Mr. Chan Yiu-tong, Ivan  
Mr. Tong Hang-chan, Peter  
Mr. Yu Chun-fai

## COMPANY SECRETARY

Miss Wu Yuk-kwai, Catherine

## AUDITOR

PricewaterhouseCoopers  
*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*

## SOLICITORS

Eversheds Sutherland  
Woo, Kwan, Lee & Lo  
Dentons Hong Kong LLP

## PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D  
P.O. Box 1586  
Gardenia Court, Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

## HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER AGENT

Tricor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## REGISTERED OFFICE

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P.O. Box 2681  
Grand Cayman, KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

7th Floor, 88 Hing Fat Street  
Causeway Bay, Hong Kong  
Tel: (852) 2753 3988  
Fax: (852) 2318 0884

## PRINCIPAL BANKERS

China Construction Bank  
Hang Seng Bank  
Industrial and Commercial Bank of China  
Mizuho Bank

## STOCK CODE

Hong Kong Stock Exchange 825

## INVESTOR INFORMATION

For more information about the Group, please contact the Corporate Affairs Department of New World Department Store China Limited at: 7th Floor, 88 Hing Fat Street Causeway Bay, Hong Kong  
Tel: (852) 2753 3988  
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e-mail: [nwdsacad@nwds.com.hk](mailto:nwdsacad@nwds.com.hk)

## WEBSITE

[www.nwds.com.hk](http://www.nwds.com.hk)



#### Chinese Version

The Chinese version of this Report is available from New World Department Store China Limited upon request.

If there is any inconsistency or contradiction between the English and the Chinese versions, the English version shall prevail.

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

