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)
(Stock Code: 825)

ANNUAL REPORT 2024

CORPORATE PROFILE

Founded in 1993, New World Department Store China Limited (Stock Code: 825) is the retail flagship of New World Development Company Limited (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 30 June 2024, 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 30 June 2024, among the department stores and shopping malls operated by the Group, 15 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 approximately 920,000 square metres, covering 12 key locations in Mainland China, including Beijing, Shanghai, Chongqing, Wuhan, Nanjing, Tianjin, Changsha, Zhengzhou, Yantai, Shenyang, Lanzhou and Mianyang.

ORGANISATION STRUCTURE

The Group owns a seasoned and innovative management team and adopts a flat structure for effective management, divides the two major businesses into department stores and shopping malls, coordinates and manages corresponding types of store operations. Such structure actualises both resource-sharing and the support of functional departments of the headquarter, synergy effect is created. 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 categorised store management and "One Store, One Strategy" operations strategy to encourage stores to adopt different strategies, strengthening the core competitiveness with multiple business mode and commodity power. The Group's revenue is mainly derived from: rental income, commission income from concessionaire sales, sales of goods for direct sales, and interest income from finance leases as the lessor. In addition to its core department store and shopping mall businesses, the Group has been synchronously expanding its direct sales business, such as LOL (Love • Original • Life) Concept Shop and "New World Supermarket", 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 30 June 2024, the Group had 1,838 employees.

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GOAL

To be one of the most influential and most efficient department store chain operators in China.

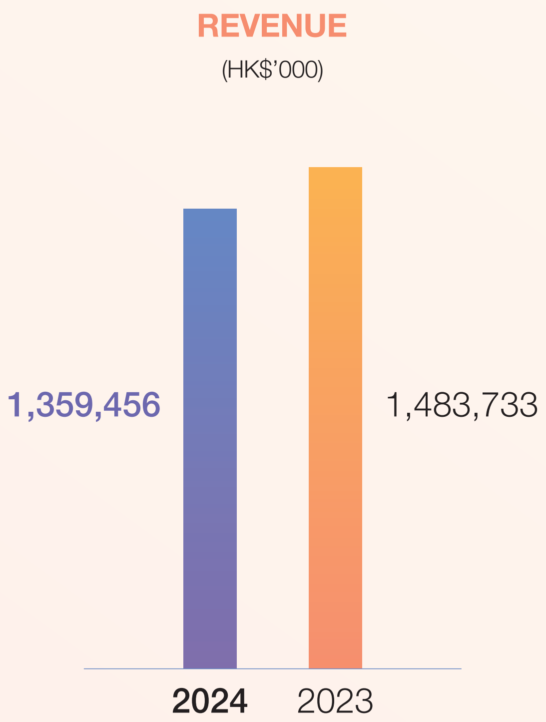
MISSION

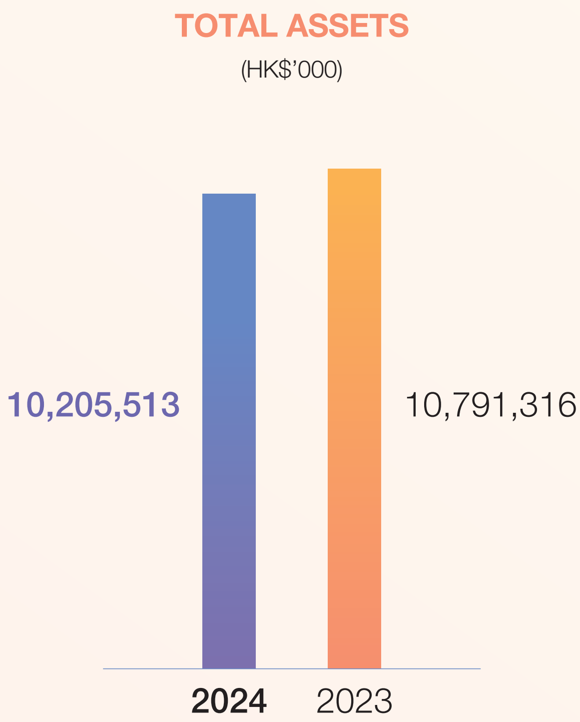
To create a modern, metropolitan lifestyle with creativity, foresight and efficiency.

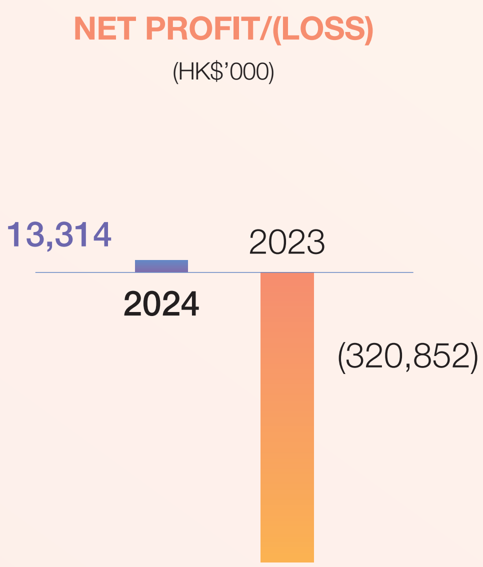
CONVICTION

To embrace "innovation, foresight, integrity, prudence and respect" in its core values, which would create a promising development path for NWDS.

FINANCIAL HIGHLIGHTS







FINANCIAL HIGHLIGHTS

	2024 HK$'000	2023 HK$'000
OPERATING RESULT		
Revenue	1,359,456	1,483,733
Representing:		
Commission income from concessionaire sales	435,932	479,918
Sales of goods – direct sales	322,103	402,350
Rental income	584,977	583,840
Interest income from finance leases as the lessor	16,444	17,625
Operating profit/(loss)	254,710	(79,395)
Profit/(loss) for the year	13,314	(320,852)

	As at 30 June 2024 HK$'000	As at 30 June 2023 HK$'000
FINANCIAL POSITION		
Total assets	10,205,513	10,791,316
Total liabilities	6,825,391	7,416,300
Borrowings	1,469,297	1,412,495
Less: Fixed deposits with original maturity over three months, cash and bank balances	(875,255)	(831,513)
Net debt	594,042	580,982
Total equity	3,380,122	3,375,016
Net gearing ratio (Note (i))	17.6%	17.2%

Supplementary information with properties for department store business stated at valuation (Note (ii)):

	As at 30 June 2024 HK$'000	As at 30 June 2023 HK$'000
Revalued total assets	10,277,212	10,876,090
Revalued net assets	3,451,821	3,459,790

Notes:

(i) Net debt divided by total equity.

(ii) According to the Group's accounting policies, the properties for department store business were carried at cost less accumulated depreciation. To give further information, the Group hereby presents supplementary unaudited financial information taking into account the fair value of properties for department store business. The properties were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, independent professional valuer.

CHAIRMAN'S STATEMENT

Challenges arise amid opportunities.

Driven by our aspiration, the Group will carry on with perseverance to refine product quality, explore new pivots to growth in terms of retail sales, and bolster a more inclusive and diversified operation model.

We will seize opportunities and surge forward with great momentum.

CHAIRMAN'S STATEMENT

Consumption is the key driver for economic growth with the retail industry playing an integral part. Steeled by national policies and consumption demand, the department store retail industry has ushered in quality development, featuring the growing emphasis on the emotional value of consumers' consumption experiences, emerging fresh brands and new businesses have been gaining presence in consumer markets, where consumer vitality has been further uplifted by the interplay and integration of both online and offline channels, making service-oriented consumption gradually assume the leading role of spending stimulus.

Leveraging on the opportunities presented by the changed settings, the Company made a step forward. The diversification of business portfolios, upgrade of categories and brands as well as launch of new businesses, complimented by the cultivation of brand awareness together with optimisation of mood-alleviative consumption experience, have enabled targeted solutions for the rising mental and intellectual demands of consumers. Foot traffic has seen a steady rally with operations on an upward curve through efforts of membership marketing and targeted campaigns. Meanwhile, the Company further refined the online categories and, by virtue of connection among cross-industry online platforms, enriched the online marketing matrix, secured better membership acquisition and conversion rate, which injected potential and vitality for boosting brand sales and consumption experience.

Nevertheless, challenges arise amid opportunities. Facing the difficulties, the Company will carry on with resilience, perseverance, devotion to its aspiration in the unwavering pursuit of iteration of business model, refine product quality, better customer service and exceptional consumer experience, as well as exploration of new pivots to growth in terms of retail sales. Looking forward, the Group will carry through with the adaptability, flexibility and initiative to bolster market presence of the Company with a more inclusive and diversified operation model. Meanwhile, the Company will remain dedicated to acting towards sustainable development and, through incorporating ideas of Green, Wellness, Caring and Smart into daily operation, strive to create value for greener and better living of our consumers.

On behalf of the Board, I would like to extend my gratitude to all employees for their contribution and dedication, and express my sincere thanks to our shareholders, customers and business partners for their long-term support. We will forge ahead for the long-term advancement of our business in return for your trust and expectation.

Mr. Cheung Fai-yat, Philip
Chairman

Hong Kong, China, 26 September 2024

RETAIL NETWORK

22 Strategic Footholds

12 Major Locations

	Date of Opening	Approximate GFA (sq.m.)
Department Store		**514,200**
Beijing Chongwen Store	July 1998	117,200
Beijing Qianzi Store	September 2010	55,600
Beijing Liying Store	September 2008	52,000
Beijing Trendy Store	March 2007	31,200
Shanghai Pujian Branch Store	September 2007	46,000
Shanghai Wujiaochang Branch Store	December 2006	44,000
Shanghai Baoshan Branch Store	January 2010	39,000
Shanghai Chengshan Branch Store	April 2010	38,000
Chongqing Store	September 2006	42,000
Tianjin Store	October 1997	14,200
Mianyang Store	December 2011	35,000
Shopping Mall		**399,200**
Wuhan Jianshe Store	November 1994	42,000
Wuhan Xudong Branch Store	January 2008	29,400
Shanghai Shaanxi Road Branch Store	November 2011	42,000
Shanghai Tianshan Road Branch Store	August 2013	37,600
Shanghai Huaihai Branch Store	December 2001	22,500
Nanjing Store	November 2007	41,200
Changsha Trendy Plaza	September 2006	35,000
Yantai Store	December 2013	55,600
Zhengzhou Store	April 2011	35,500
Shenyang Jinqiao Road Trendy Plaza	May 2011	34,000
Lanzhou Store	September 2005	24,400
TOTAL GROSS FLOOR AREA		**913,400**

Department Store:


Beijing Chongwen Store


Beijing Qianzi Store


Beijing Liying Store


Shanghai Pujian Branch Store


Shanghai Wujiaochang Branch Store


Chongqing Store


Shanghai Baoshan Branch Store


Shanghai Chengshan Branch Store


Mianyang Store


Beijing Trendy Store


Tianjin Store

Shopping Mall:

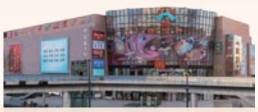

Yantai Store


Shanghai Shaanxi Road Branch Store


Wuhan Jianshe Store


Nanjing Store


Shanghai Tianshan Road Branch Store


Zhengzhou Store


Changsha Trendy Plaza


Shenyang Jinqiao Road Trendy Plaza


Wuhan Xudong Branch Store


Lanzhou Store


Shanghai Huaihai Branch Store

Sorted by GFA in descending order.

Pass Through the Cycle with the Robust and Steady Core

BUSINESS REVIEW

Results Summary

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

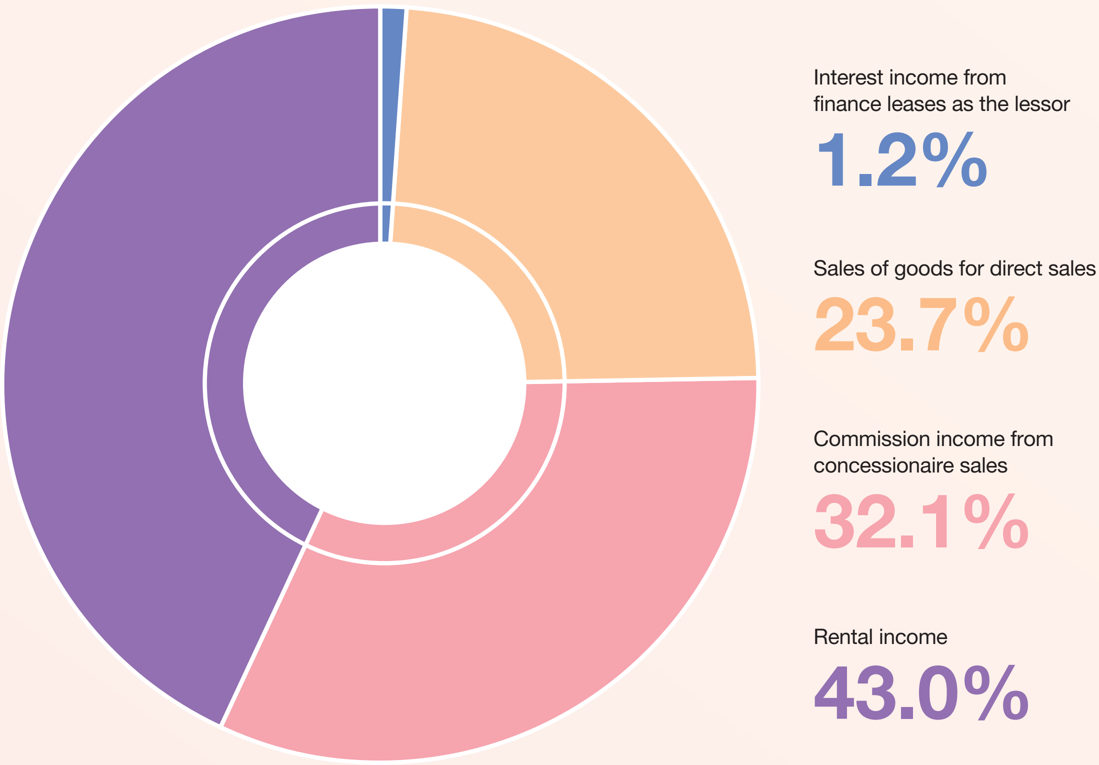
By the implementation of a series of policies to stimulate consumption, the consumer market witnessed a moderate recovery momentum. During the year under review, the Group capitalised the growth opportunities swiftly, it matched the precise positioning of each store with consumer demand and strengthened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

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

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

Business Network

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



OPERATIONS REVIEW

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

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

Shanghai Wujiaochang Branch Store after image revamp.

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

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

During the year under review, the Group made significant strides for offline traffic owing to vigorous development of its own e-commerce platform "New Lab Mini Program" (新閃購小程式) to expand online marketing matrix and through collaboration with platforms such as TikTok, Meituan and AutoNavi. Meanwhile, special live streaming events such as "General Manager Live Room" (總經理直播間) and "Crazy Thursdays" (瘋狂星期四) combined live streaming with vouchers to promote spending conversion. In addition, online initiatives were designed to keep up with market trends and cater for consumer preference. To name a few, "New Lab Double New Year's Day" (新閃購雙旦) event, a swift promotion of new products, presented limited-time offers and exclusive products to attract users; "New Lab 618" (新閃購618) mega sales was held early during mid-year,

Shanghai Wujiaochang Branch Store has taken on an altogether new aspect.

providing a wide array of discounted offers for users; and "New Lab x Double 11" (新閃購雙11聯動) demonstrated well adoption of "brick-and-click" strategy, delivering a brand new shopping experience for users. The "New Lab" (新閃購) recorded a double-digit year-on-year ("YOY") growth in online sales.

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

A fashion show was featured by Shanghai Wujiaochang Branch Store for its opening event.

Department Store and Shopping Mall Business

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

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

"TANGO LIVEHOUSE", an indoor music cycling store, was launched at Shanghai Huaihai Branch Store.

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

The introduction of various brands in regional first stores, city concept stores, and benchmarked brand flagship stores.

"Manner Coffee" opened at Shanghai Pujian Branch Store.

"Domino's Pizza" opened at Wuhan Jianshe Store.

Regarding the alignment of store positioning with requirements of customers in the business district, Changsha Trendy Plaza focusing on the needs of "New Changsha People" (新長沙人) and "Travel Squad" (特種兵群體), introduced popular establishments that offer emotional engagement, such as the trending game experience store "Running Cubes" (奔跑吧格子), the KOL's favourite Guizhou restaurant "Mi La Guo" (米辣果) for sour soup hot pot and the "Poke Drama Theatre" (破殼劇本館), all of which have drawn vast crowds of youngsters to quene as gathering spots. In terms of houseware and living facilities, "MUJI" (無印良品), a large-scale lifestyle brand, opened its store in Beijing Chongwen Store. Wuhan Jianshe Store, positioned as a "Quality Platform for Young Families", introduced the first anchor store "Domino's Pizza"

(達美樂比薩) in the business district along with "Zhen Pin Dian Dian Can" (臻品點點餐). Targeting to serve the social needs of young students, Yantai Store and Shenyang Jinqiao Road Trendy Plaza have also introduced a variety of entertainment activities, including snooker, escape rooms, street dance and fitness facilities, to engage the local youth in a multifaceted and interactive manner. With respect to consumer experience and emotional resonance, expansion of "Nike" counter to SPORT M store and transition of "Manner Coffee" into a bakery at Shanghai Pujian Branch Store have injected new vitality into consumption. Furthermore, Beijing Trendy Store has collaborated with the Beijing Branch Office of China Post to launch the "Beijing Memory-themed Post Office" (北京記憶主題郵局), in order to establish a cultural and creative brand that capture the essence of traditional Beijing culture and facilitate the dissemination of outstanding Chinese traditions.

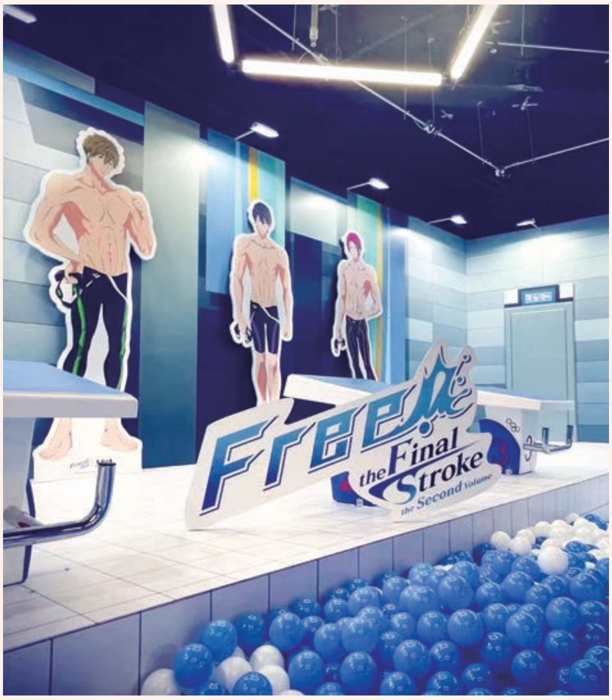
The introduction of specialty business brands.

"MUJI" opened at Beijing Chongwen Store.

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

Premium lifetsyle food and beverage brands have set up shops.

A number of stores have introduced popular brands.



ACG event was organized.

Notably, "Generation Z", represented by the post-95s and post-00s who are willing to spend on films and television, ACG, and related products, is emerging as a major consumer group in the market. In view of this, Beijing Chongwen Store renovated the ACG area, which now features IP-themed restaurants, specialty goods stores and ACG apparel, along with events such as flashmob dances and gatherings. Meanwhile, Changsha Trendy Plaza has launched the brand "IPSTAR" (潮玩星球) to offer an array of animation and comic brands, thereby establishing a hub for enthusiasts. In addition, Beijing Liying Store, which has long been a venue provider for ACG culture, organised events such as "ACG Guiguzi" (ACG鬼谷子), "Pokémon Tournament" (寶可夢卡牌賽), "Wandai Clearance" (萬代開倉) and "Bilibili Anime Exhibitions" (嗶哩嗶哩漫展). Looking forward, the Group will also continue to further diversify its offerings in ACG categories and brands to enhance its market share through differentiated positioning.

The ACG area at Beijing Chongwen Store was renovated.

Gathering events for ACG enthusiasts of the "Generation Z" were held at stores.

Deepening Penetration of Membership Operations to Achieve Traffic Effect

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

"66 Joyful Butterfly Festival" was launched in each store.

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

Various outdoor-themed market events were launched by the stores.

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

The "New Year's Interannual Party" was held at Shanghai Shaanxi Road Branch Store.

Diverse and innovative marketing events.

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

Eight major benefits for members were released.

Exclusive events for children members.

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

Leveraged on the characteristics of business district to conduct different events with surrounding businesses.

The Group vigorously developed online live streaming, and embraced "online" and attracted traffic to "offline" through benefits such as free food coupons, free coupons, vouchers or related gifts, gaining exposure in both online and offline. The "Crazy Thursdays" (瘋狂星期四) themed live streaming jointly held by Wujiaochang Branch Store, Pujian Branch Store, Chengshan Branch Store and Baoshan Branch Store in Shanghai has led to a surge in Gross Merchandise Volume ("GMV"). During the National Day Holiday in October 2023, four stores in Beijing jointly launched a Tiktok live streaming campaign named the "National Day Celebration Guide" (國慶窗前指南), during which it ranked top on the Beijing's Group Buying List (北京團購帶貨榜). Four stores in Central China, namely Wuhan Jianshe Store, Wuhan Xudong Branch Store, Changsha Trendy Plaza and Zhengzhou Store, jointly launched celebration via Tiktok live streaming, with a total GMV of nearly RMB300,000. At the same time, the "More Evaluation" (多多策評) IP was created to seek resonance with consumers, established a unique IP image to drive traffic, voice and consumer awareness through shooting and distributing short videos of offline hopping. Meanwhile, the "General Manager Live Room" (總經理直播間) matched the personal IP of the store manager and the store, offering guarantee for the products under sale while bringing the store closer to customers.

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

"General Manager Live Room" activity in each store.

Private Label Business

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

During the year under review, LOL, as always, adheres to the value of providing goods and gifts that please everyone for consumers who pursue a better lifestyle. With fashion buyers being the brains behind, the shops not only brought in extraordinary products, visual display and shopping experience, but also added trendy and playful elements to create a new atmosphere that blends diverse dimension culture, allowing customers to rediscover the amusement of offline shopping. LOL cherrypicked the British-imported

LOL private concept shops.

magnetic art and trendy building blocks “TRIDO”, which was the winner of the Grand Prix of Red Dot Design in Germany, the American natural aesthetic “NATURA” specimen, the American Old Money style “ARKROCKET” vinyl record player, and the Icelandic “LAVAS” fragrance stone, all of which were popular among consumers. At the same time, LOL also collaborated with brands such as the Singaporean jewelry and ceramic art “SUNS”, designer ornaments “BUER BEAR”, White Art Museum aromatherapy “LA FADEUR”, artistic mug “C tone”, and trendy headphones “ZIIM”, all of which were showcased at the LOL store in K11 Art Mall.

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

LOL joined hands with “MARSHALL” to organise a roving exhibition and launched POPUP stores.

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

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

"New World Supermarket" featured shops with different themes.

OUTLOOK

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

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

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

FINANCIAL REVIEW

Revenue and Other Income

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

Gross sales proceeds of the Group, comprising proceeds from concessionaire sales and sales of goods for direct sales, rental income, interest income from finance leases as the lessor and other income, was HK$4,347.6 million in FY2024 (FY2023: HK$4,914.5 million).

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

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

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

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

Other Gains, Net

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

Changes in Fair Value of Investment Properties

Loss in fair value of investment properties was HK$119.3 million in FY2024 which was mainly arose from the decrease in the fair value of the properties in Shanghai City and Wuhan City.

Purchases of and Changes in Inventories, Net

The purchases of and net changes in inventories primarily represented the cost of sales for direct sales of goods. It decreased from HK$372.5 million in FY2023 to HK$295.7 million in FY2024. The decrease was in line with the decrease in sales of goods for direct sales in FY2024.

Purchases of Promotion Items

The purchases of promotion items represented the costs of promotion items transferred to the customers of concessionaire sales and direct sales upon their consumption in department stores or redemption of reward points granted under customer loyalty programme. The purchases of promotion items decreased from HK$15.2 million in FY2023 to HK$8.3 million in FY2024, primarily due to changes in promotion activities.

Employee Benefit Expense

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

Depreciation

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

Rental Expense

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

Other Operating Expenses, Net

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

Operating Profit/(loss)

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

Finance Costs, Net

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

Income Tax Expense

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

Profit/(loss) for the year

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

Liquidity and Financial Resources

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

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

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

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

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

Pledge of Assets

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

Treasury Policies

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

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2024.

Acquisition and Disposal

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

Forge Ahead,

A Brighter Prospect

DIRECTORS' PROFILE

Executive Director and Chairman

MR. CHEUNG FAI-YET, PHILIP

Aged 69

Appointed as an executive Director in June 2007 and became a non-executive Director in February 2018. Mr. Cheung has been re-designated as an executive Director since August 2018. He was the managing director of the Company until his resignation from such office on 17 March 2017 and has been appointed as the Chief Executive Officer in August 2019, re-designated as the Joint Chief Executive Officer in May 2021 until his resignation from such office on 1 July 2023 and remains as an executive Director. Mr. Cheung was appointed as the chairman of the Board in September 2024. Mr. Cheung is a member of the executive committee, the remuneration committee and the nomination committee of the Board. He is also a director of a number of subsidiaries of the Company. Mr. Cheung joined the Group in 1993 and has been responsible for the overall management of the Group. He has over 40 years of experience in the retail industry and possesses extensive experience in managing retailing stores in Mainland China, Hong Kong and Taiwan. Prior to joining the Group, Mr. Cheung has held various senior management positions in large retail groups in Hong Kong and Taiwan, including working as a general manager in a large Japanese department store and as a general manager in the retail division of a UK-based conglomerate in Hong Kong, as well as being a general manager in a large pharmaceutical retail company in Taiwan.

Executive Director and
Chief Executive Officer

MS. XIE HUI-FANG, MANDY

Aged 48

Appointed as an executive Director in May 2021. She was the Joint Chief Executive Officer and has been re-designated as a Chief Executive Officer since 1 July 2023. Ms. Xie joined the Company in 2001. She is the chairman of the executive committee of the Board and a member of the remuneration committee and the nomination committee of the Board. Ms. Xie is in charge of matters relating to the overall management of the Company, promoting the business development and implementing the operational strategy of the Company. Ms. Xie is also a director and/or legal representative of a number of subsidiaries of the Company. Ms. Xie graduated from East China University of Political Science and Law. She has over 20 years of managerial experience at large-scale corporate chain stores. She has extensive experience in the management of legal affairs, structuring of corporate risk management system, corporate governance, project management and planning. Ms. Xie is also experienced in areas such as formulating human resources strategy, planning staff development and training, as well as corporate administrative management.

Executive Director

MR. MA SIU-CHEUNG
GBS, JP

Aged 61

Appointed as an executive Director in September 2024. He is a member of the executive committee and the remuneration committee of the Board. Mr. Ma was appointed as an executive director of NWD, a listed public company in Hong Kong, in July 2022, became the chief operating officer of NWD in January 2024 and was appointed as the chief executive officer of NWD with effect from 26 September 2024. Mr. Ma was an executive director and the chief executive officer of NWSH, a listed public company in Hong Kong, up to his resignation on 1 January 2024.

Prior to joining the NWD group, Mr. Ma was the Acting Chief Executive Officer of Hong Kong-Shenzhen Innovation and Technology Park Limited during the period from February to June 2018. He joined the Government of the Hong Kong Special Administrative Region in January 2014 as the Under Secretary for Development and was subsequently appointed as the Secretary for Development in February 2017 and remained in the post until June 2017, the expiry of the term. Prior to working with the Government of the Hong Kong Special Administrative Region, Mr. Ma was the Executive Vice-President for Civil and Infrastructure Business (Asia Pacific) of AECOM Asia Company Limited.

Mr. Ma joined China Resources (Holdings) Co., Ltd. as a non-executive director in 2022. Mr. Ma is a Fellow of the Hong Kong Institution of Engineers, the Institution of Civil Engineers, United Kingdom, the Institution of Structural Engineers, United Kingdom and the Hong Kong Academy of Engineering Sciences. He is also a Registered Professional Engineer in Hong Kong and a Chartered Engineer in the United Kingdom. Mr. Ma holds a Bachelor of Science degree in Engineering (Civil) from The University of Hong Kong and a Master of Engineering degree in Transportation Planning from Monash University, Australia. Mr. Ma is a Member of General Committee and Audit Committee of the Hong Kong General Chamber of Commerce. He is also the President of The Hong Kong Institution of Engineers. Mr. Ma is a member of the Council of The Chinese University of Hong Kong, a member of the Court of the City University of Hong Kong and Chairman of the Departmental Advisory Committee of the Department of Architecture and Civil Engineering of the City University of Hong Kong. He is also an Honorary Professor of the School of Science and Technology of Hong Kong Metropolitan University, an Adjunct Professor of the Department of Civil and Environmental Engineering, Faculty of Construction and Environment of The Hong Kong Polytechnic University, and an Adjunct Professor of the Department of Real Estate and Construction, Faculty of Architecture of The University of Hong Kong. Mr. Ma is a committee member of the Chinese People's Political Consultative Conference of Shenzhen. Mr. Ma was appointed as Justice of the Peace in 2014 and was awarded the Gold Bauhinia Star by the Government of the Hong Kong Special Administrative Region in 2017.

Non-executive Director

MS. CHIU WAI-HAN, JENNY

Aged 53

Appointed as a non-executive Director in May 2021. Ms. Chiu was appointed as an executive director of NWD, a listed public company in Hong Kong, in May 2020. She joined NWD Group in 2004 and is currently the Senior Director — Human Resources of NWD. Ms. Chiu is responsible for planning and driving full spectrum of strategic human resources direction, including talent acquisition, talent development and management, reward management and human resources partnering services. Prior to joining NWD Group, she had taken up managerial role in renowned corporations in information and communications technology services and property development industries. Ms. Chiu graduated from The Chinese University of Hong Kong. She is an Associate Member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute. Ms. Chiu possesses over 20 years of experience in human resources and corporate management. Ms. Chiu is a member of the Employees Retraining Board.

Independent Non-executive Director

MR. CHEONG YING-CHEW, HENRY

Aged 76

Appointed as an independent non-executive Director in June 2007. He is also a member of the audit committee and the remuneration committee of the Board. Mr. Cheong has over 40 years' experience in the securities industry. He has been a director of the Worldsec Group of companies which he founded in 1991 together with The Bank of Tokyo-Mitsubishi UFJ, Ltd. in Japan. Mr. Cheong currently serves as an executive director and the deputy chairman of Worldsec Limited, a company listed on the London Stock Exchange. Prior to setting up the Worldsec Group in 1991, he was a director of James Capel (Far East) Limited for 5 years with overall responsibility of Far East sales. His earlier professional experience includes 11 years with Vickers da Costa Limited in Hong Kong, latterly as managing director. Mr. Cheong holds a Bachelor of Science (Mathematics) Degree from Chelsea College, University of London and a Master of Science (Operational Research and Management) Degree from Imperial College, University of London.

Mr. Cheong is an independent non-executive director of each of CK Infrastructure Holdings Limited, CK Asset Holdings Limited and Skyworth Group Limited. He is also an independent director of BTS Group Holdings Public Company Limited, a company listed on the Stock Exchange of Thailand. He was an independent non-executive director of each of CNNC International Limited, Greenland Hong Kong Holdings Limited, Hutchison Telecommunications Hong Kong Holdings Limited and TOM Group Limited, all being listed public companies in Hong Kong.

Independent Non-executive Director

MR. CHAN YIU-TONG, IVAN

Aged 70

Appointed as an independent non-executive Director in June 2007. He is also the chairman of the audit committee of the Board and a member of the remuneration committee of the Board. Mr. Chan has more than 20 years of audit and consulting experience with multinational and PRC corporations. He was the audit engagement partner for many of the B-share and H-share listings in the early 90s. In addition, Mr. Chan had been with a leading British merchant bank and an international accounting firm, specializing in mergers and acquisitions in the PRC. Mr. Chan graduated from the London School of Economics with a Bachelor of Science Degree in Economics.

Independent Non-executive Director

MR. TONG HANG-CHAN, PETER

Aged 80

Appointed as an independent non-executive Director in June 2007. He is also the chairman of the remuneration committee of the Board and a member of the audit committee and the nomination committee of the Board. Mr. Tong is currently a principal consultant of World Link CPA Limited. He has more than 50 years of management experience with leading international retail chains and high-tech companies in Hong Kong and Southeast Asia, specializing in high-fashion and accessories brand management as well as in establishing sales and distribution networks through joint ventures and franchises. Mr. Tong was the chief operating officer of Mongolia Energy Corporation Limited, an executive director of Sa Sa International Holdings Limited, a vice president of Tiger Enterprises Limited and the president of Giordano Japan Limited (both are subsidiaries of Giordano International Limited), the managing director of Longchamp Company Limited, an executive director of Dickson Development Company Limited, and the managing director of Christabel Trading Company Limited and Verwin Company Limited (both are affiliates of The Swank Shop). Mr. Tong has been appointed as the chairman of Human Resources Committee, a vice chairman of Scout Supply Services Committee, a member of Scout Council and Executive Committee of Scout Association of Hong Kong.

Independent Non-executive Director

MR. YU CHUN-FAI

Aged 62

Appointed as an independent non-executive Director in June 2007. He is also the chairman of the nomination committee of the Board and a member of the audit committee and the remuneration committee of the Board. He has over 30 years of experience in the financial industry. Mr. Yu is the founder, and was the chairman, chief executive officer and an executive director of Oriental Payment Group Holdings Limited for the period from January 2018 to July 2019, and has been re-appointed as an executive director with effect from November 2022 until his retirement on 21 July 2023. Mr. Yu was also an independent non-executive director of Minerva Group Holding Limited (formerly known as Power Financial Group Limited). He is the founder, and was the chairman and an executive director of China Smartpay Group Holdings Limited (formerly known as Oriental City Group Holdings Limited), all being listed public companies in Hong Kong Limited. Prior to establishing Oriental City Group, Mr. Yu worked for Morgan Stanley, AIG Asset Management (Asia) Ltd, and Allianz Dresdner Asset Management.

Independent Non-executive Director

MS. HO PUI-YUN, GLORIA

Aged 43

Appointed as an independent non-executive Director in May 2023. She is also a member of the audit committee, the remuneration committee and the nomination committee of the Board. Ms. Ho is currently the Chief Financial Officer and an executive director of Sunshine Oilsands Ltd., a listed public company in Hong Kong. She has extensive experience and expertise in investment, risk management, corporate banking and finance fields. She had previously undertaken equity research, credit analysis, capital strategy, fund management and auditing work in international financial institutions and had acted as the chief executive officer of a Chinese-based asset management company. Ms. Ho holds a Master of Science in Finance degree at the University of Illinois Urbana-Champaign and a Postgraduate Certificate in Financial Engineering at Stanford University. She is a Chartered Accountant in England and Wales, a Certified Public Accountant in Hong Kong, a Chartered Financial Analyst (CFA) and a Chartered Alternative Investment Analyst (CAIA).

Former Non-executive Director and Chairman

DR. CHENG CHI-KONG, ADRIAN SBS, JP

Aged 44

Appointed as an executive Director in June 2007, and was appointed as the chairman of the Board and re-designated as a non-executive Director in May 2021, up to his resignation on 26 September 2024. Dr. Cheng was responsible for overseeing the strategic direction of the Group. Currently, he is a non-executive director and the non-executive vice-chairman of NWD, and the chairman and a non-executive director of Arta TechFin Corporation Limited, both being listed public companies in Hong Kong. Dr. Cheng was an executive director of Chow Tai Fook Jewellery Group Limited and a non-executive director of NWSH, all being listed public companies in Hong Kong, up to his resignation on 26 September 2024. In addition, he was a non-executive director of New Century Healthcare Holding Co. Limited and Giordano International Limited, and a non-executive director and a co-chairman of Meta Media Holdings Limited, all being listed public companies in Hong Kong, up to his resignation on 1 June 2022, 1 December 2022 and 5 October 2023 respectively.

Dr. Cheng serves as a member of the 14th National Committee of the Chinese People's Political Consultative Conference of The People's Republic of China, a vice-president of All-China General Chamber of Industry and Commerce, the chairman of the Mega Arts and Cultural Events Committee, a board member of the Hong Kong Financial Services Development Council and the chair of the board of Hong Kong Academy for Wealth Legacy, a non-official member of the Task Force on Promoting and Branding Hong Kong, and a member of the United Nations Economic and Social Commission for Asia and Pacific (ESCAP) Sustainable Business Network (ESBN) Executive Council and the chair of the ESBN Task Force on Innovation. He is the founder of The WEMP Foundation and the chairman of China Young Leaders Foundation. Dr. Cheng is a Justice of Peace appointed by the Government of the Hong Kong Special Administrative Region since 2016 and was awarded the Silver Bauhinia Star in 2022. He was made an "Officier de l'Ordre des Arts et des Lettres" by the French Government in 2017, and an "Officier de l'Ordre National du Mérite" in 2022. Dr. Cheng holds a Bachelor of Arts Degree (cum laude) from Harvard University, and received the Honorary Doctorate of Humanities by the Savannah College of Art and Design in 2014. He was conferred an Honorary Fellowship by Lingnan University in 2014, an Honorary University Fellowship by The University of Hong Kong in 2022 and an Honorary Fellowship by The Hong Kong University of Science and Technology in 2023. Dr. Cheng worked in a major international bank prior to joining NWD Group in September 2006 and has substantial experience in corporate finance.

CORPORATE GOVERNANCE PRACTICES

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

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the "Model Code") as its own code of conduct regarding securities transactions by the Directors. Upon the Company's specific enquiry of each Director, all Directors confirmed that they had complied with the required standard set out in the Model Code and the code of conduct regarding Directors' securities transactions adopted by the Company during the year ended 30 June 2024.

EMPLOYEES' SECURITIES TRANSACTIONS

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

BOARD OF DIRECTORS

As at the date of this report, the Board comprises three executive Directors, one non-executive Director and five independent non-executive Directors, and their names and biographical details are set out in the section headed "Directors' profile" on pages 38 to 42 of this annual report. Save as disclosed therein, there is no other relationship (whether financial, business, family or other material/relevant relationships) among members of the Board.

On 26 September 2024, Dr. Cheng Chi-kong, Adrian resigned as a non-executive Director and the chairman of the Board (the "Chairman"). On the same day, Mr. Cheung Fai-yet, Philip was appointed as the Chairman and Mr. Ma Siu-cheung was appointed as an executive Director. Mr. Ma Siu-cheung had obtained legal advice in relation to the requirements, duties and obligations under the Listing Rules that are applicable to him as a director of a listed company on 24 September 2024 from an external legal adviser qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules. Mr. Ma had confirmed that he understood his obligations as a director of the Company.

Corporate culture

The Board sets the tone and shapes the corporate culture of the Company, which is underpinned by the core values of innovation, foresight, integrity, prudence and respect across all levels of the Group. The Board plays a leading role in defining the purpose, values and strategic direction of the Group and in fostering a culture that is creativity, foresight and efficiency focused.

The Company's culture is developed and reflected consistently in the operating practices of the Group, workplace policies and practices as well as relationship with stakeholders, including but not limited to the following:

- Code of Conduct for Employees
- Corporate Culture Working Guidelines
- Memorandum on Corporate Governance Matters
- Whistleblowing Policy
- Remuneration Policy for Directors and Employees
- Shareholders' Communication Policy

Board process

The Board regulates the directions of the Group, monitors its overall performance and maintains effective supervision over the management running the Group through relevant committees of the Board in a sound and efficient manner. The executive committee of the Board (the "Executive Committee") and the management are delegated the authority and responsibilities by the Board for the routine management and operation of the Company.

The Board holds at least four regular meetings a year at approximately quarterly intervals and meets at other times as and when required to review business strategies and financial and operating performance. During the year ended 30 June 2024, the Company held four regular meetings of the Board and the independent non-executive Directors had a meeting with the Chairman once without the presence of other Directors.

All Directors are subject to retirement by rotation and re-election, if eligible, in accordance with the articles of association of the Company (the "Articles").

During the year under review, the Directors' attendance at the Board meetings and general meeting is set out as follows:

Name	Number of meetings attended/held: Board Meetings	Annual General Meeting
Non-executive Directors		
Dr. Cheng Chi-kong, Adrian *(Chairman)*(Note)	4/4	1/1
Ms. Chiu Wai-han, Jenny	4/4	1/1
Executive Directors		
Mr. Cheung Fai-yet, Philip(Note)	4/4	1/1
Ms. Xie Hui-fang, Mandy *(Chief Executive Officer)*	4/4	1/1
Independent non-executive Directors		
Mr. Cheong Ying-chew, Henry	4/4	1/1
Mr. Chan Yiu-tong, Ivan	4/4	1/1
Mr. Tong Hang-chan, Peter	4/4	1/1
Mr. Yu Chun-fai	4/4	1/1
Ms. Ho Pui-yun, Gloria	4/4	1/1

Note: Dr. Cheng Chi-kong, Adrian resigned as a non-executive Director and the Chairman and ceased to be a member of the remuneration committee of the Board (the "Remuneration Committee") on 26 September 2024. On the same day, Mr. Cheung Fai-yet, Philip, an executive Director, was appointed as the Chairman; and Mr. Ma Siu-cheung was appointed as an executive Director, and a member of each of the Executive Committee and the Remuneration Committee.

Roles of the Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer are performed by separate individuals with a clear division of responsibilities to ensure a balance of power and authority. During the year under review, Dr. Cheng Chi-kong, Adrian was the Chairman, being responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a constructive manner. Following the resignation of Dr. Cheng Chi-kong, Adrian as the Chairman on 26 September 2024, Mr. Cheung Fai-yet was appointed as the Chairman on the same day. Ms. Xie Hui-fang, Mandy, the Chief Executive Officer, is responsible for running the Group's business and the timely implementation of the approved strategies of the Group.

Non-executive Directors

The non-executive Directors and the independent non-executive Directors serve the relevant function of bringing independent judgement on the development, performance, risk management and internal controls of the Group. They are subject to retirement by rotation and re-election, if eligible, in accordance with the Articles. The current non-executive Director has been appointed with no fixed term of services commencing from 1 July 2023, whereas the independent non-executive Directors have been appointed with no fixed term of services commencing from 1 July 2022 (save for Ms. Ho Pui-yun, Gloria who has been appointed with no fixed term of service commencing from 1 May 2023).

Board Independence

The Company recognises that Board independence is critical to constitute good corporate governance. The Company has the Written Terms of Mechanism on Independent Views to the Board (the "Independent Views Mechanism") in place to ensure a strong independent element on the Board which is key to an effective Board. The Independent Views Mechanism includes procedures to enable the Directors to seek independent professional advice in appropriate circumstances at the Company's expense and incorporates the selection criteria and process of independent non-executive Directors to ensure independent views and input are available to the Board. During the year under review, the Board has reviewed the Independent Views Mechanism to ensure its implementation and effectiveness.

During the year under review, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of sufficient number of independent non-executive Directors and is having independent non-executive Directors with relevant professional qualifications or accounting or relating financial management expertise. The Company has received annual confirmation of independence from each of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Board is of the view that all the independent non-executive Directors are independent in accordance with the Listing Rules.

Linkage between Corporate Governance and Environmental, Social and Governance

Corporate governance creates the framework within which the Board makes their decisions and develops their businesses. The entire Board has focused on maintaining long-term sustainable growth for the Shareholders and delivering long-term values to all relevant stakeholders. We truly believe that effective corporate governance structure facilitates us to have a better understanding of assessing and managing risks and opportunities, including environmental and social risks and opportunities.

The Board is responsible for the oversight of the Company's sustainability and Environmental, Social and Governance ("ESG") issues and risks. The ESG management approaches and policies are overseen by the Board. The Board identifies and evaluates the material ESG-related issues to internal and external stakeholders (including risks to the Company's businesses), and to deliver the pillars of the "New World Sustainability Vision 2030" ("SV2030"), to manage our ongoing performance.

During the year under review, two regular Board meetings, among others, were convened at which the ESG development of the Group, such as the Group's sustainability strategy, policies and targets set under the "SV2030" was discussed and the Group's ESG performance and reporting were reviewed.

Executive Committee

The Executive Committee serves as an executive arm of the Board with authority and responsibility for delegating certain operating functions to the management to handle the day-to-day operations of the Company, while reserving certain key matters including the declaration of interim dividend, making recommendation of final dividend or other distributions for the approval by the Board. Following the appointment of Mr. Ma Siu-cheung as a member of the Executive Committee on 26 September 2024, the Executive Committee comprises three executive Directors, namely Mr. Cheung Fai-yet, Philip, Ms. Xie Hui-fang, Mandy and Mr. Ma Siu-cheung. Ms. Xie Hui-fang, Mandy is the chairman of the Executive Committee. The Executive Committee meets as and when necessary.

Audit Committee

The Company has established the audit committee of the Board (the "Audit Committee") with written terms of reference setting out duties, responsibilities and authorities delegated to it by the Board. The Audit Committee comprises five independent non-executive Directors, namely Mr. Chan Yiu-tong, Ivan, Mr. Cheong Ying-chew, Henry, Mr. Tong Hang-chan, Peter, Mr. Yu Chun-fai and Ms. Ho Pui-yun, Gloria. Mr. Chan Yiu-tong, Ivan is the chairman of the Audit Committee and possesses financial management expertise. The Audit Committee meeting will be held at least twice a year.

The major duties and responsibilities of the Audit Committee include review of the effectiveness of the Group's financial reporting processes, risk management and internal control systems. The duties of the Audit Committee also include review of the scope and nature of the audit carried out by the Company's auditor. The Audit Committee meets with external auditor at least twice a year to discuss any issues from the audit and any matters the external auditor may wish to raise.

During the year under review, the Audit Committee held two meetings. During the meetings, the Audit Committee reviewed with auditor of the Company the audited consolidated financial statements for the year ended 30 June 2023 and the unaudited interim financial information for the six months ended 31 December 2023 as well as risk management and internal control systems of the Company, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions and those relating to the Company's ESG performance and reporting with recommendations to the Board for approval. The Audit Committee also reviewed internal audit report including the effectiveness of the risk management and internal control systems, with recommendations to the Board for approval.

During the year under review, the internal audit department of the Group (the "Internal Audit Department") has conducted audits of the Group. The Internal Audit Department performs risk-based audits to review the effectiveness of the Group's material internal controls so as to provide assurance that key businesses and operational risks including ESG risks are identified and managed. The work carried out by the Internal Audit Department will ensure the risk management and internal controls, including the process used to resolve material internal control defects for any significant problems, are carried out appropriately and functioning as intended. The Internal Audit Department shall report its findings and make recommendations to improve and to plan the risk management and internal control of the Group.

The Company has written policy and manual for the handling and dissemination of inside information.

During the year under review, the members' attendance of the meetings of the Audit Committee is set out as follows:

Name	Number of meetings of the Audit Committee attended/held
Mr. Chan Yiu-tong, Ivan *(chairman)*	2/2
Mr. Cheong Ying-chew, Henry	2/2
Mr. Tong Hang-chan, Peter	2/2
Mr. Yu Chun-fai	2/2
Ms. Ho Pui-yun, Gloria	2/2

Whistleblowing policy

The Group has the Whistleblowing Policy in place, which serves as a useful way to uncover fraud, malpractice, misconduct or significant risk within the Company. The policy aims to encourage and assist employees of the Group or third parties (such as customers and suppliers of the Group) to raise relevant concern confidentially and to provide them with reporting channels and guidance, as well as to reveal suspected fraud, malpractice or misconduct before any disruption or loss is caused to the Group. The Audit Committee has the overall responsibility for the Whistleblowing Policy and is responsible for monitoring and reviewing the effectiveness of the Whistleblowing Policy and the actions resulting from any investigation.

Remuneration Committee

The Company has established the Remuneration Committee with written terms of reference setting out duties, responsibilities and authorities delegated to it by the Board. Following the cessation of Dr. Cheng Chi-kong, Adrian as a member of the Remuneration Committee on 26 September 2024 and the appointment of Mr. Ma Siu-cheung as a member of the Remuneration Committee on the same day, the Remuneration Committee comprises Mr. Tong Hang-chan, Peter, Mr. Cheung Fai-yet, Philip, Ms. Xie Hui-fang, Mandy, Mr. Ma Siu-cheung, Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Yu Chun-fai and Ms. Ho Pui-yun, Gloria, the majority of whom are independent non-executive Directors. Mr. Tong Hang-chan, Peter, an independent non-executive Director, is the chairman of the Remuneration Committee. The Remuneration Committee meeting will be held at least once a year.

During the year ended 30 June 2024, the Remuneration Committee met two times to review the remuneration policy for the Directors and the Group and assess performance of executive Directors. The Remuneration Committee is to determine, with delegated responsibility, the remuneration packages of individual executive Directors and the management. This should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment. The Remuneration Committee is also to make recommendations to the Board on the remuneration of non-executive Directors and to ensure that no Directors or any of their associates are involved in deciding their own remuneration.

The Company has a formal and transparent Remuneration Policy for Directors and employees in place. The objective of Directors' remuneration is to ensure that there is an appropriate level of remuneration to attract and retain experienced people of high calibre, to oversee business and development of the Company. Directors' remuneration is reviewed annually with reference to companies of comparable business or scale. Given that quality and committed staff members are valuable assets contributing to the Group's success, to ensure the ability to attract and retain talents, the Group's remuneration policy for employees is built upon the principles of providing equitable and market-competitive remuneration package that support the performance culture and enable the achievement of strategic business goals.

Details of the amount of emoluments of Directors for the year ended 30 June 2024 are set out in note 11 to the consolidated financial statements.

During the year under review, the members' attendance of the meetings of the Remuneration Committee is set out as follows:

Name	**Number of meetings of the Remuneration Committee attended/held**
Mr. Tong Hang-chan, Peter *(chairman)*	2/2
Dr. Cheng Chi-kong, Adrian(Note)	2/2
Mr. Cheung Fai-yet, Philip	2/2
Ms. Xie Hui-fang, Mandy	2/2
Mr. Cheong Ying-chew, Henry	2/2
Mr. Chan Yiu-tong, Ivan	2/2
Mr. Yu Chun-fai	2/2
Ms. Ho Pui-yun, Gloria	2/2

Note: Dr. Cheng Chi-kong, Adrian resigned as a non-executive Director and the Chairman and ceased to be a member of the Remuneration Committee on 26 September 2024. On the same day, Mr. Ma Siu-cheung was appointed as an executive Director, and a member of each of the Executive Committee and the Remuneration Committee.

Nomination Committee

The Company has established the nomination committee of the Board (the "Nomination Committee") on 1 April 2012 with written terms of reference setting out duties, responsibilities and authorities delegated to it by the Board. The Nomination Committee comprises three independent non-executive Directors, namely Mr. Yu Chun-fai, Mr. Tong Hang-chan, Peter and Ms. Ho Pui-yun, Gloria, and two executive Directors, namely Mr. Cheung Fai-yet, Philip and Ms. Xie Hui-fang, Mandy. Mr. Yu Chun-fai is the chairman of the Nomination Committee. The Nomination Committee meeting will be held at least once a year. The primary duties of the Nomination Committee include reviewing the structure, size and composition of the Board, making recommendations on any proposed changes to the Board, and assessing the independence of the independent non-executive Directors. The Nomination Committee is also to determine the policy and to implement the nomination procedures and the process and criteria, such as experience and independence, to select and recommend candidates for directorship. During the year ended 30 June 2024, the Nomination Committee met once to consider the retiring Directors standing for re-election at the annual general meeting and recommend the same to the Board, review the nomination policy (the "Nomination Policy") and the board diversity policy (the "Diversity Policy") of the Company; and review and recommend to the Board on the updates of its terms of reference. Also, taking into account of the Company's own operation model and specific needs, the Nomination Committee has reviewed the structure, size and composition of the Board and considered that the experience and diversity of perspectives of the Board appropriate to the requirements of the Company's business.

During the year under review, the members' attendance of the meeting of the Nomination Committee is set out as follows:

Name	Number of meeting of the Nomination Committee attended/held
Mr. Yu Chun-fai *(chairman)*	1/1
Mr. Cheung Fai-yet, Philip	1/1
Ms. Xie Hui-fang, Mandy	1/1
Mr. Tong Hang-chan, Peter	1/1
Ms. Ho Pui-yun, Gloria	1/1

Nomination policy

The Company has the Nomination Policy in place.

The Nomination Policy sets out the criteria and procedures to be implemented when considering candidates to be appointed or re-elected as Directors. It provides guidance to the Nomination Committee and the Board on nomination of Board members so as to ensure the appointment to the Board of a candidate who will be beneficial to the balance of skills, experience and diversity of perspectives suitable to the business requirements of the Company.

Nomination Criteria

The Nomination Committee shall consider the following criteria in evaluating and selecting candidates for directorship:

(1) The Board diversity policy and any measurable objectives adopted for achieving diversity on the Board including gender, age, skills, knowledge, experience, expertise, professional and educational qualifications, background;

(2) Reputation for integrity;

(3) Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;

(4) Willingness to devote adequate time to discharge duties as a member of the Board;

(5) Requirement for the Board to have independent directors in accordance with the Listing Rules applicable to the Company and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules;

(6) Potential conflicts of interest with the Company; and

(7) Such other perspectives appropriate to the Company's business or as suggested by the Board.

Nomination Process

(1) When it is necessary to fill a causal vacancy or appoint an additional director, the Nomination Committee identifies or selects candidates pursuant to the criteria set out above;

(2) When it is necessary to re-appoint an existing director, the Nomination Committee reviews overall contribution and service of the retiring director to the Company and determine whether the retiring director continues to meet the criteria as set out above;

(3) The Nomination Committee shall hold a physical meeting instead of deciding by written resolution to consider the matter unless it is impractical to hold a physical meeting;

(4) The Nomination Committee makes recommendation to the Board; and

(5) The Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.

Nomination by shareholders

(1) The Shareholders may also propose a person for election as a director, details of which are set out in the "Procedures for shareholders to propose a person for election as director of the Company" of the Company; and

(2) The Nomination Committee shall evaluate such candidate based on the criteria as set out in section headed "Nomination Criteria" above to determine whether such candidate is qualified for directorship and where appropriate, the Nomination Committee and/or the Board shall make recommendation to shareholders in respect of the proposed election of director at the general meeting.

Review of the Policy

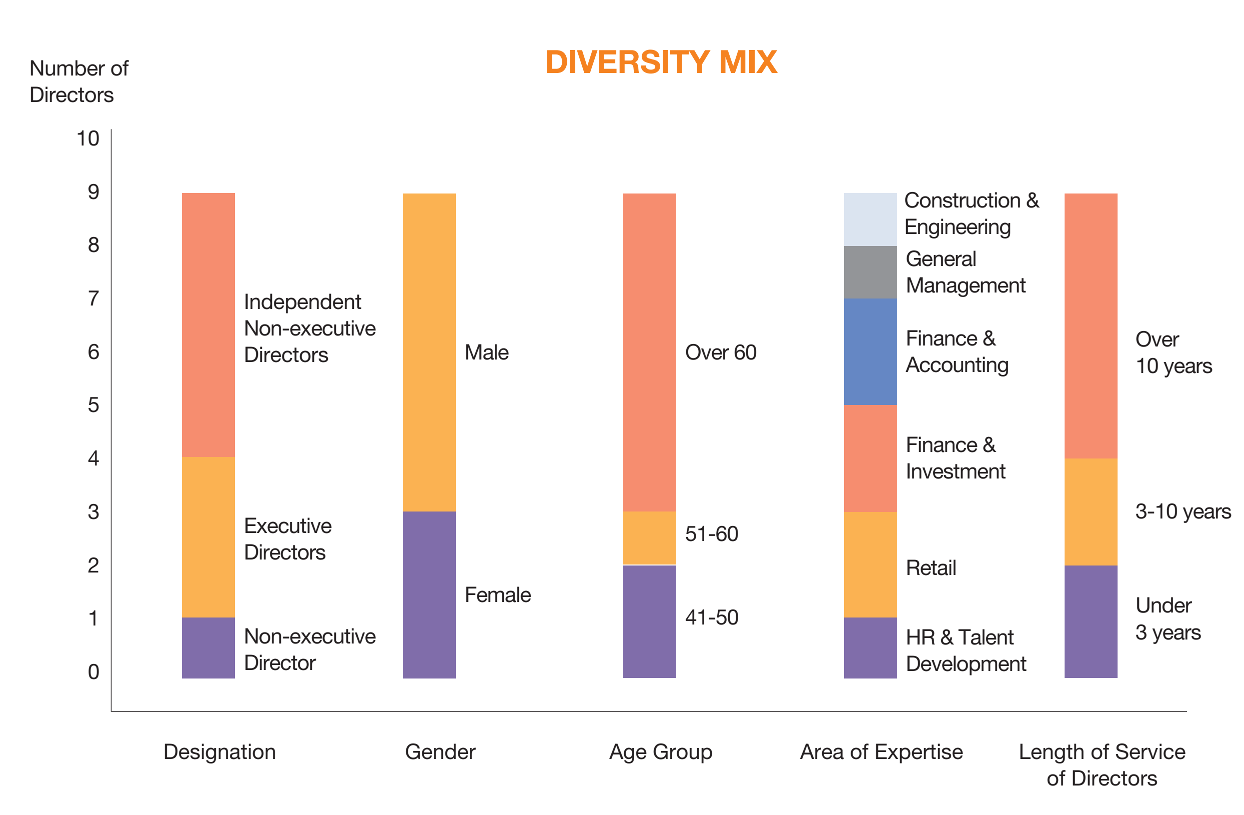
The Nomination Committee and/or the Board will review the Nomination Policy, as appropriate to ensure the effectiveness of the Policy.

Board Diversity Policy

The Company has adopted the Board Diversity Policy which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board. Pursuant to the Board Diversity Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service and by taking account of the Company's own business model and specific needs.

The Board has set measurable objectives to implement the Board Diversity Policy and will review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee has reviewed the Board Diversity Policy during the year under review to ensure its continued effectiveness.

The chart below shows the diversity mix of the Board as at the date of this report:



Currently, three out of the nine Directors are female, accounting for 33.33% of the Board. The Company believes that it has achieved gender diversity on the Board.

As at 30 June 2024, the Group had 1,838 employees, of which about 48% were female and the gender pay ratio was 1.03. As such, the Company also believes that it has achieved gender diversity in its workforce.

The Company is determined to maintain gender balance within the Board and its workforce. The details on the gender ratio in the workforce of the Group are contained in the "Sustainability Report 2024" (a standalone report) which is published at the same time as the publication of this annual report.

Corporate Governance Functions

The Board is responsible for performing the corporate governance duties with written terms of reference which include the applicable code provisions as set out in the Corporate Governance Code. During the year under review, the Board has reviewed the compliance with the Corporate Governance Code and disclosure in this corporate governance report of the Company.

Directors' Training

All Directors are kept informed on a timely basis of major changes that may have affected the Group's business, including relevant rules and regulations and are able to make further enquiries and they may seek independent professional advice and consultation when necessary. To enhance proper and up-to-date understanding of the Company's operations and business, legal and other regulatory requirements and appropriate emphasis on the roles, functions and duties of Directors, the Company has arranged professional development training to the Directors. During the year under review, all Directors have participated in continuous professional development to develop and refresh their knowledge and skills. During the year under review, the Company has received training records of the Directors as below:

Name	**Training records received by the Company**
Non-executive Directors	
Dr. Cheng Chi-kong, Adrian *(Chairman)*(Note)	✓
Ms. Chiu Wai-han, Jenny	✓
Executive Directors	
Mr. Cheung Fai-yet, Philip(Note)	✓
Ms. Xie Hui-fang, Mandy *(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	✓
Ms. Ho Pui-yun, Gloria	✓

Note: Dr. Cheng Chi-kong, Adrian resigned as a non-executive Director and the Chairman and ceased to be a member of the Remuneration Committee on 26 September 2024. On the same day, Mr. Cheung Fai-yet, Philip, an executive Director, was appointed as the Chairman; and Mr. Ma Siu-cheung was appointed as an executive Director, and a member of each of the Executive Committee and the Remuneration Committee.

Remuneration of Directors

The remuneration of the Directors is determined with reference to the performance and responsibilities of individuals, performance of the Group and prevailing market conditions. By providing remuneration at competitive industry levels, the Company seeks to attract, motivate and retain key executives essential to its future development and growth. To provide an opportunity for the Directors to participate in the equity of the Company as well as to motivate them to optimise their performance, all Directors are eligible to be granted options to subscribe for shares of the Company under the Company's share option scheme adopted on 26 June 2023. In addition, all Directors are covered by appropriate insurance on Directors' liabilities from their risk exposure arising from the management of the Group.

FINANCIAL REPORTING, RISK MANAGEMENT AND INTERNAL CONTROL

The annual and interim results of the Company were respectively published in a timely manner during the year under review. The Directors acknowledge their responsibility for the preparation of the annual report and financial statements of the Company to ensure that the consolidated financial statements give a presentation in accordance with the applicable laws and accounting standards. The Directors consider that in preparing the consolidated financial statements, the Group has made judgments that are reasonable and prudent, in accordance with the applicable accounting standards.

The reporting responsibilities of PricewaterhouseCoopers, the Company's external auditor, are stated in the Independent Auditor's Report on pages 78 to 85 of this annual report.

The Board acknowledges that it is responsible for the Company's risk management and internal control systems and reviewing their effectiveness. The Group's risk management and internal control systems provide a comprehensive and organized structure with clearly defined scopes of responsibilities, authorities and procedures.

The Group has a designated internal control team which is responsible for identifying and monitoring the Group's risks and internal control issues and reports directly to the Audit Committee of any findings and follow-up actions. Each department of the Group is also required to adhere strictly to the Group's internal control procedures/policies and report to the internal control team of any risks or internal control issues. The internal audit function also reviews the Company's management's action plans in relation to audit findings and the adequacy and effectiveness of the mitigating controls before formally closing the issues. The Audit Committee also reviews the Company's financial controls, risk management and internal control systems/policies on a half-yearly basis.

During the year ended 30 June 2024, the Audit Committee conducted reviews of the effectiveness of the risk management and internal control systems/policies of the Group. The reviews had covered various aspects of the Group's risk management and internal control systems/policies. The review results were reported to the Board. The Audit Committee is satisfied that such systems/policies are effective and adequate. The systems in place are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material loss.

The Board has conducted half-yearly reviews on the effectiveness of the Group's risk management and internal control systems for the year ended 30 June 2024 and confirmed that the Group's risk management and internal control systems in respect of financial, operational, compliance, risk management and adequacy of resources, are effective and adequate.

The Audit Committee also considers the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit, financial reporting functions, as well as those relating to the Group's ESG performance and reporting.

DISSEMINATION OF INSIDE INFORMATION

The Company is committed to a consistent practice of timely, accurate and sufficiently detailed disclosure of material information about the Group. The Company has adopted continuous disclosure policy which sets out the obligations, guidelines and procedures for handling and dissemination of inside information. With those guidelines and procedures, the Group has management controls in place to ensure that potential inside information can be promptly identified, assessed and escalated for the attention of the Board to decide about the need for disclosure. The procedures are briefly as follow:

(1) As soon as staff members become aware of actual or potential inside information, they must provide to their respective divisional disclosure officers the relevant details.

(2) Divisional disclosure officers shall then conduct preliminary assessment of the information received based on internal guidelines promulgated by the Board or the disclosure committee of the Board (the "Disclosure Committee"). In case of doubt, the matter shall be referred to the Disclosure Committee for determination.

(3) Upon notification of potentially inside information, the Disclosure Committee reviews and decides whether the information must be disclosed, as well as when and how the information shall be released.

(4) All staff must ensure that inside information is not communicated to any external parties unless with approval from the Disclosure Committee. As such, staff shall not respond to market speculation and rumours unless authorised. Also, all external presentation materials or publications must be pre-vetted before release.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors acknowledge their responsibilities for keeping proper accounting records and preparing financial statements of each financial period, giving a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the financial statements for the year ended 30 June 2024, the Directors had:

(1) approved the adoption of all applicable Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants;

(2) selected and applied consistently appropriate accounting policies; and

(3) prepared the financial statements on a going concern basis.

COMPANY SECRETARY

The company secretary of the Company (the "Company Secretary") reports to the Board and has day-to-day knowledge of the Company's affairs. His responsibilities include advising the board on governance matters. The Board has access to the advice and services of the Company Secretary at all times. During the year ended 30 June 2024, the Company Secretary has taken no less than 15 hours of relevant professional training.

COMMUNICATION WITH SHAREHOLDERS

The Group is committed to enhancing long-term shareholder value and ensuring that the Shareholders, both individual and institutional are provided with ready, equal and timely access to balanced and understandable information about the Company (including its financial performance, strategic goals and plans, material developments, governance and risk profile), in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company.

The Company has the Shareholders Communication Policy in place, which is available on its website, to promote effective communication with Shareholders so as to enable them to engage actively with the Company and exercise their rights as Shareholders in an informed manner. The Board has reviewed the implementation and effectiveness of the Shareholders Communication Policy during the year under review.

The Chairman, the chairmen of the Board committees, members of the Board and external auditor will attend the annual general meeting of the Company at which the Directors will answer questions raised by the Shareholders on the performance of the Group. To ensure the general meeting could be conducted in a fair and transparent manner, each of the resolutions considered at the general meeting held during the year under review was voted by poll and the branch share registrar and transfer agent of the Company in Hong Kong was appointed as the scrutineer to count the votes and explain to the Shareholders at the meeting the procedures for voting by poll. The poll results and other corporate communications were posted on the websites of the Company (www.nwds.com.hk) and the Stock Exchange (www.hkexnews.hk).

SHAREHOLDERS' RIGHTS

According to the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board and to put forward proposals specified in such requisition by the procedures below:

The Shareholder shall deposit a requisition in writing to require an extraordinary general meeting and to put forward proposals at the Company's head office at 7th Floor, 88 Hing Fat Street, Causeway Bay, Hong Kong (attention to: Company Secretary) or the branch share registrar and transfer agent of the Company in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (attention to: Mr. Jackie Lam).

The requisition must include the business to be transacted at the required extraordinary general meeting and must be signed by the Shareholder concerned. If the requisition is confirmed as proper and valid, an extraordinary general meeting shall be held within two months after the deposit of such requisition subject to the requirements of the relevant Articles and the Listing Rules. In case an extraordinary general meeting could not be convened upon the request, the Company will inform the Shareholder accordingly.

If within twenty-one days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

There are no provisions under the Articles or the Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands regarding procedures for Shareholders to put forward proposals at general meetings other than a proposal of a person for election as directors. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

For enquiries to the Board, Shareholders may contact the Corporate Affairs Department at the head office of the Company at 7th Floor, 88 Hing Fat Street, Causeway Bay, Hong Kong or by e-mail to shmocad@nwds.com.cn. The Company will endeavor to respond to their queries in a timely manner.

DIVIDEND POLICY

The Company will distribute to all Shareholders funds surplus to the operating needs of the Group, but subject always to:

(1) any restrictions under the Companies Act of the Cayman Islands or other rules and regulations which are applicable to the Company;

(2) any banking or other funding covenants by which the Company is bound from time to time;

(3) the capital expenditure and operating requirements of the Group; and

(4) the external economic and market situation.

Declaration and recommendation of payment of dividends of the Company are also subject to the approval of the Directors and Shareholders, where applicable and depending on the distributable annual profit for that financial year, results of operations, working capital, financial position, future prospects, and capital requirements, as well as any other factors which the Directors may consider relevant from time to time. The Company does not have a fixed dividend payout ratio and currently intends to retain most of our available funds and future earnings to operate and develop our business.

The Board has made an effort to maintain a balance between meeting shareholders' expectations and prudent capital management with a sustainable dividend policy.

The Board will continually review the dividend policy and update, amend and modify the dividend policy from time to time and there can be no assurance that dividend will be paid in any particular amount for any given period.

CONSTITUTIONAL DOCUMENTS

No change has been made to the Articles during the year ended 30 June 2024.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The details of the Group's environmental policies and performance, relationships with its key stakeholders and compliance with relevant laws and regulations which have a significant impact on the Group are set out in the "Sustainability Report 2024" (a standalone report) which is published at the same time as the publication of this annual report, which provides an overview of the Group's efforts and performance in pursuing corporate sustainability. Supplementary information is available on the Company's website under the "Corporate Sustainability" section.

The Group's Sustainability Report has been prepared in accordance with the Global Reporting Initiative Standards, as well as the requirements stipulated in the Environmental, Social and Governance Reporting Guide set out in Appendix C2 to the Listing Rules. It also referenced the guidelines of the Task Force on Climate-related Financial Disclosures, the Sustainable Development Goals and the standard for multiline and specialty retailers & distributors industry set by the Sustainability Accounting Standards Board.

INVESTOR RELATIONS

The Group believes that effective and timely communication with the investment community is essential. Since the Company's listing on the Main Board of the Stock Exchange in 2007, the Corporate Affairs Department has been set up to keep investors and the capital market abreast of the Group's business and development by providing necessary information and data. Representative from the aforementioned department maintains an open dialogue with local and overseas institutional investors and analysts through face-to-face meetings, teleconferences and store visits; and also attends investor conferences at home and abroad upon receiving invitations.

The Group recognises the importance of fair and transparent disclosure of information and its corporate website (www.nwds.com.hk) plays an important role in the Group's compliance with regulatory requirements in this regard. The Group's announcements, results presentations, financial reports and sustainability reports are made available in the "Investors" and "Corporate Sustainability" sections on the website to keep capital market participants informed of the Group's financial and operational performance.

RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group values the development for talents and the mutual growth of staff. The Group strictly complies with the requirements of the law of Mainland China and the labour legislation of Hong Kong, and abides by the open and fair principles while providing employment opportunities, remuneration, leave, benefits and so on. All of the labour standards and recruitment procedures are conducted in strict compliance with the relevant labour laws of Mainland China and Hong Kong.

The Group also understands the importance of training and development for the employees. Starting from the employment of new staff members, induction courses on corporate culture, business operation, regulations and so on are provided. Staff members are further provided with different training to enhance the comprehensive capabilities to solve their problems encountered at work.

The Group strives to take care of the interests of customers and maintain a desirable shopping environment. The Group would operate in compliance with the regulations and requirements of regulatory authorities.

In addition, the Group maintained good and stable working relationship with the major suppliers.

AUDITORS' REMUNERATION

During the year ended 30 June 2024, the fees paid/payable by the Group to the external auditors for audit services amounted to approximately HK$3,976,000 and for non-audit services, including mainly interim review, tax advisory and other related services, amounted to approximately HK$794,000.

GROUP HONOURS

CORPORATE GOVERNANCE

Gold Award in the category of "Environmental, Social and Governance" in "*The Asset* ESG Corporate Awards 2023" by *The Asset*

ENVIRONMENTAL PROTECTION

"Hong Kong Green Organisation" Certificate, "Excellent" Level Wastewi$e Certificate, "Basic" Level Energywi$e Certificate and "Good" Level IAQwi$e Certificate in the "Hong Kong Green Organisation Certification Scheme" by the Environmental Campaign Committee

"Green Office 10+" and "Eco-Healthy Workplace" labels in the "United Nations Sustainable Development Goals – Green Office Awards Labelling Scheme" by the World Green Organisation

EMPLOYEE WELFARE

"5 Years Plus Happy Company" logo in the "Happiness at Work Promotional Scheme 2024" by the Promoting Happiness Index Foundation and the Chinese Manufacturers' Association of Hong Kong

"Good MPF Employer 5 Years", "e-Contribution Award" and "MPF Support Award" in 2023/24 "Good MPF Employer Award"

COMMUNITY SERVICES

"10 Years Plus Caring Company" logo in the 2023/24 "Caring Company" Scheme by the Hong Kong Council of Social Service

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REPORT OF THE DIRECTORS

The Directors are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is engaged in department store and property investment operations in Mainland China. The principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS

The results of the Group for the year ended 30 June 2024 are set out in the consolidated income statement on page 86 of this annual report.

BUSINESS REVIEW

A review of the business of the Group during the year under review, a discussion on the Group's future business development and description of possible risks and uncertainties that the Group may be facing are provided in the sections headed "Chairman's Statement", "Management Discussion and Analysis", "Report of the Directors" and "Risk Factors" of this annual report. The financial risk management objectives and policies of the Group can be found in note 3 to the consolidated financial statements. An analysis of the Group's performance during the year under review using financial key performance indicators is provided in the "Management Discussion and Analysis" section on pages 12 to 35 of this annual report. In addition, discussion on the Group's environmental policies and performance, relationships with its key stakeholders, compliance with relevant laws and regulations which have a significant impact on the Group and the climate-related risks and opportunities are set out in "Sustainability Report 2024" (a standalone report) which is published at the same time as the publication of this annual report.

FINAL DIVIDEND

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

SHARES OR DEBENTURES ISSUED

During the year under review, no shares or debentures were issued by the Company.

EQUITY-LINKED AGREEMENTS

Save for the share option scheme of the Company disclosed in this annual report, no equity-linked agreements were entered into by the Group during the year under review or subsisted at the end of the year.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 30 June 2024, calculated under the laws of the Cayman Islands, amounted to HK$929.5 million (2023: HK$1,025.5 million).

FIVE-YEAR FINANCIAL SUMMARY

Financial summary of the Group for the last five financial years is set out on page 163 of this annual report.

PRINCIPAL INVESTMENT PROPERTIES

Details of the principal properties held for investment purposes are set out on page 164 of this annual report.

CHARITABLE DONATIONS

Charitable donations, in form of money and materials, made by the Group during the year under review amounted to approximately HK$150,000 (2023: approximately HK$18,000).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands.

DIRECTORS

The Directors during the year under review and up to the date of this report are:

Non-executive Directors

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

Executive Directors

Mr. Cheung Fai-yet, Philip (*Chairman)*(Note)
Ms. Xie Hui-fang, Mandy *(Chief Executive Officer)*
Mr. Ma Siu-cheung GBS JP(Note)

Independent Non-executive Directors

Mr. Cheong Ying-chew, Henry
Mr. Chan Yiu-tong, Ivan
Mr. Tong Hang-chan, Peter
Mr. Yu Chun-fai
Ms. Ho Pui-yun, Gloria

Note: Dr. Cheng Chi-kong, Adrian resigned as a non-executive Director and the Chairman on 26 September 2024. On the same day, Mr. Cheung Fai-yet, Philip, an executive Director, was appointed as the Chairman; and Mr. Ma Siu-cheung was appointed as an executive Director.

DIRECTORS (Continued)

In accordance with articles 87(1) and 87(2) of the Articles, Ms. Chiu Wai-han, Jenny, Ms. Xie Hui-fang, Mandy and Mr. Chan Yiu-tong, Ivan will retire by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with article 86(3) of the Articles, Mr. Ma Siu-cheung, being a new Director appointed on 26 September 2024, will hold office until the first annual general meeting of the Company after his appointment and being eligible, offer himself for re-election.

AUDIT COMMITTEE

The Audit Committee was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee currently consists of five independent non-executive Directors. The Audit Committee has reviewed the systems of risk management and internal controls, the annual results and the audited consolidated financial statements of the Group for the year ended 30 June 2024 and discussed those related matters with the management.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

Executive Directors

Apart from the renewal of the service contract between Mr. Cheung Fai-yet, Philip and Ms. Xie Hui-fang, Mandy respectively and the Company for a fixed term from 1 July 2023 to 30 June 2026, Mr. Ma Siu-cheung (who was appointed as an executive Director on 26 September 2024) has also entered into a service contact with the Company commencing from 26 September 2024 to 30 June 2026, unless terminated by either party by one month prior written notice or any other period mutually agreed with the Board provided that such mutually agreed period shall not exceed 12 months or automatically terminated immediately upon ceasing to be a Director in accordance with (i) the Articles; (ii) the Companies Ordinance (Cap. 622, the Laws of Hong Kong); or (iii) any laws, requirements, rules, regulations, practices and/or directions under the Listing Rules. They are subject to retirement by rotation in accordance with the Articles.

DIRECTORS' SERVICE CONTRACTS (Continued)

Non-executive Director

Ms. Chiu Wai-han, Jenny has renewed a service contract with the Company commencing from 1 July 2023 with no fixed term, unless terminated by either party by one month prior written notice or any other period mutually agreed with the Board provided that such mutually agreed period shall not exceed 12 months or automatically terminated immediately upon ceasing to be a Director in accordance with (i) the Articles; (ii) the Companies Ordinance (Cap 622, the Laws of Hong Kong); or (iii) any laws, requirements, rules, regulations, practices and/or directions under the Listing Rules. She is subject to retirement by rotation in accordance with the Articles.

Independent Non-executive Directors

Apart from the renewal of the service contract between Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter, Mr. Yu Chun-fai respectively and the Company commencing from 1 July 2022 with no fixed term, Ms. Ho Pui-yun, Gloria has also entered into a service contract with the Company commencing from 1 May 2023 with no fixed term, unless terminated by either party by one month prior written notice or any other period mutually agreed with the Board provided that such mutually agreed period shall not exceed 12 months or automatically terminated immediately upon ceasing to be a Director in accordance with (i) the Articles; (ii) the Companies Ordinance (Cap. 622, the Laws of Hong Kong); or (iii) any laws, requirements, rules, regulations, practices and/or directions under the Listing Rules. They are subject to retirement by rotation in accordance with the Articles.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transactions, arrangements or contracts of significance to which the Company, its parent company or any of its subsidiaries or its fellow subsidiaries was a party and in which any Director had a material interest, whether directly or indirectly, subsisted as at 30 June 2024 or at any time during the year under review.

PERMITTED INDEMNITY PROVISION

The Articles provide that every Director is entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto.

During the year under review, the Company has taken out and maintained directors' liability insurance, which provides appropriate cover for the Directors and directors of the subsidiaries of the Company.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year under review, the following Directors have interests in the following businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses where the Directors were appointed as directors to represent the interests of the Company and/or the Group according to the Listing Rules:

	Businesses which are considered to compete or likely to compete with the businesses of the Group		
Name of Director	**Name of entity**	**Description of business**	**Nature of interest of the Director in the entity**
Dr. Cheng Chi-kong, Adrian(Note)	NWD	Property investment	Director
	Cheung Hung Development (Holdings) Limited	Property investment	Director
	Chow Tai Fook Enterprises Limited group of companies	Property investment	Director
Ms. Chiu Wai-han, Jenny	NWD	Property investment	Director

Note: Resigned as a non-executive Director and the Chairman on 26 September 2024.

DEED OF NON-COMPETITION

Under the deed of non-competition dated 22 June 2007 given by NWD in favour of the Company (the "Deed"), details of which were stated in the prospectus of the Company dated 28 June 2007, NWD has undertaken not to engage or carry on (including through any associate, subsidiary, body corporate or other contractual arrangement) the following business(es) (the "Restricted Business(es)") in Mainland China:

(a) department stores;

(b) supermarkets;

(c) hypermarkets;

(d) convenience stores;

(e) specialty merchandise stores; and

(f) supercentres.

DEED OF NON-COMPETITION (Continued)

If there is any disagreement between the Company and NWD as to whether an activity of the NWD Group constitutes a Restricted Business, the matter shall be determined by the majority of the independent non-executive Directors whose decision shall be binding.

The independent non-executive Directors have reviewed the annual confirmation from NWD that NWD has not breached and has complied with the terms of the Deed.

CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions which are subject to disclosure requirement in the annual report under the Listing Rules:

A Master leasing agreement

On 11 April 2014, the Company and NWD entered into a master leasing agreement (the “2014 Master Leasing Agreement”) in relation to all existing and future transactions between members of the Group and members of the NWD Group regarding the leasing of premises and/or provision of related services (as the case may be) by members of the Group to members of the NWD Group, and vice versa (the “Leasing Transactions”). Subject to compliance with applicable rules of any stock exchange, including the Listing Rules, upon expiration of the initial term or subsequent renewal term, the 2014 Master Leasing Agreement will be automatically renewed for a successive period of three years thereafter. The 2014 Master Leasing Agreement expired on 30 June 2023 and was subject to annual caps for fixed lease payments payable by the Group as lessee not exceeding RMB450,000,000 and variable lease payments payable by the Group as lessee not exceeding RMB360,000,000.

On 28 April 2023, the Company and NWD entered into a master leasing agreement in relation to the Leasing Transactions (the “Master Leasing Agreement”) and agreed to terminate the 2014 Master Leasing Agreement upon the Master Leasing Agreement becoming effective on 1 July 2023. The Master Leasing Agreement shall continue to be effective up to and including 30 June 2026, subject to the annual caps for fixed lease payments payable by the Group as lessee not exceeding RMB534,000,000, RMB523,000,000 and RMB436,000,000, respectively and variable lease and service payments payable by the Group as lessee not exceeding RMB121,000,000, RMB153,000,000 and RMB162,000,000, respectively (collectively, the “Leasing Annual Caps”). Subject to compliance with applicable rules of any stock exchange, including the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Leasing Agreement will be automatically renewed for a successive period of three years thereafter. The entering into of the Master Leasing Agreement, the Leasing Transactions and the Leasing Annual Caps were approved at an extraordinary general meeting of the Company held on 26 June 2023.

The aggregate transaction amounts under the Master Leasing Agreement in relation to the fixed lease payments payable by the Group as lessee was approximately RMB146,677,000 (2023: approximately RMB1,111,000) and the variable lease payments payable by the Group as lessee was approximately RMB86,426,000 (2023: approximately RMB86,798,000) during the year under review.

As NWD is a substantial Shareholder and is therefore a connected person of the Company under the Listing Rules, the transactions contemplated under the Master Leasing Agreement constitute continuing connected transactions of the Company under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS (Continued)

B Master concessionaire counter agreement

On 22 March 2012, the Company and Chow Tai Fook Jewellery Group Limited ("CTFJ" and together with its subsidiaries, "CTFJ Group") entered into a master concessionaire counter agreement (the "Master Concessionaire Counter Agreement") in relation to all existing and future transactions between members of the Group and members of the CTFJ Group arising from the concessionaire arrangements or rental agreements in respect of retailing counters for the sale of jewellery products and watches by the CTFJ Group at properties in Mainland China owned by, or leased to, the Group or at which the Group operates its business, as contemplated under the Master Concessionaire Counter Agreement. Subject to the compliance with applicable rules of any stock exchange, including the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Concessionaire Counter Agreement will be automatically renewed for a successive period of three years thereafter. The Master Concessionaire Counter Agreement expired on 30 June 2023 and was subject to the annual cap not exceeding RMB102,000,000. As approved at an extraordinary general meeting of the Company held on 26 June 2023, the Master Concessionaire Counter Agreement was renewed for a further term of three years commencing on 1 July 2023 and subject to the annual caps not exceeding RMB89,000,000, RMB95,000,000 and RMB100,000,000 respectively.

The aggregate transaction amounts under the Master Concessionaire Counter Agreement was approximately RMB27,954,000 (2023: approximately RMB31,208,000) during the year under review.

NWD is a substantial Shareholder and hence a connected person of the Company. CTFJ is a fellow subsidiary of Chow Tai Fook Enterprises Limited ("CTFE" and together with its subsidiaries "CTFE Group") which is a substantial shareholder of NWD. CTFJ is therefore a connected person of NWD and also considered to be a connected person of the Company and the transactions contemplated under the Master Concessionaire Counter Agreement constitute continuing connected transactions of the Company under the Listing Rules.

C Master services agreement

On 10 April 2017, Mr. Doo Wai-hoi ("Mr. Doo") who is a director of NWD and the Company entered into the master services agreement (the "2017 Master Services Agreement") in relation to all existing and future transactions between members of the Group and members of Mr. Doo and his immediate family members and their controlled companies (the "Services Group") regarding the provision of contracting services, cleaning and landscaping services, property management and rental services, and such other types of services as the parties may agree upon from time to time in writing (the "Services Transactions") by members of the Services Group to members of the Group, and vice versa contemplated under the 2017 Master Services Agreement. Subject to the compliance with applicable rules of any stock exchange, including the Listing Rules, upon expiration of the initial term or subsequent renewal term, the 2017 Master Services Agreement will be automatically renewed for a successive period of three years thereafter. The 2017 Master Services Agreement expired on 30 June 2023 and was subject to annual cap not exceeding RMB57,000,000.

CONTINUING CONNECTED TRANSACTIONS (Continued)

C Master services agreement (Continued)

On 28 April 2023, Mr. Doo and the Company entered into a master services agreement in relation to the Services Transactions (the "Master Services Agreement") and agreed to terminate the 2017 Master Services Agreement upon the Master Services Agreement becoming effective on 1 July 2023. The Master Services Agreement shall continue to be effective up to and including 30 June 2026, subject to the annual caps not exceeding RMB71,000,000, RMB130,000,000 and RMB80,000,000 respectively (collectively, the "Services Annual Caps"). Subject to compliance with applicable rules of any stock exchange, including the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Services Agreement will be automatically renewed for a successive period of three years thereafter. The entering into of the Master Services Agreement, the Services Transactions and the Services Annual Caps were approved at an extraordinary general meeting of the Company held on 26 June 2023.

The aggregate transaction amounts under the Master Services Agreement was approximately RMB13,909,000 (2023: approximately RMB6,431,000) during the year under review.

As Mr. Doo is an associate of Dr. Cheng Chi-kong, Adrian (a non-executive Director resigned on 26 September 2024) and hence Mr. Doo and the Services Group are connected persons of the Company under the Listing Rules, the transactions contemplated under the Master Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

D Master collaboration services agreement

On 28 April 2023, the Company and CTFE entered into a master collaboration services agreement (the "Master Collaboration Services Agreement") in relation to all existing and future transactions between members of the Group and members of the CTFE Group in respect of the provision of advertising, branding, marketing, loyalty and rewards grogram and promotion-related services, and such other types of services as CTFE and the Company may agree upon from time to time in writing (the "Collaboration Services") under the Master Collaboration Service Agreement. The Master Collaboration Services Agreement shall continue to be effective up to and including 30 June 2026, subject to the annual caps for the amounts payable by the Group to the CTFE Group, and vice versa, not exceeding RMB3,200,000, RMB3,400,000 and RMB3,600,000 respectively. Subject to the compliance with applicable rules of any stock exchange, including the Listing Rules, upon expiration of the initial term or subsequent renewal term, the Master Collaboration Services Agreement will be automatically renewed for a successive period of three years thereafter.

The aggregate transaction amounts paid by the Group to the CTFE Group, and vice versa, in relation to the Collaboration Services was approximately RMB3,092,000 (2023: approximately RMB5,142,000) during the year under review.

As NWD is a substantial Shareholder and hence a connected person of the Company, and CTFE is a substantial shareholder of NWD, CTFE is therefore considered to be a connected person of the Company. The transactions contemplated under the Master Collaboration Services Agreement constitute continuing connected transactions of the Company under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS (Continued)

E Annual review of the continuing connected transactions

The price and terms of the continuing connected transactions mentioned in (i) Master Leasing Agreement (paragraph A above); (ii) Master Concessionaire Counter Agreement (paragraph B above); (iii) Master Services Agreement (paragraph C above); and (iv) Master Collaboration Services Agreement (paragraph D above) were determined in accordance with the pricing policies and guidelines as set out in the relevant announcements and circular of the Company, the independent non-executive Directors had reviewed such continuing connected transactions during the year under review and confirmed that the transactions were:

i in the ordinary and usual course of business of the Group;

ii on normal commercial terms or better;

iii in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

iv within the caps as set out in the relevant announcements and circular.

The Company's external auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The external auditor of the Company has issued an unqualified letter to the Board containing his findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules.

The Directors confirmed that the Company has complied with the disclosure requirements under the Listing Rules regarding the connected transactions and continuing connected transactions.

Save as disclosed above, the significant related party transactions, including transactions which constituted connected transactions and continuing connected transactions under the Listing Rules during the year under review are set out in note 38 to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Under the share option schemes of the Company, NWD (the parent company of the Company) and NWSH (a fellow subsidiary of the Company until it ceased to be a subsidiary of NWD at the close of business on 17 November 2023), the Directors may be granted share options to subscribe for shares in the Company, NWD and/or NWSH.

No share option was granted by the Company to any Director since the adoption of its share option scheme.

The following Director had personal interests in options to subscribe for shares of NWSH as detailed below during the year under review:

			Number of share options						
Name	**Date of grant**	**Exercisable period** (Note)	**Balance as at 1 July 2023**	**Granted during the year**	**Exercised during the year**	**Lapsed during the year**	**Cancelled during the year**	**Balance as at 30 June 2024**	**Exercise price per share** HK$
Dr. Cheng Chi-Kong, Adrian[1]	25 July 2022	(2)	5,495,000	–	–	–	(5,495,000)	–	7.830

Notes:

(1) Resigned as a non-executive Director and the Chairman on 26 September 2024.

(2) Details of the vesting schedule are as follows:

		Date of vesting	Exercisable period
(i)	15% of the share options granted (First Tranche)	25 August 2022	From 25 August 2022 to 24 July 2032#
(ii)	15% of the share options granted (Second Tranche)	25 July 2023	From 25 July 2023 to 24 July 2032#
(iii)	20% of the share options granted (Third Tranche)	25 July 2024	From 25 July 2024 to 24 July 2032#
(iv)	50% of the share options granted (Fourth Tranche)	25 July 2025	From 25 July 2025 to 24 July 2032#

\# Reference was made to the Composite Document dated 13 October 2023 jointly issued by CTFE, Century Acquisition Limited (the "Offeror") and NWSH (the "Composite Document") in relation to, inter alia, the offer to cancel all the outstanding share options of NWSH (the "NWSH Option Offer"). As the Offeror has gained control of NWSH after the completion of disposal of shares of NWSH held by NWD Group on 17 November 2023, pursuant to the rules of the share option scheme of NWSH, the option holders were entitled to exercise options of NWSH (whether or not it has vested at the relevant time) for a period of six months and the options would lapse upon the expiry of such six-month period. Accordingly, the Third Tranche and Fourth Tranche of share options have become exercisable with effect from 18 November 2023 and all the four tranches of share options were exercisable up to 17 May 2024.

(3) The share options were cancelled by NWSH on 23 November 2023 after the above Director had validly tendered his acceptance of the NWSH Option Offer in respect of the share options held by him. Please refer to the Composite Document and the announcement dated 23 November 2023 jointly issued by CTF Enterprises, the Offeror and NWSH for details.

Save as disclosed above, at no time during the year under review was the Company or any of its specified undertaking (as defined under the Hong Kong Companies (Directors' Report) Regulation), a party to any arrangement to enable the Directors or chief executive of the Company or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SECURITIES

As at 30 June 2024, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or 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 the Model Code were as follows:

Long positions in shares

Name	Nature of interest	Number of shares held	Approximate percentage of shareholding as at 30 June 2024
The Company			
(Ordinary shares of HK$0.10 each)			
Ms. Xie Hui-fang, Mandy	Personal interest	177,000	0.01%
NWD			
(Ordinary shares)			
Dr. Cheng Chi-kong, Adrian(Note)	Personal interest	2,559,118	0.10%
Ms. Chiu Wai-han, Jenny	Personal interest	29,899	0.00%

Note: Resigned as a non-executive Director and the Chairman on 26 September 2024.

Save as disclosed above, as at 30 June 2024, 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 the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 June 2024, 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:

Long positions in the shares of the Company

Name	Number of shares held: Beneficial interests	Number of shares held: Corporate interests	Number of shares held: Total	Approximate percentage of shareholding as at 30 June 2024
Cheng Yu Tung Family (Holdings) Limited ("CYTFH")[(1)]	–	1,264,400,000	1,264,400,000	74.99%
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II")[(2)]	–	1,264,400,000	1,264,400,000	74.99%
Chow Tai Fook Capital Limited ("CTFC")[(3)]	–	1,264,400,000	1,264,400,000	74.99%
Chow Tai Fook (Holding) Limited ("CTFH")[(4)]	–	1,264,400,000	1,264,400,000	74.99%
CTFE[(5)]	–	1,264,400,000	1,264,400,000	74.99%
NWD	1,218,900,000	45,500,000	1,264,400,000	74.99%

Notes:

(1) CYTFH held 48.98% direct interest in CTFC and was accordingly deemed to have an interest in the shares of the Company deemed to be interested by CTFC.

(2) CYTFH-II held 46.65% direct interest in CTFC and was accordingly deemed to have an interest in the shares of the Company deemed to be interested by CTFC.

(3) CTFC held 81.03% direct interest in CTFH and was accordingly deemed to have an interest in the shares of the Company deemed to be interested by CTFH.

(4) CTFH held 100% direct interest in CTFE and was accordingly deemed to have an interest in the shares of the Company deemed to be interested by CTFE.

(5) CTFE together with its subsidiaries held interest in more than one-third of the issued shares of NWD and was 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 30 June 2024, 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.

SHARE OPTION SCHEME

The previous share option scheme of the Company adopted on 12 June 2007 expired on 12 June 2017. A new share option scheme of the Company (the "Scheme") has been approved by the Shareholders at an extraordinary general meeting of the Company held on 26 June 2023.

Under the Scheme, the Directors may at their discretion grant options to any eligible participant (as explained hereinafter) to subscribe for the shares of the Company.

Since the adoption of the Scheme and up to 30 June 2024, no options had been granted or agreed to be granted by the Company, and thus no options had been exercised, cancelled or lapsed under the Scheme.

Summary of the Scheme disclosed in accordance with the Listing Rules is as follows:

Purpose of the Scheme	The Scheme is designed primarily as a means of rewarding the performance of, and providing incentive, motivation or reward to certain eligible participants (the "Eligible Participant(s)") for optimizing their performance or making contribution to the Group; attracting and retaining persons of right caliber with the necessary experience to work for or make contribution to the Group; and fostering a sense of corporate identity and allowing the Eligible Participants to enjoy the results of the Company attained through their relationship, efforts and/or contribution.
Participants of the Scheme	Any director (including any executive director, non-executive director or independent non-executive director) and employee (whether full time or part time) of the Company or any of its holding companies, subsidiaries, fellow subsidiaries, associated companies or members of the Group.
Total number of shares of the Company available for issue under the Scheme and percentage of the total number of issued shares of the Company as at the date of this annual report	No share option has been granted or was outstanding during the year ended 30 June 2024 under the Scheme and up to the date of this annual report. As such, the Company may grant share options to subscribe for 168,614,500 shares of the Company, representing 10% of the total number of issued shares of the Company as at the date of this annual report.
Maximum entitlement of each participant under the Scheme	Unless otherwise approved by the shareholders of the Company as required under the Scheme, the total number of shares issued and to be issued upon the exercise of the share options granted to each Eligible Participant (excluding any options and awards lapsed in accordance with the terms of the Scheme or any other schemes of the Company) in any 12-month period must not exceed 1% of the ordinary share capital of the Company in issue.
The period within which the share option may be exercised by the grantee under the Scheme	Subject to the vesting period as set out below, a share option may be exercised in accordance with the terms of the Scheme during the period as specified and notified by the Directors to the grantee for the whole or such parcel(s) of the shares subject to the share option, which shall be not more than ten years from the date of grant of share option (the "Date of Grant").

SHARE OPTION SCHEME (Continued)

Vesting period	Save for the following circumstances or otherwise under the Scheme, the share options must be held for at least 12 months after the Date of Grant before it is vested and exercisable by the grantee. For Eligible Participants who are the director(s) and employee(s) of the Company and its subsidiaries, a shorter vesting period of less than 12 months may be adopted under any of the circumstances below: (a) Grants of "make-whole" share options to new joiners to replace the share option or awards they forfeited when leaving the previous employers; (b) Grants of share options to a participant whose employment is terminated due to death or disability or occurrence of any out of control event; (c) Grants of share options that are made in batches during a year for administrative and compliance reasons; (d) Grants of share options with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months; or (e) Grants of share options with a total vesting and holding period of more than 12 months.
The amount payable on application or acceptance of the share option and the period within which payments or calls must or may be made or loans for such purposes must be paid	HK$10 is payable as consideration for the grant of share option within the acceptable period of the share option, being 14 days from the date of offer.
The basis of determining the exercise price	The price per share payable on the exercise of a share option as determined by the Directors must be at least the higher of: (i) the closing price of the share as stated in the Stock Exchange's daily quotations sheet on the Date of Grant, which must be a day on which shares are traded on the Stock Exchange for a minimum of three hours ("Dealing Day"); (ii) the average closing price of the share as stated in the Stock Exchange's daily quotations sheets for the five Dealing Days immediately preceding the Date of Grant or (where applicable) such price as from time to time adjusted pursuant to the Scheme; and (iii) the nominal value of the share.
The remaining life of the Scheme	The Scheme shall be valid and effective for a period of ten years commencing from the date of adoption, being 26 June 2023.

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

As at 30 June 2024, the total number of employees of the Group was 1,838 (2023: 2,117). The Group ensures that all levels of employees are paid competitively within the standard in the market and employees are rewarded on performance related basis within the Group's salary and incentives framework, which is reviewed annually.

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

ACQUISITION AND DISPOSAL

The Group did not have any significant acquisition and disposal during the year ended 30 June 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Directors confirm that the Company has maintained the prescribed public float as required under the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, approximately 6% of the Group's revenue were attributed by the Group's five largest customers and approximately 2% of the Group's revenue was attributed by the Group's largest customer and approximately 65% of the Group's total purchases were attributed by the Group's five largest direct sales suppliers and approximately 34% of the Group's total purchases were attributed by the Group's largest direct sales supplier. To the knowledge of the Directors, none of the Directors or shareholders who owned 5% or more of the total number of issued shares of the Company as at 30 June 2024 or any of their respective associates held any interest in any of the five largest direct sales suppliers of the Group.

AUDITOR

The consolidated financial statements of the Company have been audited by PricewaterhouseCoopers, who will retire and, being eligible, offer themselves for re-appointment as auditor of the Company.

On behalf of the Board

Ms. Xie Hui-fang, Mandy
Executive Director and Chief Executive Officer

Hong Kong, 26 September 2024

INDEPENDENT AUDITOR'S REPORT

pwc 羅兵咸永道

To the Shareholders of New World Department Store China Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of New World Department Store China Limited (the "Company") and its subsidiaries (the "Group"), which are set out on pages 86 to 162, comprise:

- the consolidated statement of financial position as at 30 June 2024;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Impairment of property, plant and equipment, right-of-use assets and goodwill
- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment, right-of-use assets and goodwill	
Refer to Notes 4, 16, 17, 18 and 19 to the consolidated financial statements. As at 30 June 2024, the Group had property, plant and equipment, right-of-use assets and goodwill of HK$704 million, HK$2,202 million and HK$1,012 million respectively. No impairment losses of goodwill, property, plant and equipment and right-of-use assets was recognised in the consolidated income statement during the year.	Our procedures in relation to impairment assessment of property, plant and equipment, right-of-use assets and goodwill, included: • We understood management's processes in relation to the preparation of impairment assessments and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We obtained management's analysis of the indicators of impairment and understood management's rationale for the analysis; • For impairment assessment where discounted cash flow model was adopted: ➢ We evaluated the outcome of prior period assessment of management's forecast to assess the effectiveness of management's estimation process;

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment, right-of-use assets and goodwill (Continued)	
Management has performed impairment assessments of property, plant and equipment, right-of-use assets and goodwill allocated to cash generating units ("CGUs"), by way of discounted cash flow model of each CGU or with reference to independent valuation of the underlying properties of the CGUs. We focus on this area because the impairment assessments require significant management judgement and estimates with respect to annual gross revenue growth rates and gross margin ratios within the forecast period and discount rate applied to the cash flow forecasts; and capitalisation rates, prevailing market rents and estimated transaction costs of disposal used by the management and the independent professional valuer.	➢ We assessed the discounted cash flow methodology used by management to estimate recoverable amount, and with the involvement of our in-house valuation experts for the selected CGU; ➢ We evaluated the key assumptions used in the calculations, comprising annual gross revenue growth rates, gross margin ratios and discount rate by considering the Group's business plans, approved budget and our knowledge of the business and industry; and ➢ We checked the data input in the discounted cash flow calculations to supporting evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of property, plant and equipment, right-of-use assets and goodwill (Continued)	• For impairment assessment where independent valuation of the underlying properties of the CGUs was adopted: ➢ We assessed the competence, capabilities and objectivity of independent professional valuer; ➢ We obtained the valuation reports and discussed with the independent professional valuers the valuation methodologies and key assumptions; ➢ We assessed the valuation methodologies and the reasonableness of the key assumptions used in the valuation of properties, based on our knowledge of the property industry, research evidence of capitalisation rates and prevailing market rents and estimated transaction costs of disposal, where applicable, and with the involvement of our in-house valuation experts for the selected properties; and ➢ We tested, on a sample basis, the data used in the valuation of underlying properties, including rental rates from existing tenancies by agreeing them to the underlying agreements with the tenants. • We evaluated management's sensitivity of a reasonably possible change in the key assumptions adopted in the discounted cash flow calculations and the valuation of the underlying properties to the recoverable amount of the CGUs; and • We assessed the adequacy of the disclosures relating to impairment of property, plant and equipment, right-of-use assets and goodwill in the context of applicable financial reporting standards. Based on the procedures performed, we found the impairment assessment of property, plant and equipment, right-of-use assets and goodwill to be supportable based on the available evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties	
Refer to Notes 4 and 15 to the consolidated financial statements. The Group's investment properties amounted to HK$4,556 million as at 30 June 2024. A net fair value loss on investment properties of HK$119 million was accounted for under "Changes in fair value of investment properties" in the consolidated income statement during the year. Management engaged an independent professional valuer to perform valuation of investment properties at each reporting period end. The valuation of investment properties is an area of our audit focus as the valuation involves significant estimate including capitalisation rates and prevailing market rents used by the management and the independent professional valuer.	Our procedures in relation to management's valuation of investment properties included: • We understood the management's valuation processes of the investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • We assessed the competence, capabilities and objectivity of independent professional valuer; • We obtained the valuation reports and discussed with the independent professional valuers the valuation methodologies and key assumptions; • We assessed the valuation methodologies and the reasonableness of the key assumptions used in the valuation of investment properties, based on our knowledge of the property industry, research evidence of capitalisation rates and prevailing market rents, where applicable, and with the involvement of our in-house valuation experts for the selected properties; • We tested, on a sample basis, the data used in the valuation of investment properties, including rental rates from existing tenancies by agreeing them to the underlying agreements with the tenants; and • We assessed the adequacy of the disclosures relating to valuation of investment properties in the context of applicable financial reporting standards. Based on the procedures performed, we found the valuation of investment properties to be supportable based on available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in New World Department Store China Limited 2024 Annual Report (the "annual report") other than the consolidated financial statements and our auditor's report thereon. We have obtained some of the other information including Corporate Profile, Goal, Mission and Conviction, Financial Highlights, Retail Network, Management Discussion and Analysis, Directors' Profile, Corporate Governance Report, Group Honours, Glossary of Terms and Corporate Information except for the information about the subsequent changes of directors in certain aforesaid sections prior to the date of this auditor's report. The remaining other information, including Chairman's Statement, Report of the Directors and the information about the subsequent changes of directors in the relevant sections to be included in the annual report, is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the remaining other information to be included in the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to Audit Committee and take appropriate action considering our legal rights and obligations.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Audit Committee are responsible for overseeing the Group's financial reporting process.

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Ka Yee.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 September 2024

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2024

	Note	2024 HK$'000	2023 HK$'000
Revenue	5	**1,359,456**	1,483,733
Other income	6	**333,507**	291,936
Other gains, net	7	**187,610**	36,413
Changes in fair value of investment properties	15	**(119,286)**	(22,527)
Purchases of and changes in inventories, net		**(295,708)**	(372,500)
Purchases of promotion items		**(8,312)**	(15,225)
Employee benefit expense	10	**(342,217)**	(408,692)
Depreciation		**(353,854)**	(382,656)
Rental expense		**(74,140)**	(74,877)
Other operating expenses, net	8	**(432,346)**	(615,000)
Operating profit/(loss)		**254,710**	(79,395)
Finance income		**18,010**	22,983
Finance costs		**(235,532)**	(226,155)
Finance costs, net	9	**(217,522)**	(203,172)
Profit/(loss) before income tax		**37,188**	(282,567)
Income tax expense	12	**(23,874)**	(38,285)
Profit/(loss) for the year		**13,314**	(320,852)
Earnings/(loss) per share attributable to shareholders of the Company (expressed in HK$ per share)			
– Basic and diluted	14	**0.008**	(0.190)

The notes on pages 94 to 162 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2024

	2024 HK$'000	2023 HK$'000
Profit/(loss) for the year	**13,314**	(320,852)
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Revaluation of properties upon reclassification from property, plant and equipment and right-of-use assets to investment properties	**–**	7,809
– Deferred income tax thereof	**–**	(1,952)
	–	5,857
Items that may be reclassified subsequently to profit or loss		
Translation differences	**(18,970)**	(313,245)
Release of exchange reserve upon deregistration of subsidiaries	**10,762**	–
	(8,208)	(313,245)
Other comprehensive loss for the year, net of tax	**(8,208)**	(307,388)
Total comprehensive income/(loss) for the year	**5,106**	(628,240)

The notes on pages 94 to 162 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024 HK$'000	2023 HK$'000
Assets			
Non-current assets			
Investment properties	15	4,556,235	4,923,988
Property, plant and equipment	16	704,300	708,775
Right-of-use assets	17	2,202,384	2,382,218
Intangible assets	19	1,011,973	1,017,443
Interest in an associated company	20	–	–
Prepayments, deposits and other receivables	21	151,881	163,814
Finance lease receivables	22	235,848	290,613
Financial assets at fair value through profit or loss	23	85,278	66,494
Deferred income tax assets	24	86,681	86,191
		9,034,580	9,639,536
Current assets			
Inventories	25	63,658	79,045
Debtors	26	21,303	20,750
Prepayments, deposits and other receivables	21	118,776	142,948
Finance lease receivables	22	89,931	75,238
Amounts due from fellow subsidiaries	27	1,184	2,286
Amounts due from related companies	27	826	–
Fixed deposits with original maturity over three months	28	305,612	307,186
Cash and bank balances	29	569,643	524,327
		1,170,933	1,151,780
Total assets		10,205,513	10,791,316
Equity and liabilities			
Equity			
Share capital	30	168,615	168,615
Reserves	31	3,211,507	3,206,401
Total equity		3,380,122	3,375,016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024

	Note	2024 HK$'000	2023 HK$'000
Liabilities			
Non-current liabilities			
Lease liabilities	32	2,212,827	2,500,913
Deferred income tax liabilities	24	835,258	896,367
		3,048,085	3,397,280
Current liabilities			
Creditors	33	442,928	661,426
Accruals and other payables	33	1,080,422	1,000,400
Lease liabilities	32	461,283	625,597
Contract liabilities	34	122,208	169,673
Amounts due to fellow subsidiaries	27	8,097	10,404
Amounts due to related companies	27	40,614	47,976
Amounts due to ultimate holding company	27	101,035	81,995
Borrowings	35	1,469,297	1,412,495
Tax payable		51,422	9,054
		3,777,306	4,019,020
Total liabilities		6,825,391	7,416,300
Total equity and liabilities		10,205,513	10,791,316

The consolidated financial statements on pages 86 to 162 were approved by the Board of Directors on 25 September 2024 and were signed on its behalf

Mr. Cheung Fai-yet, Philip
Director

Ms. Xie Hui-fang, Mandy
Director

The notes on pages 94 to 162 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	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 2023	168,615	1,826,646	376,891	391,588	544,856	(232,234)	298,654	3,375,016
Profit for the year	–	–	–	–	–	–	13,314	13,314
Other comprehensive income								
Translation differences	–	–	–	–	–	(18,970)	–	(18,970)
Release of exchange reserve upon deregistration of subsidiaries	–	–	–	–	–	10,762	–	10,762
Total comprehensive income for the year ended 30 June 2024	–	–	–	–	–	(8,208)	13,314	5,106
Transactions with owners								
Transfer to statutory reserve	–	–	–	–	4,529	–	(4,529)	–
Total transactions with owners	–	–	–	–	4,529	–	(4,529)	–
As at 30 June 2024	168,615	1,826,646	376,891	391,588	549,385	(240,442)	307,439	3,380,122

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2024

	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
Loss for the year	–	–	–	–	–	–	(320,852)	(320,852)
Other comprehensive income								
Revaluation of property upon reclassification from property, plant and equipment and right-of-use assets to investment properties	–	–	7,809	–	–	–	–	7,809
– Deferred income tax thereof	–	–	(1,952)	–	–	–	–	(1,952)
Translation differences	–	–	–	–	–	(313,245)	–	(313,245)
Total comprehensive loss for the year ended 30 June 2023	–	–	5,857	–	–	(313,245)	(320,852)	(628,240)
Transactions with owners								
Transfer to statutory reserve	–	–	–	–	6,592	–	(6,592)	–
Total transactions with owners	–	–	–	–	6,592	–	(6,592)	–
As at 30 June 2023	168,615	1,826,646	376,891	391,588	544,856	(232,234)	298,654	3,375,016

The notes on pages 94 to 162 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from operating activities			
Profit/(loss) before income tax		37,188	(282,567)
Adjustments for:			
– Finance income		(18,010)	(22,983)
– Interest income from finance leases as the lessor		(16,444)	(17,625)
– Finance costs		235,532	226,155
– Depreciation of property, plant and equipment		86,468	92,624
– Depreciation of right-of-use assets		267,386	290,032
– Changes in fair value of investment properties		119,286	22,527
– Loss on disposal of property, plant and equipment, net		135	2,832
– Gain on derecognition of right-of-use assets, net		(16,207)	(1,894)
– Gain on derecognition of lease liabilities and right-of-use assets, net		(193,967)	(55,826)
– Loss/(gain) on deregistration of subsidiaries		5,522	(660)
– Impairment loss on property, plant and equipment and right-of-use assets		–	3,769
– Reversal of loss allowance on prepayments, deposits and other receivables		(1,149)	(5,677)
– Loss on derecognition of finance lease receivables, net		13,867	9,877
– Loss allowance and loss on lease modification of finance lease receivables, net		4,078	954
– Gain on written back of creditors and other payables		(44,880)	–
– Reversal of write-down of inventories, net		(419)	(304)
– Loss allowance/(reversal of loss allowance) of debtors		1,830	(4,265)
– Loss on fair value of financial assets at fair value through profit or loss, net		754	4,535
– Gain on disposal of investment properties		(1,792)	–
– Net foreign exchange difference		7,616	123,341
Operating profit before working capital changes		486,794	384,845
Changes in:			
Inventories		15,544	8,551
Debtors		(2,502)	16,060
Prepayments, deposits and other receivables		35,057	50,979
Creditors		(177,768)	133,961
Accruals and other payables		54,795	47,155
Contract liabilities		(47,058)	(42,506)
Net balance with fellow subsidiaries		(1,145)	4,916
Net balance with related companies		(8,045)	31,752
Net balance with ultimate holding company		(411)	2,090
Cash generated from operations		355,261	637,803
Mainland China tax paid		(38,856)	(34,829)
Net cash generated from operating activities		316,405	602,974

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2024

	Note	2024 HK$'000	2023 HK$'000
Cash flows from investing activities			
Additions to investment properties		(6,852)	(5,334)
Additions to property, plant and equipment		(75,851)	(107,586)
Proceeds from disposal of investment properties		230,053	–
Proceeds from disposal of property, plant and equipment		66	1,667
Placement in fixed deposits with original maturity over three months		(15,455)	(162,878)
Withdrawal of fixed deposits with original maturity over three months		15,377	283,475
Purchase of financial assets at fair value through profit or loss		(20,104)	–
Principal portion of finance lease received as the lessor		87,618	65,990
Interest portion of finance lease received as the lessor		16,444	17,625
Interest received		7,863	30,898
Net cash from investing activities		239,159	123,857
Cash flows from financing activities			
Increase in amounts due to ultimate holding Company	37	20,104	–
Drawdown of bank borrowings	37	475,424	35,714
Repayment of bank borrowings	37	(418,008)	(109,917)
Principal portion of lease payments as the lessee	37	(391,613)	(508,696)
Interest portion of lease payments as the lessee	37	(152,225)	(168,496)
Finance costs paid	37	(39,962)	(23,658)
Net cash used in financing activities		(506,280)	(775,053)
Net increase/(decrease) in cash and cash equivalents		49,284	(48,222)
Cash and cash equivalents at beginning of the year		524,327	619,595
Effect of foreign exchange rate changes		(3,968)	(47,046)
Cash and cash equivalents at end of the year	29	569,643	524,327

The notes on pages 94 to 162 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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.

These consolidated financial statements are presented in Hong Kong dollars ("HK$"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board of Directors on 25 September 2024.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements for the year ended 30 June 2024 have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss ("FVPL") which are carried at fair value.

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

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

As at 30 June 2024, the Group had net current liabilities of approximately HK$2,606,373,000, which included short term bank borrowings of approximately HK$756,297,000 and shareholder loans of HK$713,000,000 from New World Development Company Limited ("NWD"), its ultimate holding company.

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

The Group's shareholder loans from NWD will mature within the next 12 months from 30 June 2024. NWD has confirmed its intention to renew the shareholder loans for another 12 months upon their maturity and to continue to act as guarantor of the Group's bank borrowings.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

In addition, during the year ended 30 June 2024, the Group had successfully renewed its short term bank borrowings for another 12 months, which will mature within the next 12 months from 30 June 2024. As at 30 June 2024, short term bank borrowings included in current liabilities of approximately HK$699,498,000 were guaranteed by NWD.

The Directors, having made all necessary enquiries of the directors of NWD in terms of NWD's ability to continue to provide the shareholder loans and to act as the guarantor of the Group's bank borrowings, and NWD's compliance with banking requirements, are confident that NWD is able to provide the shareholder loans to the Group and that the short term bank borrowings can be renewed upon their maturity in view of the Group's track record of successful renewal of the short term bank borrowings and the continued guarantee provided by NWD.

The Directors are of the opinion that, taking into account the anticipated cash flows generated from the Group's operation; the availability of the bank borrowing facilities and successful renewal of the shareholder loans as and when needed, the Group will have adequate resources to continue its operations for the foreseeable future and to meet with its financial obligations as and when they fall due in the next 12 months from 30 June 2024. Accordingly, the Directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

(a) Adoption of new standard and amendments to standards

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

HKFRS 17 and amendments to HKFRS 17	Insurance contracts
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

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

The adoption of HKAS 12 (Amendments) — Deferred Tax related to Assets and Liabilities from a Single Transaction requires the Group to recognise deferred tax for all temporary differences related to leases. The retrospective application from 1 July 2022 primarily impacts disclosures of components of deferred tax assets and liabilities before offsetting in Note 24, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as at 1 July 2022 and 30 June 2023 as the related deferred tax balances qualify for offsetting under HKAS 12.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

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

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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries

(i) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset acquired or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 in consolidated income statement. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.3 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 to 40 years
Plant and machinery	5 years
Motor vehicles	5 years
Leasehold improvements	Shorter of remaining lease term or useful life of 2 to 15 years
Furniture and fixtures	3 to 5 years
Office equipment	2 to 5 years
Computer	2 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Assets under construction represents buildings or leasehold improvements on which construction work has not been completed and computer under installation. It is carried at cost which includes construction expenditures and other direct costs less any impairment losses. On completion, assets under construction is transferred to the appropriate categories of property, plant and equipment at cost less accumulated impairment losses. No depreciation is provided for assets until they are ready and available for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains, net' in the consolidated income statement.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.4 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Investment property is initially measured at cost, including related transaction costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by independent professional valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement.

If a property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this property at the date of transfer is recognised in equity as a revaluation of property, plant and equipment and right-of-use assets. However, if the fair value of the property at the date of transfer which results in a reversal of the previous impairment loss, the write-back is recognised in the consolidated income statement.

2.5 Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity in the acquiree over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.6 Impairment of investments in subsidiaries, interest in an associated company and non-financial assets

Intangible assets that have an indefinite useful life, for example goodwill, or have not yet been available for use are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of an asset is written down immediately to its recoverable amount if the carrying amount of the asset is greater than its estimated recoverable amount. An impairment loss is recognised in the consolidated income statement for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of its fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.6 Impairment of investments in subsidiaries, interest in an associated company and non-financial assets (Continued)

Impairment testing of the investments in subsidiaries or interest in an associated company is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary or an associated company in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.7 Investments and other financial assets

(a) *Classification*

Debt instruments

HKFRS 9 has three financial asset classification categories for investments in debt instruments:

- those to be measured at amortised cost;
- Fair value through other comprehensive income ("FVOCI"); and
- FVPL.

Classification is driven by the entity's business model for managing the debt instrument and the debt instrument's contractual cash flow characteristics.

The Group classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model with the objective of collecting the contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The Group classifies its financial assets as at FVOCI only if both of the following criteria are met:

- the objective of the Group's business model is to hold the asset to collect the contractual cash flows and to sell financial assets; and
- the contractual terms of the debt instrument give rise to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Investments and other financial assets (Continued)

(a) ***Classification*** *(Continued)*

Debt instruments (Continued)

Finance lease receivables, debtors, deposits and other receivables, amounts due from fellow subsidiaries and related companies, fixed deposits with original maturity over three months, cash and bank balances are classified as at amortised cost.

Equity instruments

Investments in equity instruments are measured at fair value. Equity instruments that are held for trading are measured at FVPL.

(b) ***Measurement***

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated income statement.

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated income statement when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

FVPL

Changes in the fair value on financial assets at FVPL are recognised in the consolidated income statement as ‘other gains, net’ as applicable.

2.8 Impairment of financial assets

The Group’s financial assets measured at amortised cost are subject to expected credit loss model under HKFRS 9.

For debtors and finance lease receivables, the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision.

For all other instruments, the Group measures the loss allowance equal to 12-month expected credit loss, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime expected credit loss. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 3.1(b) details how the Group determines whether there has been a significant increase in credit risk.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.9 Debtors and other receivables

Debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of debtors and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Debtors and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.10 Inventories

Inventories comprise finished goods and are stated at the lower of cost and net realisable value. Cost is calculated on the weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturity of three months or less.

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Creditors and other payables

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Creditors and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Creditors and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.15 Borrowings costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the construction period when the asset is being prepared for its intended use. Other borrowing costs are expensed as incurred.

2.16 Current and deferred income tax

The tax expense or credit for the period comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company, its subsidiaries and associated companies operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that sufficient future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associated companies, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.16 Current and deferred income tax (Continued)

*(ii) **Deferred income tax** (Continued)*

Deferred tax arising from investment properties measured at fair value

There is a rebuttable presumption that the carrying amount of the investments property that is measured using the fair value model in HKAS 40, will be recovered entirely through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale.

*(iii) **Offsetting***

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

*(i) **Employee leave entitlements***

Employee entitlements to annual leaves are recognised when they accrue to employees. Provisions are made for the estimated liability for annual leaves as a result of services rendered by employees up to the end of the reporting period.

*(ii) **Pension obligations***

The Group makes contributions to defined contribution retirement schemes under the Mandatory Provident Fund Schemes Ordinance and the Occupational Retirement Scheme Ordinance in Hong Kong, the assets of which are generally held in separate trustee administered funds. The pension plans are generally funded by payments from employees and by the Group. The Group's contributions to the defined contribution retirement schemes are expensed as incurred. Contributions are reduced by contribution forfeited by those employees who leave the schemes prior to vesting fully in the contributions, where applicable.

The Group also contributes to employee retirement schemes established by municipal governments in Mainland China. The municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the Group. Contributions to these schemes are charged to the consolidated income statement as incurred.

*(iii) **Bonus plans***

Provisions for bonus plan due wholly within twelve months after the end of the reporting period are recognised where contractually obliged or where there is a past practice that has created a constructive obligation.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.17 Employee benefits (Continued)

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

(a) when the Group can no longer withdraw the offer of those benefits; and

(b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits.

2.18 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability, other than that assumed in a business combination, is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

A contingent asset is not recognised but is disclosed in the notes to the financial statements when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.19 Revenue and income recognition

Revenue is recognised when or as the control of the good or service is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the good or service may be transferred over time or at a point in time. Control of the good or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the good or service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the good or service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depict the Group's performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer relative to the remaining goods or services promised under the contract; or
- the Group's efforts or inputs to the satisfaction of the performance obligation relative to the total expected inputs.

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent). The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer. The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises income in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by other party.

Commission income from concessionaire sales is recognised upon sales of goods by the relevant stores. The Group acts as an agent for concessionaires as the Group does not control the specific goods provided by the concessionaires before goods are transferred to the customers.

Revenue from sales of goods to retail customers is recognised when the product is transferred to the customers upon sale. Payment of the transaction price is due immediately when the customers purchase the good. The payment is usually settled in cash, using credit cards or by means of electronic payments. It is the Group's policy to sell its products to the customers with a right of return within a reasonable period.

Rental income is recognised on a straight-line accrual basis over the terms of lease agreements.

Other income from suppliers, concessionaires and tenants is recognised when services are rendered.

Interest income is recognised on a time proportion basis using effective interest method.

Dividend income is recognised when the right to receive payment is established.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.19 Revenue and income recognition (Continued)

The Group operates a loyalty programme where customers accumulate points for purchases made which entitle them to discounts on future purchases. Revenue is allocated between the good or service sold and the award points, taking into consideration the fair value of the award points to the customer. A contract liability for the award points is recognised at the time of sale. Revenue is recognised when the points are redeemed or when they expire 12 months after the initial sale. A contract liability is recognised until the points are redeemed or expired.

Payments received in advance that are related to sales of goods not yet delivered are deferred in contract liabilities in the consolidated statement of financial position. Revenue is recognised when goods are delivered to the customers. After expiry of prepaid stored value cards, the corresponding receipts in advance are normally recognised as income based on the Group's previous experience in forfeiture of prepaid stored value cards by customers.

2.20 Government grants

Government grants are recognised at their fair values where the grant has been received and all attaching conditions have been complied with. Government grants received are not intended to compensate any specific costs of the Group and are recognised within 'other income' in the consolidated income statement.

2.21 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is Renminbi ("RMB"). The consolidated financial statements are presented in HK$, the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement or capitalised as cost of qualifying assets, as applicable.

Translation differences on financial assets and liabilities held at FVPL is reported as part of the fair value gain or loss. Translation differences on equity instruments at FVOCI is included in equity.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(b) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.21 Foreign currency translation (Continued)

(iii) Group companies (Continued)

(c) all resulting currency translation differences are recognised in other comprehensive income.

The Group elects to reclassify the currency translation differences arising from the translation of its subsidiaries' financial statements from their functional currency to the presentation currency to profit or loss upon the disposal of the subsidiaries.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.22 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.22 Leases (Continued)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the consolidated income statement. Short-term leases are leases with a lease term of 12 months or less.

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounted for decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease. The Group recognises in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group accounts for the remeasurement of lease liabilities for all other modifications by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate standalone price of the non-lease components.

As an intermediate lessor, certain sub-leases are recognised as finance lease receivables at the present value of the minimum lease payments and the estimated unguaranteed residual value when the lease term is for the major part of the economic life of the underlying right-of-use asset even if title is not transferred. The corresponding right-of-use assets are derecognised. The interest income is recognised in the consolidated income statement over the sub-lease period.

Lease income from operating leases where the Group is a lessor is recognised in the consolidated income statement on a straight-line basis over the lease term. Initial direct costs incurred in obtaining the operating lease are added to the carrying amount of the underlying asset and recognised as expenses over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated statements of financial position based on their nature.

2.23 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or Directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 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.

(a) Foreign exchange risk

The Group is mainly exposed to foreign exchange risk arising from HK$ and United States dollar ("USD") against RMB. This foreign exchange risk arises from future commercial transactions or recognised assets and liabilities denominated in a currency that is not the functional currencies of the Company and each of the subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

As at 30 June 2024, if HK$ and USD had strengthened/weakened by 5% (2023: 5%) against the RMB with all other variables held constant, profit before income tax for the year would have been approximately HK$77,575,000 lower/higher (2023: loss before income tax for the year would have been HK$74,715,000 higher/lower) mainly as a result of foreign exchange differences on translation of HK$-denominated and USD-denominated financial assets at FVPL, bank balances, other receivables and payables, borrowings and balances with group companies of the Group's entities of which functional currency is RMB.

Foreign exchange risk as defined by HKFRS 7 arise on account of monetary assets and liabilities being denominated in a currency that is not the functional currency, differences resulting from the translation of financial statements into the Group's presentation currency are not taken into consideration.

(b) Credit risk

The credit risk of the Group mainly arises from finance lease receivables, debtors, deposits and other receivables, amounts due from fellow subsidiaries and related companies, fixed deposits with original maturity over three months and cash and bank balances. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward looking information. The following indicators are generally incorporated:

- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the counterparties' ability to meet its obligations;
- actual or expected significant changes in the operating results of the counterparties; and
- significant expected changes in the performance and behaviour of the counterparties, including changes in the payment status of counterparties in the group and changes in the operating results of the counterparties.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk* (Continued)

A default on a financial asset is when the counterparties fail to make contractual payments when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery.

Fixed deposits with original maturity over three months and cash and bank balances placed in renowned or high credit-rated financial institutions are considered to be of low credit risk by referring to external credit rating of the related banks. No impairment had been provided under 12-month expected credit loss assessment.

For amounts due from fellow subsidiaries and related companies, management considers they do not have significant credit risk due to the past payment history and also taking into account of the sound financial performance and position of their holding companies/significant shareholders to meet contractual cash flow obligations in the near term. No impairment had been provided under 12-month expected credit loss assessment.

For deposits and other receivables, the balances mainly comprise of rental deposits. Management considers rental deposits do not have significant credit risk since the deposits are refundable from landlords upon end of lease term or recoverable by the Group through using the leased property. No significant impairment had been provided under 12-month expected credit loss assessment.

For debtors related to retail sales, which are settled by credit/debit cards and guaranteed by the card issuers, or by major means of electronic payment, no significant impairment allowance had been provided under life-time expected credit loss assessment. Management considered there was no history of default of the card issuers and financial institutions, and also took into account of Group's view of current and forecast economic conditions that may affect the ability of the debtors to settle receivables. No single customer accounted for more than 3% (2023: 3%) of the Group's total revenue during the year.

For finance lease receivables and debtors related to lease, the Group carries out regular review on these balances and follow-up action on any overdue amounts to minimise exposures to credit risk. The Group measures the loss allowance under lifetime expected credit loss assessment with reference to the historical credit loss experience with counterparties and ageing analysis, adjusted for forward looking factors specific to the counterparties and the economic environment. Management considers the leasee do not have significant credit risk due to the past payment history. Loss allowance of finance lease receivables of HK$634,000 (2023: HK$1,435,000) had been provided for the year ended 30 June 2024.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) *Credit risk* *(Continued)*

The loss allowance for debtors related to lease as at 30 June 2024 was determined as follows:

	0–30 days past due	31–60 days past due	61–90 days past due	91–120 days past due	121–180 days past due	181–365 days past due	Past due over 1 years but less than 5 years	Past due over 5 years	Total
As at 30 June 2024									
Expected loss rate	1%	3%	40%	18%	20%	84%	95%	100%	
Gross carrying amount — debtors (HK$'000)	3,803	639	768	815	1,079	1,117	4,518	1,701	14,440
Loss allowance (HK$'000)	49	19	307	145	212	941	4,286	1,701	7,660

	0–30 days past due	31–60 days past due	61–90 days past due	91–120 days past due	121–180 days past due	181–365 days past due	Past due over 1 years but less than 5 years	Past due over 5 years	Total
As at 30 June 2023									
Expected loss rate	4%	8%	39%	31%	30%	86%	95%	80%	
Gross carrying amount — debtors (HK$'000)	3,950	875	756	926	1,383	2,198	3,922	–	14,010
Loss allowance (HK$'000)	138	71	299	285	410	1,885	3,711	–	6,799

No significant changes to the estimation techniques or significant assumptions were made during the year.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) *Liquidity risk*

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

As at 30 June 2024, the Group's current liabilities exceeded its current assets by approximately HK$2,606,373,000 (2023: HK$2,867,240,000). The Group will continue to monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet its operational needs and to fulfil its liabilities and commitments as and when they fall due.

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 30 June 2024					
Creditors	442,928	442,928	442,928	–	–
Other payables	782,081	782,081	782,081	–	–
Amounts due to fellow subsidiaries	8,097	8,097	8,097	–	–
Amounts due to related companies	40,614	40,614	40,614	–	–
Amounts due to ultimate holding company	101,035	101,035	101,035	–	–
Borrowings	1,469,297	1,552,925	1,552,925	–	–
Lease liabilities	2,674,110	3,489,726	484,736	1,656,839	1,348,151

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) 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 2023					
Creditors	661,426	661,426	661,426	–	–
Other payables	739,110	739,110	739,110	–	–
Amounts due to fellow subsidiaries	10,404	10,404	10,404	–	–
Amounts due to related companies	47,976	47,976	47,976	–	–
Amounts due to ultimate holding company	81,995	81,995	81,995	–	–
Borrowings	1,412,495	1,468,478	1,468,478	–	–
Lease liabilities	3,126,510	4,061,792	657,134	1,823,382	1,581,276

(d) Interest rate risk

The Group's interest rate risk arises from borrowings. Borrowings obtained at floating rates of approximately HK$1,413,000,000 (2023: HK$1,413,000,000) expose the Group to cash flow interest rate risk. The Group's income and operating cash flows are substantially independent of changes in market interest rates. At the reporting date, management does not anticipate significant impact resulted from the changes in interest rates.

As at 30 June 2024, if interest rates on borrowings subject to floating rate had been 100 (2023: 100) basis points higher/lower with all other variables held constant, the Group's profit before income tax for the year would have been approximately HK$14,130,000 lower/higher (2023: loss before income tax would have been approximately HK$14,130,000 higher/lower). The sensitivity analysis has been determined assuming that the change in interest rates had occurred throughout the year and had been applied to exposure to interest rate risk for financial instruments in existence at the end of the reporting period.

3.2 Capital risk management

The Group's objectives on managing capital are to finance its operations with its owned capital and to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

With regard to the maintenance and enhancement of capital structure, the Group regularly reviews and manages its capital structure and makes adjustments to it taking into consideration of changes in economic and market conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected investment opportunities.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital risk management (Continued)

The Group's strategy is to maintain a capital base competitive to industry's average to support the operations and development of its business.

The Group was in net debt position as at 30 June 2024 and 2023, taking into accounts its borrowings, cash and bank balances and fixed deposits with original maturity over three months.

3.3 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 instrument is stated at fair value which is estimated using 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 FVPL that is measured at fair value:

	Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**	**Total HK$'000**
As at 30 June 2024				
Financial assets at FVPL	**–**	**–**	**85,278**	**85,278**

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
As at 30 June 2023				
Financial assets at FVPL	–	–	66,494	66,494

The financial assets at FVPL are unlisted funds and its fair value are determined with reference to their attributable net asset values and recent comparable transaction prices, where available, being significant unobservable inputs. The fair value increases with the increase in the attributable net asset value and recent comparable transaction price, where available.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the changes in financial asset at FVPL in level 3 financial instruments for the year ended 30 June 2024:

	Financial assets at FVPL HK$'000
As at 1 July 2023	66,494
Addition	20,104
Fair value loss	(754)
Translation differences	(566)
As at 30 June 2024	85,278
As at 1 July 2022	78,000
Fair value loss	(4,535)
Translation differences	(6,971)
As at 30 June 2023	66,494

There were no significant transfer of financial assets and financial liabilities between level 1, level 2 and level 3 fair value hierarchy classification.

There were no changes in valuation techniques during the year.

3.4 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 demand, or bear interest at variable rates:

- Debtors
- Deposits and other receivables under current assets
- Finance lease 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

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Valuation of investment properties

The fair value of each investment property is individually determined at the end of each reporting period by independent professional valuers based on a market value assessment. The valuers have relied on the income approach. These methodologies are based upon estimates of future results and a set of assumptions specific to each property to reflect its tenancy and cash flow profile. The fair value of each investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. The details are set out in Note 15.

(b) Estimated useful lives and impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment are long-lived but may be subject to technical obsolescence. The annual depreciation charges are affected by the estimated useful lives that the Group allocates to each type of property, plant and equipment. Management performs annual reviews to assess the appropriateness of the estimated useful lives. Such reviews take into account the technological changes, prospective economic utilisation and physical condition of the assets concerned.

Management also regularly reviews whether there are any indications of impairment and will recognise an impairment loss if the carrying amount of cash-generating unit is higher than its recoverable amount. The recoverable amount of cash-generating units is determined in accordance with the policy set out in Note 2.6. These calculations require the use of estimates which are subject to change of economic environment in future. The details are set out in Note 18.

(c) Impairment of goodwill

The Group tests annually and whenever there is an indication that the goodwill may be impaired, whether goodwill has suffered any impairment according to the recoverable amounts of the cash-generating units determined in accordance with the policy set out in Note 2.6. These calculations require the use of estimates which are subject to change of economic environment in the future. The details are set out in Note 19.

(d) Provision for inventories

In determining the amount of allowance required for obsolete and slow-moving inventories, the Group would evaluate ageing analysis of inventories and compare the carrying value of inventories to their respective net realisable value. A considerable amount of judgement is required in determining such allowance. If conditions which have impact on the net realisable value of inventories deteriorate, additional allowances may be required. The details are set out in Note 25.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Loss allowances for debtors and finance lease receivables

The Group makes loss allowances for debtors and finance lease receivables based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculations, based on the existing market conditions as well as forward-looking estimates at the end of each reporting period. The details are set out in Notes 22 and 26.

(f) Recognition of deferred income tax assets

Deferred income tax assets recognised on unused tax losses of the PRC subsidiaries and other deductible temporary differences involve business assumptions and projections in determining the estimated future taxable profits available against which tax losses and other deductible temporary differences can be utilised before they expire, if applicable. Where the final tax outcome of these profits different from the amounts that were initially recorded, such differences will impact the deferred income tax assets in the period in which such determination is made. The details are set out in Note 24.

(g) Provision for compensation

The Group exercises judgement in measuring and recognising provisions and in assessing exposures to contingent liabilities in connection with compensation for early termination of leases of certain department stores, the settlement of which is subject to negotiation, mediation and/or arbitration. Judgement is required to assess the likelihood that a liability will arise and a settlement will be required, and to quantify the possible range of the settlement. Because of the inherent uncertainty in this assessment process, actual outflow may be different from the originally estimated amount.

(h) Leases

Liabilities and the corresponding right-of-use assets arising from leases are initially measured at the present value of the lease payments at the commencement date, discounted using the interest rates implicit in the leases, or if that rate cannot be readily determinable, the Group uses the incremental borrowing rate.

The Group generally uses the incremental borrowing rate as the discount rate. The Group applies the incremental borrowing rate with reference to the rate of interest that the Group would have to pay to borrow, over a similar term as that of the lease, the funds necessary to obtain an asset of a similar value to the right-of-use asset in the country where it is located.

Lease payments to be made during the lease term will be included in the measurement of a lease liability. The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any period covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, the Group considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew. The assessment of whether the Group is reasonably certain to exercise the options impacts the lease terms, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

5 REVENUE AND SEGMENT INFORMATION

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

The income from concessionaire sales is analysed as follows:

	2024 HK$'000	2023 HK$'000
Proceeds from concessionaire sales	3,090,527	3,618,718
Commission income from concessionaire sales	435,932	479,918

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

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

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

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

5 REVENUE AND SEGMENT INFORMATION (Continued)

	Department store business HK$'000	Property investment business HK$'000	Consolidated HK$'000
For the year ended 30 June 2024			
Segment revenue	1,150,912	208,544	1,359,456
Segment operating results	99,806	119,652	219,458
Other gains, net	188,138	226	188,364
Changes in fair value of investment properties	–	(119,286)	(119,286)
Unallocated corporate expenses, net			(33,826)
Operating profit			254,710
Finance income			18,010
Finance costs			(235,532)
Finance costs, net			(217,522)
Profit before income tax			37,188
Income tax expense			(23,874)
Profit for the year			13,314

5 REVENUE AND SEGMENT INFORMATION (Continued)

	Department store business HK$'000	Property investment business HK$'000	Consolidated HK$'000
For the year ended 30 June 2023			
Segment revenue	1,280,535	203,198	1,483,733
Segment operating results	(18,724)	77,690	58,966
Other gains, net	38,893	2,055	40,948
Changes in fair value of investment properties	–	(22,527)	(22,527)
Unallocated corporate expenses, net			(156,782)
Operating loss			(79,395)
Finance income			22,983
Finance costs			(226,155)
Finance costs, net			(203,172)
Loss before income tax			(282,567)
Income tax expense			(38,285)
Loss for the year			(320,852)

5 REVENUE AND SEGMENT INFORMATION (Continued)

	Department store business HK$'000	Property investment business HK$'000	Consolidated HK$'000
As at 30 June 2024			
Segment assets	5,105,939	4,923,373	10,029,312
Deferred income tax assets	86,681	–	86,681
Unallocated corporate assets:			
Cash and bank balances			3,988
Others			85,532
Total assets			10,205,513
For the year ended 30 June 2024			
Additions to non-current assets (Note)	233,261	9,312	242,573
Depreciation	352,609	1,245	353,854
Loss allowance/(reversal of loss allowance) of debtors and other receivables, net	754	(73)	681
Gain on derecognition of lease liabilities and right-of-use assets, net (Note 7(ii))	(193,967)	–	(193,967)
Gain on derecognition of right-of-use assets, net (Note 7(iii))	(16,207)	–	(16,207)
Loss allowance, loss on derecognition and lease modification of finance lease receivables, net	16,369	1,576	17,945

5 REVENUE AND SEGMENT INFORMATION (Continued)

	Department store business HK$'000	Property investment business HK$'000	Consolidated HK$'000
As at 30 June 2023			
Segment assets	5,314,558	5,318,286	10,632,844
Deferred income tax assets	85,694	497	86,191
Unallocated corporate assets:			
Cash and bank balances			5,528
Others			66,753
Total assets			10,791,316
For the year ended 30 June 2023			
Additions to non-current assets (Note)	107,947	6,068	114,015
Depreciation	381,327	1,329	382,656
Impairment loss on property, plant and equipment and right-of-use assets	3,769	–	3,769
(Reversal of loss allowance)/loss allowance of debtors and other receivables, net	(17,576)	7,634	(9,942)
Gain on derecognition of lease liabilities and right-of-use assets, net (Note 7(ii))	(55,826)	–	(55,826)
Gain on derecognition of right-of-use assets, net (Note 7(iii))	(1,894)	–	(1,894)
Loss allowance, loss/(gain) on derecognition and lease modification of finance lease receivables, net	12,883	(2,052)	10,831

Note:

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

6 OTHER INCOME

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

7 OTHER GAINS, NET

	2024 HK$'000	2023 HK$'000
(Loss)/gain on deregistration of subsidiaries	(5,522)	660
Loss on fair value of financial assets at FVPL, net	(754)	(4,535)
Impairment loss on property, plant and equipment and right-of-use assets (Note (i) & 18)	–	(3,769)
Gain on derecognition of lease liabilities and right-of-use assets, net (Note (ii))	193,967	55,826
Loss on disposal of property, plant and equipment, net	(135)	(2,832)
Gain on disposal of investment properties	1,792	–
Gain on derecognition of right-of-use assets, net (Note (iii))	16,207	1,894
Loss on derecognition of finance lease receivables, net	(13,867)	(9,877)
Loss allowance and loss on lease modification of finance lease receivables, net	(4,078)	(954)
	187,610	36,413

Notes:

(i) The impairment loss for the year ended 30 June 2023 was made to reflect management's latest plan for mainly two department stores in light of the latest market environment and the management's assessment on the business prospect thereof.

(ii) Gain on derecognition of lease liabilities and right-of-use assets, net was due to downsizing or closure of certain department stores.

(iii) Gain on derecognition of right-of-use assets, net was recognised at the inception of subleases to tenants which were accounted for as finance lease receivables.

8 OTHER OPERATING EXPENSES, NET

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

Notes:

(i) Compensation expenses for the year ended 30 June 2023 mainly represented the compensation to the affected parties related to the closure of certain department stores.

(ii) Others included credit card handling fees, legal and professional fees and insurance expenses etc.

9 FINANCE COSTS, NET

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

10 EMPLOYEE BENEFIT EXPENSE

	2024 HK$'000	2023 HK$'000
Wages, salaries and other benefits	309,994	361,430
Retirement benefit costs – defined contribution plans	32,223	47,262
	342,217	408,692

Employee benefit expense included emoluments of Directors (Note 11).

11 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of Directors for the year ended 30 June 2024 is set out below:

		As management (Note (ii))		
Name of Directors	As Director (Note (i)) HK$'000	Basic salaries, housing allowances, other allowances and other benefits in kind HK$'000	Retirement benefit costs – defined contribution plans HK$'000	Total HK$'000
Non-executive Directors				
Dr. Cheng Chi-kong, Adrian	100	–	–	100
Ms. Chiu Wai-han, Jenny	100	–	–	100
Executive Directors				
Mr. Cheung Fai-yet, Philip (Note (iii))	150	3,128	264	3,542
Ms. Xie Hui-fang, Mandy (Note (iv))	150	5,901	33	6,084
Independent non-executive Directors				
Mr. Cheong Ying-chew, Henry	200	–	–	200
Mr. Chan Yiu-tong, Ivan	200	–	–	200
Mr. Tong Hang-chan, Peter	200	–	–	200
Mr. Yu Chun-fai	200	–	–	200
Ms. Ho Pui-yun, Gloria	200	–	–	200
	1,500	9,029	297	10,826

11 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The remuneration of Directors for the year ended 30 June 2023 is set out below:

Name of Directors	As Director (Note (i)) HK$'000	As management (Note (ii)): Basic salaries, housing allowances, other allowances and other benefits in kind HK$'000	As management (Note (ii)): Retirement benefit costs – defined contribution plans HK$'000	Total HK$'000
Non-executive Directors				
Dr. Cheng Chi-kong, Adrian	100	–	–	100
Ms. Chiu Wai-han, Jenny	100	–	–	100
Executive Directors				
Mr. Cheung Fai-yet, Philip (Note (iii))	150	9,515	876	10,541
Ms. Xie Hui-fang, Mandy (Note (iv))	150	5,421	32	5,603
Independent non-executive Directors				
Mr. Cheong Ying-chew, Henry	200	–	–	200
Mr. Chan Yiu-tong, Ivan	200	–	–	200
Mr. Tong Hang-chan, Peter	200	–	–	200
Mr. Yu Chun-fai	200	–	–	200
Ms. Ho Pui-yun, Gloria	33	–	–	33
	1,333	14,936	908	17,177

Notes:

(i) The amounts represented directors' fees paid to or receivable by the Director in respect of a person's services as a Director, whether of the Company or its subsidiary undertakings. No other emoluments was paid to or receivable by the Director in respect of a person's services as a Director, whether of the Company or its subsidiary undertakings.

(ii) The amounts represented emoluments paid to or receivable by the Director in respect of a person's other services in connection with the management of the affairs of the Company or its subsidiary undertakings and included basic salaries, employer's contributions to retirement benefit schemes and other allowances.

(iii) Mr. Cheung Fai-yet, Philip resigned as the Joint Chief Executive Officer with effect from 1 July 2023 and remains as an Executive Director.

(iv) Ms. Xie Hui-fang, Mandy has been re-designated as the Chief Executive Officer with effect from 1 July 2023 and remains as an Executive Director.

(v) No Directors waived or agreed to waive any emoluments during the years ended 30 June 2024 and 2023.

11 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group includes two Directors for the year ended 30 June 2024 (2023: two Directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2023: three) individuals during the year are as follows:

	2024 HK$'000	2023 HK$'000
Basic salaries, housing allowances, other allowances and other benefits in kind	5,450	5,762
Discretionary bonus	692	751
Retirement benefit costs – defined contribution plans	120	117
	6,262	6,630

The emoluments fell within the following bands:

	Number of individuals	
	2024	2023
Emolument bands		
HK$1,500,001 – HK$2,000,000	1	–
HK$2,000,001 – HK$2,500,000	2	3
	3	3

12 INCOME TAX EXPENSE

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

	2024 HK$'000	2023 HK$'000
Current income tax		
– Mainland China taxation	84,037	33,993
– (Over)/under-provision in prior years	(2,303)	544
Deferred income tax (Note 24)		
– Other temporary differences	(57,860)	3,748
	23,874	38,285

Taxation has been provided at the tax rates prevailing in the tax jurisdictions in which the members of the Group operate. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong for the years ended 30 June 2024 and 2023.

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

The taxation of the Group's profit before income tax (2023: loss before income tax) differs from the theoretical amount that would arise using the applicable tax rate, being the weighted average tax rates prevailing in the territories in which the Group operates, as follows:

	2024 HK$'000	2023 HK$'000
Profit/(loss) before income tax	37,188	(282,567)
Tax calculated at applicable tax rate	9,297	(70,642)
Expenses not deductible for taxation purpose	28,251	66,491
Income not subject to taxation	(9,054)	(15,078)
Utilisation of previously unrecognised tax losses and other temporary differences	(55,819)	(2,869)
Reversal of previously recognised tax losses and other temporary differences, net	7,609	–
Tax losses and other temporary differences not recognised	45,893	59,839
(Over)/under-provision in prior years	(2,303)	544
Income tax expense	23,874	38,285

	2024	2023
Domestic applicable tax rates	25%	25%

13 DIVIDENDS

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

14 EARNINGS/(LOSS) PER SHARE

(a) Basic

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

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

(b) Diluted

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

15 INVESTMENT PROPERTIES

	2024 HK$'000	2023 HK$'000
At beginning of the year	**4,923,988**	5,396,060
Translation differences	**(22,764)**	(435,956)
Additions	**8,401**	5,942
Disposals	**(228,261)**	(17,973)
Transfer from property, plant and equipment	**–**	8,656
Transfer from right-of-use assets	**–**	11,426
Reclassification to finance lease receivables	**(5,843)**	(21,640)
Changes in fair value charged to consolidated income statement	**(119,286)**	(22,527)
At end of the year	**4,556,235**	4,923,988

15 INVESTMENT PROPERTIES (Continued)

Amounts transferred from property, plant and equipment and right-of-use assets to investment properties are as follows:

	2024 HK$'000	2023 HK$'000
Net book value at the date of transfer of:		
– Property, plant and equipment (Note 16)	–	5,876
– Right-of-use assets (Note 17)	–	6,397
Revaluation gain recognised in other comprehensive income	–	7,809
	–	20,082
Representing fair value of investment properties transferred from:		
– Property, plant and equipment	–	8,656
– Right-of-use assets	–	11,426
	–	20,082

Amounts recognised in the consolidated income statement for investment properties are as follows:

	2024 HK$'000	2023 HK$'000
Rental income	208,544	203,198
Direct operating expenses from properties that generated rental income	(88,666)	(123,453)
	119,878	79,745

Valuation processes of the Group

Investment properties have been revalued as at 30 June 2024 and 30 June 2023 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer. The fair value of the investment properties was determined based on, amongst other things, comparable market transactions, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions.

The Group's finance team review the valuations performed by the independent professional valuers for financial reporting purposes. This team reports directly to the senior management. Discussions of valuation processes and results are held between the management and the independent professional valuer at least twice a year.

15 INVESTMENT PROPERTIES (Continued)

Valuation processes of the Group (Continued)

At each reporting period the finance team of the Group:

– Verifies all major inputs to the independent valuation report;

– Assesses property valuations movements when compared to the prior period valuation report; and

– Holds discussions with the independent professional valuer.

Fair value measurements using significant unobservable inputs

The fair value measurement of the Group's investment properties is categorised into level 3 in the fair value hierarchy based on the inputs to valuation techniques used.

There were no transfers between levels 1, 2 and 3 during the year. The Group's policy is to recognise transfers into/out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

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.

Information about fair value measurements using significant unobservable inputs:

As at 30 June 2024

Valuation technique	**Range of significant unobservable inputs**	
Income approach	**Prevailing market rents**	**Capitalisation rate**
Located in Tier 1 cities	**HK$5.5 to HK$15.6 per sq.m. per day**	**4.8% to 6.3%**
Located in Tier 2 cities	**HK$3.9 to HK$6.9 per sq.m. per day**	**5.8% to 6.8%**

As at 30 June 2023

Valuation technique	Range of significant unobservable inputs	
Income approach	Prevailing market rents	Capitalisation rate
Located in Tier 1 cities	HK$3.9 to HK$14.8 per sq.m. per day	5.0% to 5.8%
Located in Tier 2 cities	HK$3.8 to HK$7.5 per sq.m. per day	6.0% to 7.0%

For prevailing market rent, the higher the prevailing market rent is, the higher the fair value will be. For capitalisation rate, the lower the capitalisation rate is, the higher the fair value will be.

As at 30 June 2024, if the market value of investment properties had been 1% (2023: 1%) higher/lower with all other variables held constant, the fair value of the Group's investment properties would have been approximately HK$45,562,000 (2023: HK$49,240,000) higher/lower.

16 PROPERTY, PLANT AND EQUIPMENT

	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computer HK$'000	Assets under construction HK$'000	Total HK$'000
Cost									
As at 1 July 2023	566,611	48,421	4,970	1,416,875	17,390	8,152	157,368	25,956	2,245,743
Translation differences	(3,046)	(30)	(28)	(7,621)	(76)	(29)	(831)	(73)	(11,734)
Additions	–	702	391	74,539	1,255	90	3,545	5,420	85,942
Disposals	–	(37,101)	(268)	(85,647)	(2,963)	(1,453)	(4,967)	–	(132,399)
Reclassification	–	–	–	11,575	–	–	–	(11,575)	–
As at 30 June 2024	563,565	11,992	5,065	1,409,721	15,606	6,760	155,115	19,728	2,187,552
Accumulated depreciation and impairment									
As at 1 July 2023	131,694	47,320	4,071	1,196,005	15,970	7,869	134,039	–	1,536,968
Translation differences	(884)	(22)	(22)	(6,200)	(62)	(28)	(768)	–	(7,986)
Charge for the year	16,350	485	321	60,507	601	126	8,078	–	86,468
Written back on disposals	–	(37,101)	(268)	(85,479)	(2,963)	(1,440)	(4,947)	–	(132,198)
As at 30 June 2024	147,160	10,682	4,102	1,164,833	13,546	6,527	136,402	–	1,483,252
Net book amount									
As at 30 June 2024	416,405	1,310	963	244,888	2,060	233	18,713	19,728	704,300

16 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Buildings HK$'000	Plant and machinery HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Computer HK$'000	Assets under construction HK$'000	Total HK$'000
Cost									
As at 1 July 2022	626,062	55,123	6,492	1,737,078	24,156	9,923	185,879	21,713	2,666,426
Translation differences	(50,369)	(4,369)	(481)	(132,738)	(1,741)	(761)	(14,464)	(2,032)	(206,955)
Additions	–	323	396	85,364	181	98	12,774	6,398	105,534
Disposals	–	(2,656)	(1,437)	(270,578)	(5,206)	(1,108)	(26,821)	–	(307,806)
Reclassification	–	–	–	123	–	–	–	(123)	–
Transfer to investment properties	(9,082)	–	–	(2,374)	–	–	–	–	(11,456)
As at 30 June 2023	566,611	48,421	4,970	1,416,875	17,390	8,152	157,368	25,956	2,245,743
Accumulated depreciation and impairment									
As at 1 July 2022	130,038	53,767	5,683	1,510,836	21,864	9,394	165,823	–	1,897,405
Translation differences	(11,095)	(4,484)	(409)	(114,731)	(1,750)	(727)	(12,716)	–	(145,912)
Charge for the year	17,116	474	234	66,607	680	189	7,324	–	92,624
Written back on disposals	–	(2,437)	(1,437)	(266,620)	(5,018)	(1,106)	(26,689)	–	(303,307)
Impairment	–	–	–	1,128	194	119	297	–	1,738
Transfer to investment properties	(4,365)	–	–	(1,215)	–	–	–	–	(5,580)
As at 30 June 2023	131,694	47,320	4,071	1,196,005	15,970	7,869	134,039	–	1,536,968
Net book amount									
As at 30 June 2023	434,917	1,101	899	220,870	1,420	283	23,329	25,956	708,775

17 RIGHT-OF-USE ASSETS

	Prepaid leasehold land HK$'000	Buildings, plant and machinery and others HK$'000	Total HK$'000
As at 1 July 2023	627,256	1,754,962	2,382,218
Lease modification	–	143,538	143,538
Derecognition	–	(57,187)	(57,187)
Depreciation	(23,630)	(243,756)	(267,386)
Transfer from finance lease receivables	–	12,194	12,194
Translation differences	(3,118)	(7,875)	(10,993)
As at 30 June 2024	600,508	1,601,876	2,202,384

	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
Additions	–	1,482	1,482
Lease modification	–	(109,006)	(109,006)
Derecognition	–	(71,530)	(71,530)
Depreciation	(24,726)	(265,306)	(290,032)
Transfer from finance lease receivables	–	51,860	51,860
Transfer to investment properties	(6,397)	–	(6,397)
Impairment charged for the year	–	(2,031)	(2,031)
Translation differences	(56,628)	(171,095)	(227,723)
As at 30 June 2023	627,256	1,754,962	2,382,218

17 RIGHT-OF-USE ASSETS (Continued)

The Group leases various properties. Rental contracts are made for a range of fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Some leases contain variable payment terms that are linked to sales or net profits generated. Variable lease payments that depend on sales or net profits are recognised in the consolidated income statement in the period in which the condition that triggers those payments occurs. Most leases are subject to fixed payments.

Expense relating to variable lease payments not included in lease liabilities was HK$71,664,000 (2023: HK$74,293,000).

Extension options are included in a number of property leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor.

Total cash outflows for leases was HK$620,349,000 (2023: HK$755,218,000).

18 IMPAIRMENT TESTS FOR PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

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 an average pre-tax discount rate of 35.4% (2023: 16.9%) or the equivalent of a post-tax discount rate of 11.4% (2023: 12.4%); or

(ii) with reference to the valuation of the corresponding properties at 30 June 2024 by an independent professional valuer.

The key assumptions used in the impairment assessment, where discounted cash flow model was adopted based on value in use model, are average annual gross revenue growth rates ranging from –22% to 5% (2023: 0% to 29%), average gross margin ratios ranging from 8% to 13% (2023: 8% to 15%) and discount rate which are based on management's best estimates and reflect specific risks relating to the relevant businesses.

18 IMPAIRMENT TESTS FOR PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS (Continued)

The key assumptions used in the impairment assessments, with reference to the independent valuation of the underlying properties of the CGUs, are capitalisation rates, prevailing market rents and estimated transaction costs of disposal as at 30 June 2024 and 2023. 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.

For the year ended 30 June 2024, no impairment loss was recognised. For the year ended 30 June 2023, impairment loss of approximately HK$3,769,000 was recognised. Impairment provision were made on property, plant and equipment and right-of-use assets to reflect management's latest plan for the department stores in light of the latest market environment and the management's assessment on the business prospect thereof. The impairment loss recognised for the year ended 30 June 2023 represented the difference between the carrying amounts of property, plant and equipment and right-of-use assets of the CGUs and their estimated recoverable amounts.

If the annual gross revenue had been 15% (2023: 15%) lower than management's current estimates, there would have been impairment losses of approximately HK$33,362,000 (2023: additional impairment losses of approximately HK$48,700,000).

If the gross margin ratios had been 1% (2023: 1%) lower than management's current estimates, there would have been impairment losses of approximately HK$4,217,000 (2023: additional impairment losses of approximately HK$2,479,000).

If the discount rate had been 0.5% (2023: 0.5%) higher than management's current estimates, there is no material adverse impact (2023: no material adverse impact) to the consolidated financial statements.

If the value of the corresponding properties had been 1% (2023: 1%) lower with all other variables held constant, there is no material adverse impact (2023: no material adverse impact) to the consolidated financial statements.

19 INTANGIBLE ASSETS

	Goodwill HK$'000
Cost	
As at 1 July 2023	2,027,800
Translation differences	(10,902)
As at 30 June 2024	2,016,898
Accumulated impairment	
As at 1 July 2023	1,010,357
Translation differences	(5,432)
As at 30 June 2024	1,004,925
Net book amount	
As at 30 June 2024	1,011,973
Cost	
As at 1 July 2022	2,206,723
Translation differences	(178,923)
As at 30 June 2023	2,027,800
Accumulated impairment	
As at 1 July 2022	1,099,505
Translation differences	(89,148)
As at 30 June 2023	1,010,357
Net book amount	
As at 30 June 2023	1,017,443

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs identified. The following is a summary of goodwill allocation for each CGU with significant amount of goodwill:

	2024 HK$'000	2023 HK$'000
Shanghai Wujiaochang Branch Store	417,417	419,674
Shanghai Shaanxi Road Branch Store	230,486	231,731
Beijing Chongwen Store	223,136	224,342
Chongqing Store	67,264	67,628
Shanghai Pujian Branch Store	53,249	53,537

19 INTANGIBLE ASSETS (Continued)

As at 30 June 2024, goodwill allocated to CGUs of the department store business and CGUs of the property investment business was approximately HK$781,487,000 (2023: HK$785,712,000) and approximately HK$230,486,000 (2023: HK$231,731,000) 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 businesses and CGUs of the property investment business are measured using the discounted cash flow projections and the fair value 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 used in the impairment assessments, with reference to the independent valuation of the underlying properties of the CGUs, are capitalisation rates, prevailing market rents and estimated transaction costs of disposal as at 30 June 2024 and 2023. 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.

The key assumptions used in the cash flow projections based on the fair value less costs of disposal calculation, where applicable, namely average annual gross revenue growth rate ranging from 3% to 26% (2023: 5% to 24%) and average gross margin ratios ranging from 13% to 15% (2023: 13% to 15%), are determined by considering both internal and external factors relating to the businesses of each CGU and consistent with the forecast of the businesses, and the discount rate of 14.5% (2023: 12.4%) is post-tax and reflects specific risks relating to the relevant businesses.

During the years ended 30 June 2024 and 2023, no impairment loss on goodwill was recognised.

If the annual gross revenue had been 15% (2023: 15%) lower than management's current estimates, there would have been impairment losses of approximately HK$342,775,000 (2023: HK$413,053,000).

If the gross margin ratios had been 1% (2023: 1%) lower than management's current estimates, there would have been impairment losses of approximately HK$29,066,000 (2023: HK$64,586,000).

If the discount rate had been 0.5% (2023: 0.5%) higher than management's current estimates, there would have been impairment losses of approximately HK$2,131,000 (2023: HK$47,339,000).

If the fair value of the corresponding properties in relation to the goodwill allocated to CGUs of the property investment business had been 1% (2023: 1%) lower with all other variables held constant, there is no material adverse impact (2023: no material adverse impact) to the consolidated financial statements.

20 INTEREST IN AN ASSOCIATED COMPANY

	2024 HK$'000	2023 HK$'000
The Group's share of net assets, unlisted	–	–

There is no associated company that is individually material to the Group. The Group's share of result of an associated company is as follows:

	2024 HK$'000	2023 HK$'000
For the year ended 30 June		
Loss for the year	–	–

The Group's share of revenue, results, assets and liabilities of an associated company are as follows:

	2024 HK$'000	2023 HK$'000
Revenue	–	–
Loss for the year	–	–
Non-current assets	48	49
Current assets	441	443
Current liabilities	(225)	(226)
Net assets	264	266

	2024 HK$'000	2023 HK$'000
Impairment of interest in an associated company	(264)	(266)

20 INTEREST IN AN ASSOCIATED COMPANY (Continued)

Details of the associated company is as follows:

Name	Place of establishment	Principal activity	Registered capital	Attributable interest (%) 2024	Attributable interest (%) 2023
Shanghai Yijie Trading Co., Ltd.	Mainland China	Inactive	RMB1,500,000	**49**	49

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 HK$'000	2023 HK$'000
Prepaid rent and rental deposits	**130,697**	132,646
Other tax recoverable	**24,627**	55,729
Prepaid expenses	**25,782**	24,916
Others	**89,551**	93,471
	270,657	306,762
Less: non-current prepayments, deposits and other receivables	**(151,881)**	(163,814)
Current prepayments, deposits and other receivables	**118,776**	142,948

The balances were mainly denominated in RMB.

As at 30 June 2024, prepaid expenses included insurance expenses to related companies of approximately HK$152,000. As at 30 June 2023, prepaid expenses included insurance expenses to fellow subsidiaries and related companies of approximately HK$40,000 and HK$95,000, respectively.

22 FINANCE LEASE RECEIVABLES

	2024 HK$'000	2023 HK$'000
Finance lease receivables	**329,688**	373,530
Unguaranteed residual values	**25,526**	31,000
Gross investment in finance leases	**355,214**	404,530
Less: unearned finance income	**(27,442)**	(37,306)
Net investment in finance leases	**327,772**	367,224
Less: accumulated allowance for impairment	**(1,993)**	(1,373)
Finance lease receivables – net	**325,779**	365,851
Of which are:		
Current finance lease receivable	**89,931**	75,238
Non-current finance lease receivable	**235,848**	290,613
	325,779	365,851

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

	2024 HK$'000	2023 HK$'000
Gross investment in finance leases		
Within one year	**104,564**	91,201
In the second to fifth year	**215,286**	258,653
After the fifth year	**35,364**	54,676
	355,214	404,530

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 HK$'000	2023 HK$'000
Unlisted securities, at fair value	**85,278**	66,494

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

The carrying amounts of the financial assets at fair value through profit or loss were denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	20,000	–
USD	65,278	66,494
	85,278	66,494

24 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The net amounts are as follows:

	2024 HK$'000	2023 HK$'000
Deferred income tax assets	86,681	86,191
Deferred income tax liabilities	(835,258)	(896,367)
	(748,577)	(810,176)

The movement of net deferred income tax liabilities account is as follows:

	2024 HK$'000	2023 HK$'000
At beginning of the year	(810,176)	(875,726)
Translation differences	3,739	71,250
Taxation charged directly to equity	–	(1,952)
Credited/(charged) to consolidated income statement (Note 12)	57,860	(3,748)
At end of the year	(748,577)	(810,176)

24 DEFERRED INCOME TAX (Continued)

The movements in deferred income tax assets and liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction are as follows:

Deferred income tax assets:

	Tax losses HK$'000	Accrued expenses HK$'000	Tax depreciation HK$'000	Leases liabilities HK$'000	Total HK$'000
As at 1 July 2023					
As previously reported	9,199	8,075	107	95,472	112,853
Impact of amendments to HKAS 12	–	–	–	527,570	527,570
As restated	9,199	8,075	107	623,042	640,423
Translation differences	49	(445)	794	(2,827)	(2,429)
Charged to consolidated income statement	(9,248)	(1,799)	(865)	(41,727)	(53,639)
As at 30 June 2024	–	5,831	36	578,488	584,355
As at 1 July 2022					
As previously reported	19,135	9,037	1,264	101,526	130,962
Impact of amendments to HKAS 12	–	–	–	684,825	684,825
As restated	19,135	9,037	1,264	786,351	815,787
Translation differences	(1,172)	(4,999)	(55)	(59,259)	(65,485)
(Charged)/credited to consolidated income statement	(8,764)	4,037	(1,102)	(104,050)	(109,879)
As at 30 June 2023	9,199	8,075	107	623,042	640,423

24 DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities:

	Tax depreciation HK$'000	Fair value adjustment on business combination HK$'000	Revaluation of properties HK$'000	Right-of-use assets HK$'000	Others HK$'000	Total HK$'000
As at 1 July 2023						
As previously reported	262,081	540,294	108,129	–	12,525	923,029
Impact of amendments to HKAS 12	–	–	–	527,570	–	527,570
As restated	262,081	540,294	108,129	527,570	12,525	1,450,599
Translation differences	(720)	(2,413)	(395)	(2,352)	(288)	(6,168)
Charged/(credited) to consolidated income statement	1,529	(45,876)	(17,229)	(45,063)	(4,860)	(111,499)
As at 30 June 2024	262,890	492,005	90,505	480,155	7,377	1,332,932
As at 1 July 2022						
As previously reported	274,182	589,924	117,594	–	24,988	1,006,688
Impact of amendments to HKAS 12	–	–	–	684,825	–	684,825
As restated	274,182	589,924	117,594	684,825	24,988	1,691,513
Translation differences	(22,689)	(47,749)	(9,538)	(50,928)	(5,831)	(136,735)
Taxation charged directly to equity	–	–	1,952	–	–	1,952
Charged/(credited) to consolidated income statement	10,588	(1,881)	(1,879)	(106,327)	(6,632)	(106,131)
As at 30 June 2023	262,081	540,294	108,129	527,570	12,525	1,450,599

Pursuant to the Corporate Income Tax Law with effect from 1 January 2008, withholding tax at rates of 10% is levied on dividends distributed to foreign investors by the foreign investment enterprises established in Mainland China.

As at 30 June 2024, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred income tax liabilities have not been recognised totalled approximately HK$273,118,000 (2023: HK$286,255,000), as the Directors consider that the timing of reversal of the related temporary differences can be controlled and the temporary differences will not be reversed in the foreseeable future.

24 DEFERRED INCOME TAX (Continued)

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of approximately HK$268,209,000 (2023: HK$304,758,000) in respect of accumulated losses and deductible temporary differences amounting to approximately HK$1,072,835,000 (2023: HK$1,219,032,000). The accumulated losses can be carried forward against future taxable profit with expiry date of five years.

As at 30 June 2024 and 2023, all investment properties are held with a business model to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rate and the tax bases that are consistent with the expected of recovery of these investment properties.

25 INVENTORIES

	2024 HK$'000	2023 HK$'000
Finished goods	63,658	79,045

The cost of inventories recognised as expense and included in 'purchases of and changes in inventories, net' amounted to approximately HK$295,708,000 (2023: HK$372,500,000), which included reversal of write-down of inventories, net of approximately HK$419,000 (2023: HK$304,000).

26 DEBTORS

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

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

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

26 DEBTORS (Continued)

The individually impaired receivables mainly related to tenants, which were in unexpectedly difficult economic situations.

Movements on the Group's loss allowance of debtors are as follows:

	2024 HK$'000	2023 HK$'000
At beginning of the year	6,799	53,619
Translation differences	(47)	(2,404)
Provision/(reversal) during the year	1,830	(4,265)
Amounts written off during the year	(922)	(40,151)
At end of the year	7,660	6,799

The debtors were primarily denominated in RMB.

The maximum exposure to credit risk at the reporting date is the carrying amount of debtors mentioned above. In case of default, the Group can set off the receivable balance to the extent of the relevant rental deposits held.

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

As at 30 June 2024 and 2023, the balances with fellow subsidiaries and related companies were unsecured, interest free, repayable on demand and denominated in RMB.

The balances with ultimate holding company includes an amount of HK$21,162,000 (2023: HK$2,000,000) which was unsecured, interest free, repayable on demand and denominated in HKD, and an amount of HK$79,873,000 (2023: HK$79,995,000) which was unsecured, interest free, repayable on demand and denominated in 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") who is a director of NWD.

28 FIXED DEPOSITS WITH ORIGINAL MATURITY OVER THREE MONTHS

Fixed deposits with original maturity over three months were denominated in RMB.

The interest rates on fixed deposits with original maturity over three months ranged from 1.45% to 3.40% (2023: 1.65% to 3.40%) per annum.

29 CASH AND BANK BALANCES

	2024 HK$'000	2023 HK$'000
Fixed deposits with original maturity less than three months	220	109,391
Cash at bank and in hand	569,423	414,936
	569,643	524,327

Cash and bank balances were denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
HK$	4,505	11,817
RMB	564,854	512,228
Others	284	282
	569,643	524,327

The interest rate on fixed deposits with original maturity less than three months was 1.15% (2023: 1.25% to 2.10%) per annum.

The Group's cash and bank balances were deposited with banks in Hong Kong and Mainland China. Cash at bank earned interest at floating rates based on daily bank deposit rates.

RMB is currently not a freely convertible currency in the international market. The conversion of RMB into foreign currencies and remittance of RMB out of Mainland China are subject to the rules and regulations of the foreign exchange control promulgated by the PRC government.

30 SHARE CAPITAL

	Number of shares '000	**Share capital HK$'000**
Ordinary shares of HK$0.1 each, issued and fully paid:		
As at 1 July 2022, 30 June 2023 and 2024	**1,686,145**	**168,615**

Share option scheme

The Company's share option scheme was adopted on 26 June 2023. The Board may, at their discretion, granted options to any eligible participants (as defined in the share option scheme) to subscribe for shares in the Company.

No share option was granted for the years ended 30 June 2024 and 2023.

31 RESERVES

	Share premium HK$'000	Property revaluation reserve HK$'000	Capital reserve HK$'000	Statutory reserve (Note) HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
As at 1 July 2023	1,826,646	376,891	391,588	544,856	(232,234)	298,654	3,206,401
Profit for the year	–	–	–	–	–	13,314	13,314
Release of exchange reserve upon deregistration of subsidiaries	–	–	–	–	10,762	–	10,762
Translation differences	–	–	–	–	(18,970)	–	(18,970)
Transfer to statutory reserve	–	–	–	4,529	–	(4,529)	–
As at 30 June 2024	1,826,646	376,891	391,588	549,385	(240,442)	307,439	3,211,507

	Share premium HK$'000	Property revaluation reserve HK$'000	Capital reserve HK$'000	Statutory reserve (Note) HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
As at 1 July 2022	1,826,646	371,034	391,588	538,264	81,011	626,098	3,834,641
Loss for the year	–	–	–	–	–	(320,852)	(320,852)
Revaluation of property upon reclassification from property, plant and equipment and right-of-use assets to investment properties, net of tax	–	5,857	–	–	–	–	5,857
Translation differences	–	–	–	–	(313,245)	–	(313,245)
Transfer to statutory reserve	–	–	–	6,592	–	(6,592)	–
As at 30 June 2023	1,826,646	376,891	391,588	544,856	(232,234)	298,654	3,206,401

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.

32 LEASE LIABILITIES

Lease liabilities were measured at the present value of the remaining leases payments, discounted at the relevant incremental borrowing rates, and the aggregate effect is as follows:

	2024 HK$'000	2023 HK$'000
At beginning of the year	3,126,510	4,124,940
Addition	–	1,482
Lease modification	141,979	(129,818)
Derecognition	(190,691)	(57,078)
Lease payments made during the year	(543,838)	(677,192)
Interest expense on lease liabilities	152,225	168,496
Translation differences	(12,075)	(304,320)
At end of the year	2,674,110	3,126,510
Of which are:		
Current lease liabilities	461,283	625,597
Non-current lease liabilities	2,212,827	2,500,913
	2,674,110	3,126,510

Lease liabilities included lease liabilities to fellow subsidiaries and related companies of approximately HK$198,352,000 (2023: HK$57,632,000).

33 CREDITORS, ACCRUALS AND OTHER PAYABLES

	2024 HK$'000	2023 HK$'000
Creditors	442,928	661,426
Accruals and other payables	1,080,422	1,000,400
	1,523,350	1,661,826

33 CREDITORS, ACCRUALS AND OTHER PAYABLES (Continued)

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

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

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

Accruals and other payables included interest payable of shareholder loans of approximately HK$112,820,000 (2023: HK$70,785,000).

The carrying amounts of the creditors, accruals and other payables were denominated in the following currencies:

	2024 HK$'000	2023 HK$'000
RMB	**1,395,353**	1,583,515
HK$	**127,997**	78,311
	1,523,350	1,661,826

33 CREDITORS, ACCRUALS AND OTHER PAYABLES (Continued)

Nature of accruals and other payables are as follows:

	2024 HK$'000	2023 HK$'000
Rental accruals and payables	20,626	25,046
Deposits from concessionaire suppliers	373,124	375,457
Interest payable	113,430	70,933
Payables for capital expenditures	35,289	36,639
Accruals and payables for staff costs	105,185	140,763
Valued-added taxes and other taxes payables	46,790	32,697
Electricity and water expenses payables	9,775	10,227
Receipts in advance	146,366	87,830
Others	229,837	220,808
	1,080,422	1,000,400

The carrying amounts of other payables of HK$782,081,000 (2023: HK$739,110,000) approximate their fair values.

34 CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

	2024 HK$'000	2023 HK$'000
Contract liabilities in relation to prepayments from customers	110,456	133,130
Contract liabilities in relation to customer loyalty programme	11,752	36,543
	122,208	169,673

The contract liabilities represented the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied as of the end of the reporting period. The Group expects the transaction price allocated to the unsatisfied performance obligations will be recognised as proceeds from direct sales and concessionaire sales when the Group transfers goods or services to the customers.

34 CONTRACT LIABILITIES (Continued)

The following table presents the amount recognised in the current reporting period related to carried-forward contract liabilities:

	2024 HK$'000	2023 HK$'000
For the year ended 30 June		
Amount recognised that was included in the contract liability balance at beginning of the year		
– Proceeds from direct sales and concessionaire sales	80,830	85,713

The following table presents unsatisfied performance obligations resulting from proceeds from direct sales and concessionaire sales:

	2024 HK$'000	2023 HK$'000
At end of the year		
Expected to be recognised within one year	59,686	84,334
Expected to be recognised after one year	62,522	85,339
	122,208	169,673

35 BORROWINGS

	2024 HK$'000	2023 HK$'000
Unsecured bank loans	756,297	699,495
Shareholder loans	713,000	713,000
	1,469,297	1,412,495

As at 30 June 2024, shareholder loans from ultimate holding company were interest-bearing at Hong Kong Interbank Offered Rate plus 1.1% (2023: 1.1%) per annum, unsecured and repayable within one year.

35 BORROWINGS (Continued)

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

	2024	2023
Borrowings denominated in HK$	**5.77%**	3.93%
Borrowings denominated in RMB	**3.13%**	–

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

	2024 HK$'000	2023 HK$'000
HK$	**1,412,498**	1,412,495
RMB	**56,799**	–
	1,469,297	1,412,495

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

	2024 HK$'000	2023 HK$'000
Within six months	**1,469,297**	1,412,495

As at 30 June 2024, bank loans of approximately HK$699,498,000 (2023: HK$699,495,000) were guaranteed by NWD, the ultimate holding company.

As at 30 June 2024, the Group had undrawn bank borrowing facilities and shareholder loan in aggregate of approximately HK$296,365,000 (2023: undrawn shareholder loan of approximately HK$17,000,000), which carried interest at fixed or floating rates and were expiring within one year.

36 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:

	2024 HK$'000	2023 HK$'000
Contracted but not provided for	42,621	72,670

(b) Operating lease receivables

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

	2024 HK$'000	2023 HK$'000
Within one year	377,952	373,514
In the second to fifth year	441,750	508,392
After the fifth year	23,482	31,143
	843,184	913,049

The contingent operating lease rental income of the Group for the year ended 30 June 2024 were approximately HK$33,508,000 (2023: HK$30,977,000).

37 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The reconciliation of liabilities arising from financing activities is as follows:

	Amount due to ultimate holding company HK$'000	Bank borrowings HK$'000	Shareholder loans HK$'000	Interest payable HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 July 2023	81,995	699,495	713,000	70,933	3,126,510	4,691,933
Changes from cash flows						
Advance from ultimate holding company	20,104	–	–	–	–	20,104
Drawdown of bank borrowings	–	475,424	–	–	–	475,424
Repayment of bank borrowings	–	(418,008)	–	–	–	(418,008)
Payment of lease liabilities	–	–	–	–	(543,838)	(543,838)
Finance costs paid	–	(721)	–	(39,241)	–	(39,962)
	102,099	756,190	713,000	31,692	2,582,672	4,185,653
Other changes						
Advance from ultimate holding company in operating activities	(411)	–	–	–	–	(411)
Translation differences	(653)	(615)	–	(847)	(12,075)	(14,190)
Interest expenses	–	722	–	82,585	152,225	235,532
Lease modification and derecognition	–	–	–	–	(48,712)	(48,712)
As at 30 June 2024	101,035	756,297	713,000	113,430	2,674,110	4,357,872

	Amount due to ultimate holding company HK$'000	Bank borrowings HK$'000	Shareholder loans HK$'000	Interest payable HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 July 2022	79,873	776,544	713,000	41,957	4,124,940	5,736,314
Changes from cash flows						
Drawdown of bank borrowings	–	35,714	–	–	–	35,714
Repayment of bank borrowings	–	(109,917)	–	–	–	(109,917)
Payment of lease liabilities	–	–	–	–	(677,192)	(677,192)
Finance costs paid	–	(750)	–	(22,908)	–	(23,658)
	79,873	701,591	713,000	19,049	3,447,748	4,961,261
Other changes						
Additions	–	–	–	–	1,482	1,482
Advance from ultimate holding company in operating activities	2,090	–	–	–	–	2,090
Translation differences	32	(3,005)	–	(4,866)	(304,320)	(312,159)
Interest expenses	–	909	–	56,750	168,496	226,155
Lease modification and derecognition	–	–	–	–	(186,896)	(186,896)
As at 30 June 2023	81,995	699,495	713,000	70,933	3,126,510	4,691,933

38 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Save as those disclosed elsewhere in these consolidated financial statements, the following is a summary of significant related party transactions during the year carried out by the Group in the normal course of its business:

	Notes	2024 HK$'000	2023 HK$'000
Fellow subsidiaries			
Rental expenses	(i)	(13,877)	(18,646)
Building management expenses	(ii)	(5,272)	(6,075)
Interest expense on lease liabilities	(iii)	(174)	(89)
Insurance expenses	(iv)	(33)	(74)
Other service fee expenses	(v)	(21)	(44)
Rental income	(viii)	251	162
Additions to right-of-use assets	(ix)	(682)	–
Related companies			
Rental expenses	(i)	(52,040)	(50,532)
Building management expenses	(ii)	(24,077)	(24,388)
Interest expense on lease liabilities	(iii)	(12,078)	(3,449)
Insurance expenses	(iv)	(269)	(179)
Other service fee expenses	(v)	(7)	(12)
Commission income from concessionaire sales	(vi)	30,385	35,264
Rebates on prepaid shopping cards and vouchers	(vii)	–	44
Additions to right-of-use assets	(ix)	(158,466)	–
Customer loyalty programme service income	(x)	562	519
Customer loyalty programme service costs	(x)	(2,599)	(5,202)
Purchase of leasehold improvement	(xi)	(14,781)	(6,946)

Notes:

(i) The rental expenses were charged in accordance with respective lease agreements with the subsidiaries/joint ventures of NWD 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 with the subsidiaries/joint ventures of NWD or members of the companies controlled by Mr. Doo.

(iii) Interest expense on lease liabilities related to lease agreements with the subsidiaries/joint ventures of NWD was charged at the relevant incremental borrowing rates.

(iv) This represented the insurance services provided by the subsidiaries of NWS Holdings Limited or members of the companies controlled by Mr. Doo.

(v) This represented other services provided by the subsidiaries of NWD or members of the companies controlled by Mr. Doo.

38 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

Notes: (Continued)

(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 represented rebates offered by CTFJ Group in respect of the sales of prepaid shopping cards and vouchers issued jointly by the Group and CTFJ Group.

(viii) The income was charged in accordance with lease agreements with the subsidiaries of NWD.

(ix) Additions to right-of-use assets were measured in accordance with respective lease agreements with the subsidiaries/joint ventures of NWD.

(x) This represented the service income from/costs to a joint venture of NWD.

(xi) This represented the purchase of leasehold improvement in respect of certain department stores. Such fee was charged in accordance with the terms of respective contracts with members of the companies controlled by Mr. Doo.

(b) Related party balances

The details for balances with related parties were disclosed in Notes 21, 27, 32, 33 and 35 to the consolidated financial statements.

(c) Repayments of lease liabilities to related parties

The repayment amount of lease liabilities to related parties were approximately HK$30,552,000 (2023: HK$30,006,000) during the year.

(d) Key management compensation

All Directors were considered as key management and their emoluments had been disclosed in Note 11(a) to the consolidated financial statements.

39 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 HK$'000	2023 HK$'000
Assets		
Non-current asset		
Investments in subsidiaries	1,275,432	1,282,338
Current assets		
Prepayments and deposits	254	260
Amounts due from subsidiaries	2,014,059	2,025,172
Cash and bank balances	3,988	5,528
	2,018,301	2,030,960
Total assets	3,293,733	3,313,298
Equity and liabilities		
Equity		
Share capital	168,615	168,615
Reserves (Note)	1,334,361	1,437,936
Total equity	1,502,976	1,606,551
Liabilities		
Current liabilities		
Accruals and other payables	8,009	6,870
Amounts due to ultimate holding company	1,162	–
Amounts due to subsidiaries	1,781,586	1,699,877
Total liabilities	1,790,757	1,706,747
Total equity and liabilities	3,293,733	3,313,298

The statement of financial position of the Company was approved by the Board of Directors on 25 September 2024 and was signed on its behalf

Mr. Cheung Fai-yet, Philip
Director

Ms. Xie Hui-fang, Mandy
Director

39 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

Reserves

	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 July 2023	**1,826,646**	**73,486**	**412,429**	**(874,625)**	**1,437,936**
Loss for the year	**–**	**–**	**–**	**(95,970)**	**(95,970)**
Translation differences	**–**	**–**	**(7,605)**	**–**	**(7,605)**
As at 30 June 2024	**1,826,646**	**73,486**	**404,824**	**(970,595)**	**1,334,361**
As at 1 July 2022	1,826,646	73,486	562,733	(666,992)	1,795,873
Loss for the year	–	–	–	(207,633)	(207,633)
Translation differences	–	–	(150,304)	–	(150,304)
As at 30 June 2023	1,826,646	73,486	412,429	(874,625)	1,437,936

40 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 30 June 2024 are as follows:

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid up share capital	Percentage of equity interests held directly	Percentage of equity interests held indirectly
Board Park Limited	Hong Kong	Investment holding and provision of management services/Hong Kong	HK$1	–	100
Constar Investment Limited	The British Virgin Islands	Financing/Hong Kong	US$1	–	100
Happy Growth Investment Limited	Hong Kong	Investment holding and provision of management services/Hong Kong	HK$1	100	–
New World Department Store (Investment) Limited	Hong Kong	Investment holding/Hong Kong	HK$410,045,794	100	–
New World Department Stores Limited	Hong Kong	Investment holding and provision of management services/Hong Kong	HK$2	100	–
Silver Grow Investment Limited	Hong Kong	Investment holding/Hong Kong	HK$1	–	100
Jiangsu New World Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB16,000,000[W]	100	–
New World Department Store (China) Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB50,000,000[W]	100	–
New World Department Stores Investment (China) Co., Ltd.	Mainland China	Investment holding/Mainland China	US$150,000,000[W]	100	–

40 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid up share capital	Percentage of equity interests held	
				directly	indirectly
Tianjin New World Department Store Co., Ltd.	Mainland China	Shopping mall operation/ Mainland China	US$5,000,000^{W}	100	–
Wuhan New World Trendy Department Store Co., Ltd	Mainland China	Department store operation/ Mainland China	RMB80,000,000^{W}	100	–
Beijing New World Liying Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB18,000,000^{W}	–	100
Beijing New World Qianzi Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	HK$60,000,000^{W}	–	100
Beijing New World Trendy Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB25,000,000^{W}	–	100
Beijing Wanya Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB100,000^{+}	–	100$^{\alpha}$
Beijing Yixi New World Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB65,000,000^{W}	–	100
Changsha New World Trendy Plaza Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB60,000,000^{W}	–	100
Chongqing New World Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB100,000,000^{W}	–	100
Lanzhou New World Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB30,000,000^{W}	–	100
Mianyang New World Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB14,000,000^{W}	–	100
Miaogou (Beijing) Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB1,000,000^{+}	–	100$^{\alpha}$
Peak Moral High Commercial Development (Shanghai) Co., Ltd.	Mainland China	Property investment and shopping mall operation/Mainland China	US$40,000,000^{W}	–	100
Shanghai New World Department Store Co., Ltd.	Mainland China	Shopping mall operation/ Mainland China	RMB18,000,000^{W}	–	100
Shanghai New World Huiya Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB240,000,000^{W}	–	100
Shanghai New World Huiyan Department Store Ltd.	Mainland China	Property investment and shopping mall operation/Mainland China	RMB85,000,000^{W}	–	100

40 PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Principal activities and place of operation	Issued and paid up share capital	Percentage of equity interests held directly	indirectly
Shanghai New World Huiying Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB93,970,000[W]	–	100
Shanghai New World Xinying Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	HK$100,000,000[W]	–	100
Shenyang New World Department Store Ltd.	Mainland China	Property investment and shopping mall operation/Mainland China	RMB30,000,000[W]	–	100
Shenyang Trendy Property Company Limited	Mainland China	Property investment/Mainland China	RMB27,880,000[W]	–	100
Wuhan New World Department Store Co., Ltd.	Mainland China	Property investment and department store operation/Mainland China	US$15,630,000[W]	–	100
Wuhan New World Qianzi Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB500,000[+]	–	100[α]
Yantai New World Department Store Co., Ltd.	Mainland China	Department store operation/ Mainland China	RMB80,000,000[W]	–	100
Zhengzhou New World Department Store Co., Ltd.	Mainland China	Shopping mall operation/Mainland China	RMB50,000,000[W]	–	100

α The Group indirectly holds equity interest in these subsidiaries through its wholly owned subsidiaries, and has control over each of these subsidiaries

W Registered as wholly foreign owned enterprise under the PRC law

\+ Registered as limited company under the PRC law

41 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.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 30 June				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**1,359,456**	1,483,733	1,934,557	2,245,966	2,232,691
Operating profit/(loss)	**254,710**	(79,395)	(199,595)	89,491	(197,960)
Profit/(loss) for the year	**13,314**	(320,852)	(483,381)	(229,359)	(483,668)

	As at 30 June				
	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets, liabilities and equity					
Total assets	**10,205,513**	10,791,316	12,513,402	14,177,638	13,119,276
Total liabilities	**6,825,391**	7,416,300	8,510,146	9,709,311	8,909,955
Total equity	**3,380,122**	3,375,016	4,003,256	4,468,327	4,209,321

PRINCIPAL INVESTMENT PROPERTIES SUMMARY

MAJOR COMPLETED INVESTMENT PROPERTIES IN MAINLAND CHINA

No.	Address of Investment Properties	GFA (sq.m.)	Use	Land Lease Expiry
1	Levels 1 to 6 of a commercial complex located at Nos. 1347, 1351, 1355, 1359, 1363, 1367, 1371, 1375, 1379 and 1383 North Shaanxi Road, the Ground Level located at No. 175 Changshou Road, the Ground Level located at No. 179 Changshou Road, Levels 1 t o 4 located at No. 155 Changshou Road, Level 5 located at No. 157 Changshou Road and Level 6 located at No. 159 Changshou Road, Putuo District, Shanghai City – Shanghai Shaanxi Road Branch Store	41,090	Commercial	2045
2	One commercial complex located at No. 762 Tianshan Road, Changning District, Shanghai City – Shanghai Tianshan Road Branch Store	37,302	Commercial	2053
3	A portion of Basement Level 1 and Levels 1 to 4 of a commercial/residential complex located at No. 57 Zijingshan Road, Guancheng District, Zhengzhou City – Zhengzhou Store	35,311	Commercial	2046
4	Parts of a portion of Basement Level 1 and Levels 1 to 5 of a commercial complex and a portion of Basement Level 1 and Levels 1 to 6 of a commercial complex located at Nos. 566 and 568 Jianshe Avenue, Jianghan District, Wuhan City – Wuhan Jianshe Store	32,083	Commercial	2042
5	A portion of Levels 1 to 7 of two office towers erected on a podium arcade located at No. 3 Jinqiao Road, Dadong District, Shenyang City – Shenyang Jinqiao Road Trendy Plaza	34,087	Commercial	2046
6	A portion of Basement Level 1 and Levels 1 to 4 of a commercial building located at No. 138 of Dongma Road, Nankai District, Tianjin City – Tianjin Store	14,236	Commercial	2045
		194,109		

RISK FACTORS

1. THE OVERALL DOMESTIC ECONOMIC SITUATION CONTINUES TO RECOVER AND IMPROVE, YET IT FACES SOME CHALLENGES

- The increasing unstable and uncertain factors in the external environment and the escalating containment measures implemented by western countries against China have put certain pressure on the domestic economy as a result.

- Domestic effective demand is insufficient and consumption demand needs to be further enhanced. Investment growth is also affected by the external environment and the investment of fixed asset has slowed down.

2. THE RECOVERY OF THE CONSUMER GOODS INDUSTRY AFTER THE PANDEMIC DID NOT MEET THE EXPECTATION

- Offline foot traffic and consumption recovered after the pandemic, but have not returned to the pre-pandemic levels.

- Offline stores remain essential in reaching consumers, serving as service scenario and channels. However, insufficient consumption power is the primary factor affecting the offline business.

- The recovery of retail brands is sluggish which will put pressure on the short-term improvement on the revenue of the consumer goods industry.

3. RISKS RELATING TO DIGITALISATION OF TRADITIONAL AND PHYSICAL RETAIL INDUSTRY

- Digitalisation may disrupt traditional business model, leading to decreases in revenue and profit of retailers.

- Digitalisation enables new entrants to effectively compete with established players, which may lead to price war and other forms of competition, hence reducing profit.

- As more retailers store and process clients' data by electronic means, they face greater risks of cyberattack and data breach.

4. THE NEW GROUP OF CONSUMERS EMERGED HAS LED TO MORE DIVERSIFIED DEMAND

- Young consumers demand for more unique features and better consumption experience offered by physical stores that department stores have to speed up their transformation into diversified businesses.

- As the new consumer community demands for a shorter product cycle, the provision period of product mix is shortened, which makes improvement in the product composition more difficult.

5. FOREIGN EXCHANGE RISK

- The Group is mainly exposed to foreign exchange risk arising from HKD and USD against RMB. This foreign exchange risk arises from future commercial transactions or recognized assets and liabilities denominated in a currency that is not the functional currencies of the Company and each of the subsidiaries. The functional currency of the Company and most of its subsidiaries is RMB. Therefore, any currency fluctuations may have an impact on the Group's financial condition and results of operations.

6. INTEREST RATE RISK

- The Group is exposed to interest rate risk arising from future unfavourable interest rate fluctuation on the floating rate borrowings. Therefore, any interest rate fluctuations may have an impact on the Group's financial condition and results of operations.

GLOSSARY OF TERMS

GENERAL TERMS

Board	:	the board of directors of the Company
Director(s)	:	the director(s) of the Company
FY	:	Financial year, 1 July to 30 June
Group	:	NWDS and its subsidiaries
HK or Hong Kong	:	The Hong Kong Special Administrative Region of the PRC
HK$ or HKD	:	Hong Kong dollar(s), the lawful currency of Hong Kong
Listing Rules	:	Rules Governing the Listing of Securities on the Stock Exchange
Mainland China	:	The People's Republic of China, excluding Hong Kong, Macau and Taiwan (for the purposes of this annual report only)
NWD	:	New World Development Company Limited, a substantial shareholder of the Company
NWD Group	:	NWD and its subsidiaries
NWDS or Company	:	New World Department Store China Limited
NWSH	:	NWS Holdings Limited
PRC	:	The People's Republic of China
RMB	:	Renminbi, the lawful currency of the PRC
Stock Exchange	:	The Stock Exchange of Hong Kong Limited
US$ or USD	:	United States dollar(s), the lawful currency of the United States of America

FINANCIAL TERMS

Merchandise gross margin :

$$\frac{\begin{array}{c}\text{Commission income from concessionaire sales +}\\ \text{Sales of goods — direct sales}\\ \text{– Purchases of and changes in inventories, net}\end{array}}{\begin{array}{c}\text{Proceeds from concessionaire sales +}\\ \text{Sales of goods — direct sales}\end{array}} \times 100\%$$

HKFRS	:	Hong Kong Financial Reporting Standards
HKAS	:	Hong Kong Accounting Standards

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Fai-yet, Philip *(Chairman)*
Ms. Xie Hui-fang, Mandy *(Chief Executive Officer)*
Mr. Ma Siu-cheung GBS JP

Non-executive Director

Ms. Chiu Wai-han, Jenny

Independent Non-executive Directors

Mr. Cheong Ying-chew, Henry
Mr. Chan Yiu-tong, Ivan
Mr. Tong Hang-chan, Peter
Mr. Yu Chun-fai
Ms. Ho Pui-yun, Gloria

COMPANY SECRETARY

Mr. Chan Paul Hon Yin

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
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P.O. Box 1586
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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

Cricket Square
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P.O. Box 2681
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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

INFORMATION FOR INVESTORS

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e-mail: shmocad@nwds.com.cn

WEBSITE

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.

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)
(Stock Code: 825)

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