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 RESULTS ANNOUNCEMENT 2024/2025

The board of directors of New World Department Store China Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries for the year ended 30 June 2025. This announcement, containing the full text of the Annual Report 2025 of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to preliminary announcement of annual results.

By Order of the Board
Cheung Fai-yet, Philip
Chairman

Hong Kong, 25 September 2025

As at the date of this announcement, the executive Directors are Mr. Cheung Fai-yet, Philip, Ms. Xie Hui-fang, Mandy, Ms. Chiu Wai-han, Jenny, Mr. Lau Fu-keung and Mr. Chan Yiu-ho; and the independent non-executive Directors are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter, Mr. Yu Chun-fai and Ms. Ho Pui-yun, Gloria.

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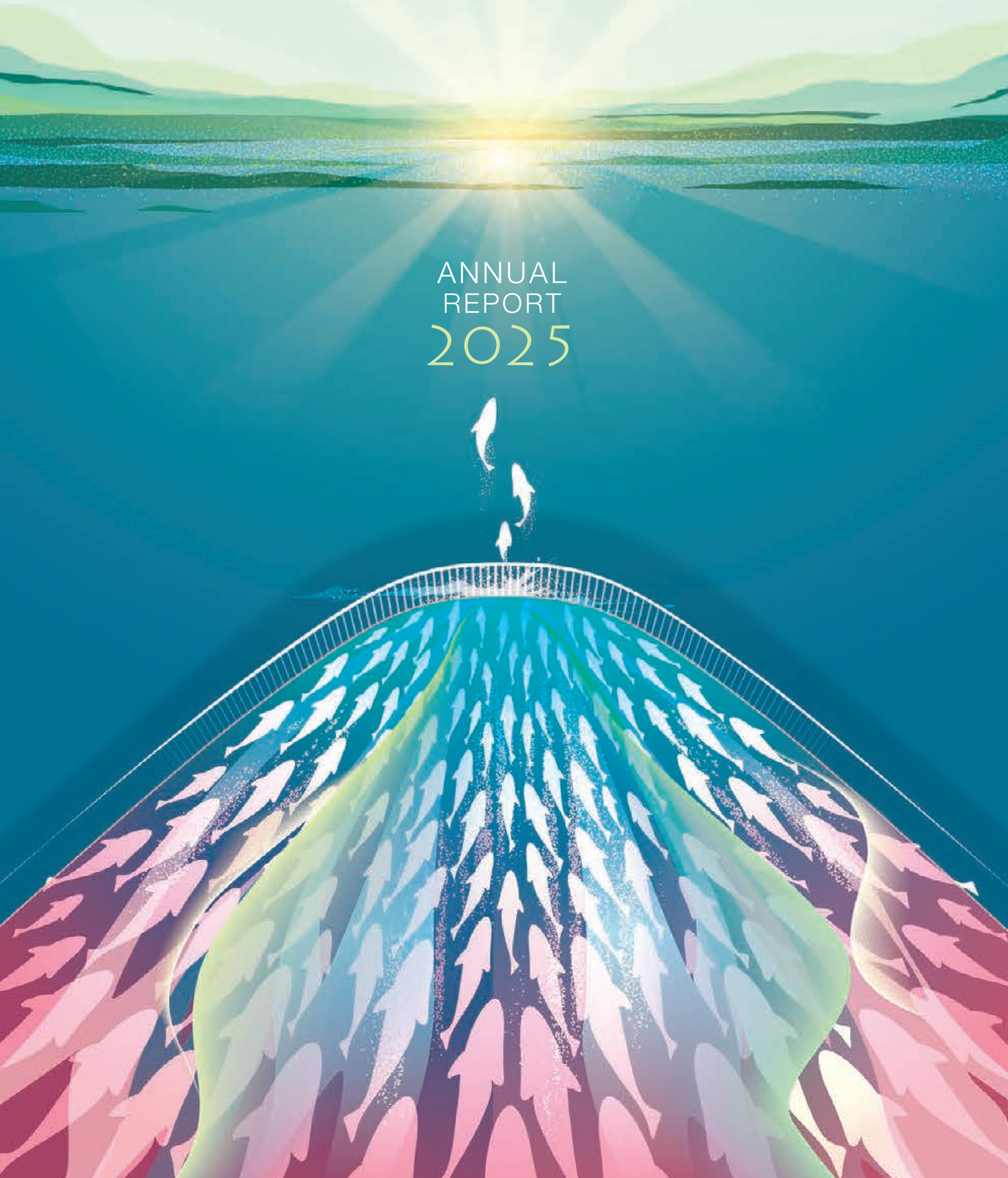
ANNUAL REPORT 2025



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 2025, NWD 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 2025, among the department stores and shopping malls operated by the Group, 15 stores were "New World" (「新世界」) branded, while 7 stores in Shanghai were "Ba Li Chun Tian" (「巴黎春天」) branded, with a total gross floor area of about 920,000 square metres, covering 12 key cities 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 headquarters, 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) Diverse Creation Space 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 2025, the Group had 1,599 employees.

CONTENTS

GOAL

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

MISSION

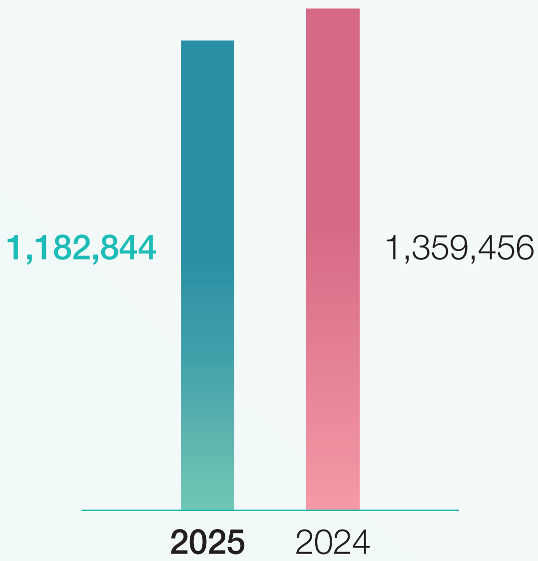
To create a modern, metropolitan lifestyle with creativity, foresight and efficiency.

CONVICTION

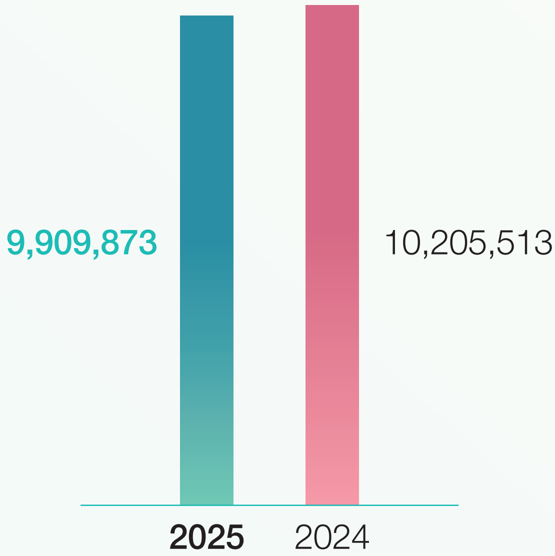
To embrace “innovation, foresight, integrity, prudence and respect” in its core values, which would create a promising development path for NWDS.

FINANCIAL HIGHLIGHTS

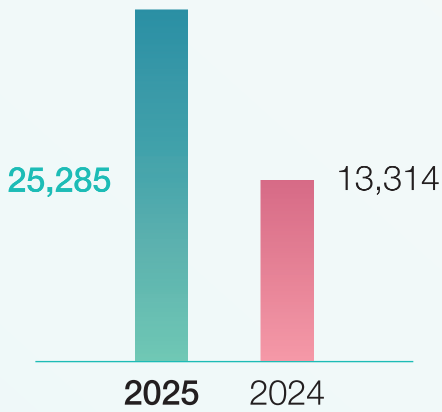
REVENUE
(HK$'000)



TOTAL ASSETS
(HK$'000)



NET PROFIT
(HK$'000)



FINANCIAL HIGHLIGHTS

	2025 HK$'000	2024 HK$'000
OPERATING RESULT		
Revenue	**1,182,844**	1,359,456
Representing:		
Commission income from concessionaire sales	**338,498**	435,932
Sales of goods – direct sales	**266,476**	322,103
Rental income	**564,453**	584,977
Interest income from finance leases as the lessor	**13,417**	16,444
Operating profit	**288,260**	254,710
Profit for the year	**25,285**	13,314

	As at 30 June 2025 HK$'000	As at 30 June 2024 HK$'000
FINANCIAL POSITION		
Total assets	**9,909,873**	10,205,513
Total liabilities	**6,404,124**	6,825,391
Borrowings	**1,399,663**	1,469,297
Less: Fixed deposits with original maturity over three months, cash and bank balances	**(743,189)**	(875,255)
Net debt	**656,474**	594,042
Total equity	**3,505,749**	3,380,122
Net gearing ratio (Note (i))	**18.7%**	17.6%

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

	As at 30 June 2025 HK$'000	As at 30 June 2024 HK$'000
Revalued total assets	**9,975,282**	10,277,212
Revalued net assets	**3,571,158**	3,451,821

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

A promising future would not come without unwavering devotion to original aspirations.

The essence of retail lies in the connection between "people" and "hearts".

Only perseverance and resilience can pave the way to success.

Faced with gradual shift in consumer behaviour and ever-changing demands, we keep pace of the times, and centre on products and services what customers truly needs. We diversified our business portfolios through introduction of first stores in cities and business districts and refinement of retail merchandise quality, while focusing on precise marketing and experiential scenarios creation for our members. With endless pursuit of a wide array of high-quality products for consumers, optimisation of our immersive social space and deepened strategic collaborations with established partners, we forged new growth paths and achieved mutual benefits amidst challenges. In addition, by enhancing the competitiveness and market influence, the Group has also accelerated its business transformation.

As always, we firmly believe that the essence of retail lies in the connection between "people" and "hearts". Only by satisfying consumers' emotional needs can we win their hearts. Our business never ceases to revolute. Over the past year, we revitalised the shopping environment of branch stores with better business offerings, including the introduction of the pan-ACG category to attract young customers. We continued to optimise and upgrade business portfolios, enriching experiential shopping experience with children's entertainment, education and training, pop culture toys retail, featured food and beverage, and tea-drinks promotion by influencers, to meet the increasingly bespoke and diversified demands of quality products from different customer bases. Meanwhile, we promoted the development of our community stores into "multi-functional stores", and collaborated with surrounding communities, neighbourhood and hospitals to host charity bazaars or private sales events on a regular basis to meet the consumer demand for convenience, thereby creating both commercial values and social benefits. Besides, we further strengthened member loyalty through featured events. By engaging crowd-drawing activities, such as Traditional Chinese Medicine markets, sunset concerts, and KPOP dance competitions, our malls were transformed from shopping destinations into social hubs.

At present, the outlook is undoubtedly challenging, shaped by a rapidly evolving market environment and the emergence of new business models. Reshape of industry landscape and retail transformation will become normalised, and market competition will be increasingly complex. However, with over three decades of cultivation in the retail sector, alongside dedication to creating value for customers and injecting vitality to the cities at all times, I am confident that the Group boasts perseverance and operational resilience that pave the way to success.

A bright future does not emerge out of thin air; it springs from our dedication, sincerity and aspiration in our daily operation. Whenever I see the crowd at the New World Department Store, it fills my heart. I would like to extend my gratitude to valued customers and friends for trusting us with part of their lives, to all partners for their close cooperation and walking with us all the way, and to our shareholders for their immense support. Amid the dynamic retail market, regardless of how the external environment changes, we always believe that a promising future would not come without unwavering devotion to original aspirations. Once again, thank you for your continuous support to the Group!

Mr. Cheung Fai-yet, Philip
Chairman

Hong Kong, China, 25 September 2025

RETAIL NETWORK

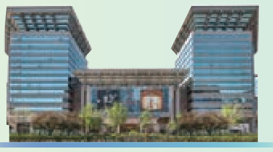
22 Strategic Footholds

12 Key Cities

	Date of Opening	Approximate GFA (sq.m.)
Department Store		**514,700**
Beijing Chongwen Store	July 1998	117,700
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		**399,600**
Wuhan Jianshe Store	November 1994	42,000
Wuhan Xudong Branch Store	January 2008	29,800
Shanghai Shaanxi Road Branch Store	November 2011	42,000
Shanghai Yue Hui Tian Shan	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		**914,300**

RETAIL NETWORK

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:

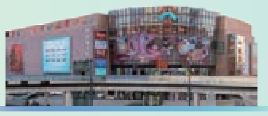

Yantai Store


Shanghai Shaanxi Road Branch Store


Wuhan Jianshe Store


Nanjing Store


Shanghai Yue Hui Tian Shan


Zhengzhou Store


Changsha Trendy Plaza

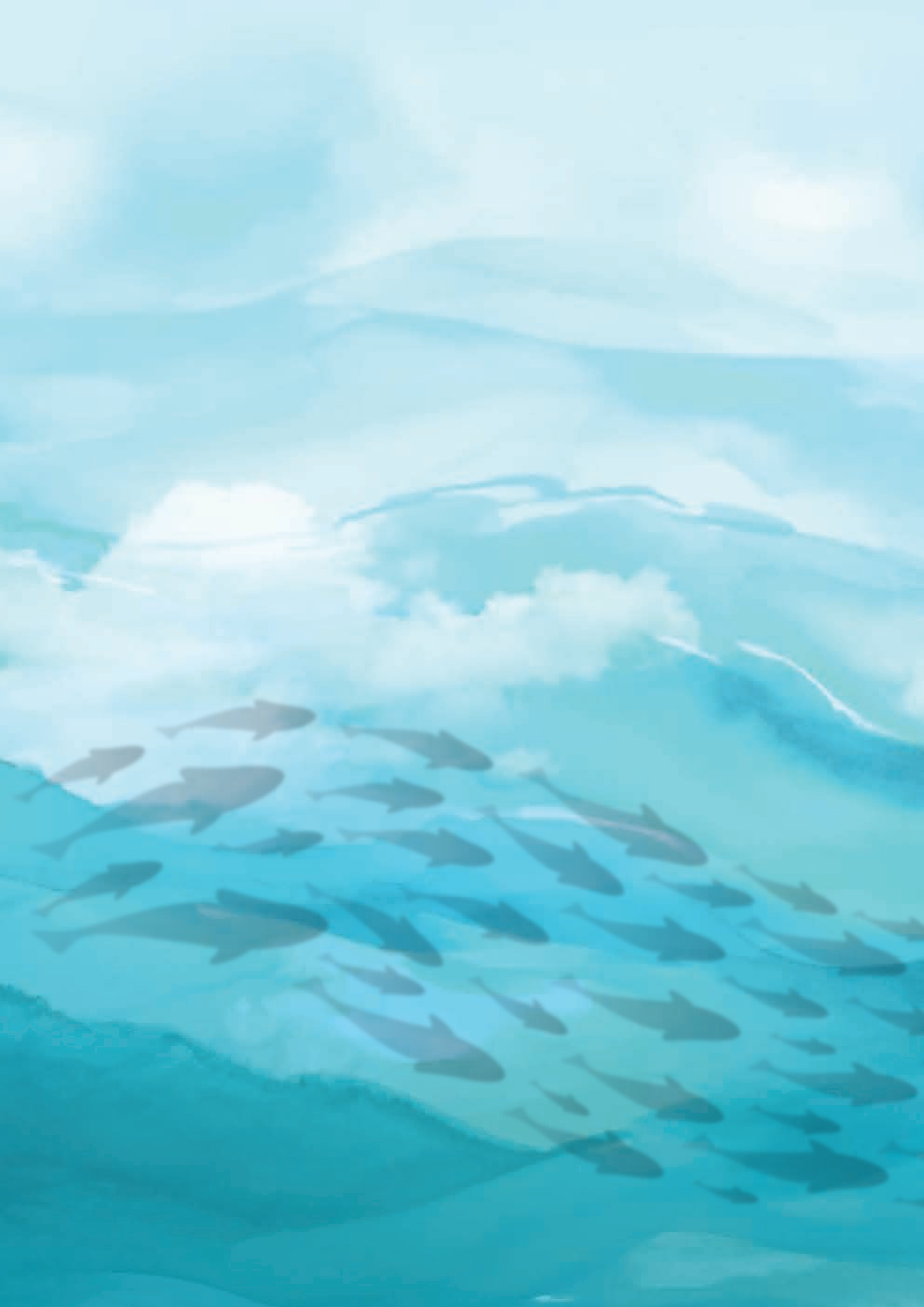

Shenyang Jinqiao Road Trendy Plaza


Wuhan Xudong Branch Store


Lanzhou Store


Shanghai Huaihai Branch Store

Sorted by GFA in descending order.



Harness the Trends, Scaling New Heights

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

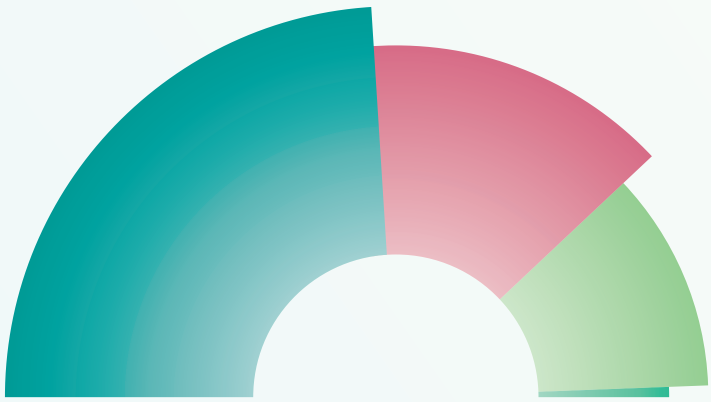
Results Summary

Amid a challenging macroeconomic environment, household income distribution continued to adjust, while consumer confidence and willingness to spend weakened, causing the consumer sector short of effective demand. As government policies to expand domestic demand and stimulate consumption — such as consumption subsidies — continued to take effect, merchandise sales sustained growth and service consumption improved in both quality and supply. At the same time, a clear trend of consumption stratification emerged, characterised by the coexistence of consumption upgrading and rational spending, collectively shaping a diversified, multi-tiered modern consumption ecosystem.

In response to this structural shift, the Group capitalised on opportunities arising from the release of consumption potential, actively aligned with national policies aimed at boosting consumption, and focused on the core needs of consumers' lifestyle upgrades by continuously adjusting its business portfolio and innovating operating scenarios. In this process, the Group accelerated brand elevation and retail quality improvement efforts, expanded its scale advantage in premium dining, and deepened synergies across various business segments. By innovating diversified consumption experiences to enhance market appeal, actively integrating internal and external resources, and exploring new business growth opportunities, all while relying on refined management to enhance quality and efficiency, the Group achieved steady progress in its business operations.

For the year ended 30 June 2025, the Group's revenue for the year was HK$1,182.8 million. By segment, the Group's revenue for the year was mainly derived from rental income which accounted for 47.7%. This was followed by commission income from concessionaire sales which took up 28.6%, sales of goods for direct sales which took up 22.5%, and interest income from finance leases as the lessor which took up 1.2%.

The Group's profit for the year ended 30 June 2025 was HK$25.3 million, earnings per share was HK$0.015.



Rental income

47.7%

Commission income from concessionaire sales

28.6%

Sales of goods for direct sales

22.5%

Interest income from finance leases as the lessor

1.2%

Business Network

As at 30 June 2025, the Group operated 22 department stores and shopping malls in Mainland China, covering 12 key cities across the country including Beijing, Shanghai, Chongqing, Wuhan, Nanjing, Tianjin, Changsha, Zhengzhou, Yantai, Shenyang, Lanzhou and Mianyang, with a total gross floor area of about 920,000 square metres.

OPERATIONS REVIEW

During the year under review, with lifestyle as the core focus, the Group advanced initiatives such as upgrading its brand matrix, optimising spatial and experiential settings, and deepening member and community engagement. Building on strengthened product competitiveness and service quality, the Group focused on developing lifestyle-oriented spatial and scenario experiences, effectively achieving precise customer targeting, activating consumption potential, and enhancing commercial value.

The Group actively promoted traffic generation and synergistic development across businesses. Centered on an operating pattern where anchor stores take the lead and specialty stores complement the offering, it expanded lifestyle-oriented segments such as trendy toys, sports, dining and entertainment, creating multi-layered consumption experiences. For example, Shanghai Yue Hui Tian Shan completed its renovation and repositioning through an "Anime+" crossover model, introducing over 40 trending brands, including "MINISO • Pink", "MOD WORLD WORKSHOP & CAFE", "THAI MORE MALL" (泰士多) and "POPEYES", creating a vibrant and appealing consumer space that set a new single-day foot traffic record during its opening period.

Shanghai Yue Hui Tian Shan was newly unveiled after renovation

MANAGEMENT DISCUSSION AND ANALYSIS

To enhance the member experience, the Group partnered with platforms such as "China UnionPay Quick Pass" (中國銀聯雲閃付) and "LEMOBAR" (樂摩吧) to enable functions including coupon redemption, automatic point accumulation, and point-to-cash redemption, effectively improving members' payment convenience and the value of diversified benefits. At the same time, the Group launched themed campaigns such as "Run into Good Luck" (撞了個大雲), "V-Friends Festival" (V友節) and "Tuesday VIP Day" (周二會員日), focusing on emotional value delivery, and released limited-edition merchandise featuring exclusive Intellectual Property ("IP") characters. As at 30 June 2025, the Group's membership grew 4.7% year-on-year ("YOY").

Furthermore, leveraging the advantages of each store's surrounding commercial area and the needs of core customer groups, the Group maximised platform synergies as a commercial complex by collaborating with nearby hospitals, schools and communities to organise themed bazaars, internal sales events, and other time-limited promotions, effectively expanding the operational scope of its secondary retail spaces. At the same time, several stores cultivated and deepened engagement with vertical community cultures, leveraging cross-industry resource to roll out experiential initiatives such as IP pop-ups, sports events and live music performances, attracting cross-regional foot traffic and boosting sales for surrounding merchants.

In terms of online operations, the Group continued to strengthen private domain operations through its "New Lab Mini Program" (新閃購小程序), achieving a 14% YOY increase in sales during key marketing periods. It also capitalised on opportunities in the instant retail sector by partnering with platforms such as "Meituan" (美團), "JD.com" (京東), "Kuaishou" (快手) and "Douyin" (抖音) to launch localised marketing and livestreaming campaigns, creating an integrated model of online traffic and offline experience that effectively enhanced regional market coverage and influence.

In summary, guided by the principles of brand leadership, scenario innovation, and value-added services, the Group continued to refine its lifestyle-oriented business layout, deepen its engagement with segmented customer groups, and efficiently integrate online and offline resources, thus sustaining a stable and positive development trajectory.

Popular brands have gathered at Shanghai Yue Hui Tian Shan

Department Store and Shopping Mall Business

Advancing Portfolio Upgrades with Premium Products, and Enriching Lifestyle Categories through Diversified Business Collaboration

As exclusivity and scenario-based experiences become core competitive advantages in the department store retail industry, the Group actively leveraged its traffic-generating strengths and continuously optimised its business portfolio by introducing high-quality brands. In terms of renewal and debut economy, new store images, new business formats and new brands could bring new vitality to shopping malls and expand their consumer reach. During the year under review, the Group signed agreements with over 150 popular and reputable brands, including over 80 first stores in cities or shopping districts. For example, Beijing Chongwen Store introduced the renowned sports equipment brand "Decathlon" (迪卡儂), signed a contract with "ANTA SUPERSTORE" (超級安踏) with a more comprehensive product category and high quality-price ratio, and opened the Japanese minimalist lifestyle brand "MUJI" (無印良品). Shanghai Shaanxi Road Branch Store introduced the

Beijing Chongwen Store has introduced "Decathlon" and "MUJI" popular restaurant "Warehouse No. 3" (三號倉庫). Chongqing Store signed an agreement to bring the first and only "MINISO LAND" to the Guanyinqiao shopping district. Shanghai Wujiaochang Branch Store introduced the country's first "BalaThÉ" (逛山) beverage store. Shanghai Huaihai Branch Store welcomed the 1,000th store of "Subway" (賽百味) in Mainland China. Shanghai Chengshan Branch Store planned to introduce several popular street-style outdoor restaurants such as "Blue Frog" (藍蛙), "Hen Jiu Yi Qian Lamb Skewers" (很久以前羊肉串) and "Meizhou Dongpo" (眉州東坡). Shanghai Yue Hui Tian Shan capitalised on the cluster effect of first store, partnering with a range of brands such as Thai barbecue buffet "THAI MORE MALL" (泰士多), American fried chicken "POPEYES", and anime figure club "MOD WORLD WORKSHOP & CAFE", collectively establishing a consumption hub for young consumers. In addition, the Group simultaneously introduced a range of emerging brands across multiple stores, including "Mr. Wild Man" (野人先生) gelato, "Naìsnow green" (奈雪green), "24/7 Fitness" and "SUPERMONKEY" (猩球健身). At the same time, the Group continued to strengthen its competitive edge in core

Shanghai Shaanxi Road Branch Store created "Warehouse No.3" as an internet-famous restaurant landmark

Chongqing Store signed the first "MINISO LAND" in the business district

"Subway", the super submarine shop, opened in Shanghai Huaihai Branch Store

"Mr. Wild Man" gelato has been opened in multiple stores categories such as cosmetics and apparel. For example, Beijing Chongwen Store completed the store upgrade of the international high-end skincare brand "LA MER" (海藍之謎) and the business-elite menswear brand "VICUTU" (威可多), further enhancing and consolidating its competitiveness in the shopping district.

The Group continued to align with consumer trends toward niche communities and enriched experiences, creating a lifestyle ecosystem that caters to multiple customer segments. To meet the growing demand for quality living among new middle-class families, Shanghai Baoshan Branch Store introduced the high-end homeware collection store "Casarte" (卡薩帝), while Tianjin Store introduced the naturalist home furnishings gallery "Yeswood" (源氏木語). In terms of community-focused commercial settings, Shanghai Shaanxi Road Branch Store, positioned as a destination for all-day gathering, introduced popular brands such as "Wang Fugui" (王富貴) seafood hotpot, "Xingjuhui" (星聚會) Karaoke Television and "361°" sportswear to meet the diverse lifestyle needs of surrounding neighbourhoods.

The thoroughly upgraded "LA MER" in Beijing Chongwen Store

Shanghai Shaanxi Road Branch Store has introduced diversified businesses

MANAGEMENT DISCUSSION AND ANALYSIS

At the same time, in response to the growing trend of interest-driven consumption among Gen Z, the Group's various stores have focused on IP-based immersive entertainment formats. In trendy toy and lifestyle segment, for example, Beijing Chongwen Store introduced the "X11" shop featuring curated retail; Shanghai Baoshan Branch Store introduced "M&G SHOP" (雜物社), focusing on cultural and creative derivatives; and Shanghai Yue Hui Tian Shan introduced "MINISO • Pink" and "GETOY", tapping directly into the experience economy vertical market. In terms of entertainment businesses, Shanghai Shaanxi Road Branch Store and Nanjing Store introduced respectively "Wanyoo Esports" (網魚電競) and "Dianfeng Esports" (巔峰電競), while Yantai Store and Zhengzhou Store introduced respectively "Pianyao Comedy" (偏要喜劇) and "Ling Theater" (零劇場), effectively enhancing the stickiness and length of stay of young customers.

Several stores introduced trendy toy retail business

"Solo Tennis" tennis training hall at Beijing Trendy Store

Amid the public's rising awareness of health and wellness, the Group developped a multi-level fitness offering in line with the trend toward immediacy and social interaction in fitness consumption. For example, Beijing Chongwen Store introduced "24/7 Fitness" smart gym from Hong Kong, while Beijing Trendy Store introduced the American retro-style tennis training hall "Solo Tennis", providing urban white-collar workers with efficient exercise solutions. In addition, Shanghai Wujiaochang Branch Store and Shanghai Baoshan Branch Store partnered with "SUPERMONKEY" (猩球健身) to integrate fitness with social networking; Shanghai Pujian Branch Store introduced "Leke Fitness" (樂刻健身) and Tianjin Store introduced "GOMETAL" (金屬狗共享健身) as well as other 24-hour self-service gyms, forming a full coverage from professional training to on-demand needs.

The Group has also proactively responded to the growing consumer demand for balancing quality and price, built a diversified dining matrix with offerings that combine strong performance with attractive pricing. In fashionable dining segment, Shanghai Yue Hui Tian Shan introduced the gelato brand "Mr. Wild Man" (野人先生), Shanghai Wujiaochang Branch Store introduced the traditional Chinese dessert brand "Makkee" (麥記), and Mianyang Store introduced the healthy fresh fruit tea brand "SUMMER JUICE" (樹夏). In terms of regional specialty cuisine, Shanghai Pujian Branch Store introduced the Chiuchow-cuisine restaurant "Qi Ju De" (祺聚德), Beijing Liying Store introduced the Cantonese cuisine restaurant "Ri Chang" (日昌), and Yantai Store introduced "Po Po Lan Lan De Grill House" (破破爛爛的烤肉店), which offers a fusion of diverse regional flavours. Additionally, Wuhan Jianshe Store launched the "Ju Zi Shi Ji" (桔紫食集), a dining zone featuring over 30 premium food and beverage brands, significantly enhancing foot traffic and in-store dining experiences.

Shanghai Wujiaochang Branch Store has brought in the traditional Chinese dessert brand "Makkee"

Unlocking Emotional Value Through Member Marketing and Unleashing Consumer Consumption Vitality via Cross-Industry Collaboration

During the year under review, the Group continued to enhance its member value-added services by leveraging IP campaigns and festival creation capability to maintain long-term engagement within its private traffic channels, elevating member benefits beyond basic rewards to deliver richer emotional experiences. For example, all of the Group's stores jointly launched the "Tuesday VIP Day" (周二會員日) IP initiative, offering practical benefits such as department store and dining vouchers and optimised parking privileges, while deepening young customers' sense of belonging through exclusive merchandise. In addition, during the anniversary celebration, all stores launched a phenomenal marketing campaign, "Run into Good Luck" (撞了個大雲). Featuring immersive scene designs such as giant cloud installations and Dragon Boat Festival sachet DIY workshops, alongside omni-channel interactive engagements, the campaign transformed member marketing into a socially shareable experience. The campaign attracted an average total daily footfall of over 300,000 people, achieving double-digit percentage YOY sales growth across all stores.

The Group's "Run into Good Luck" celebration event was launched in each store

Catering to preferences of different customer segments, the Group explored into niche culture communities and emotional value propositions, which have become an important approach to differentiated operations. For family and parent-child customer groups, for instance, Wuhan Jianshe Store established an emotional exchange platform for urban singles, while Zhengzhou Store deepened emotional connections through the pet economy, building a service ecosystem to meet the multidimensional needs of families. For cultural interest groups, for instance, Beijing Chongwen Store served as the launch venue for the "2025 CPFresh Thai Durian Festival" (2025正大泰國榴槤節), offering authentic Thai cuisine and cultural entertainment experiences. Beijing Liying Store hosted the "Apricot Grove in Spring • Herbal Fragrance" (杏林春暖•百草飄香) traditional Chinese medicine market, creating innovative and Guochao wellness experiences. Changsha Trendy Plaza launched the "Changsha Imprint • Intangible Cultural Heritage Market" (長沙印記•非遺市集) during summer holidays to attract tourism enthusiasts. Chongqing Store emphasised relaxation culture through "Playful Market" (耍事場) themed activities, providing urban residents with a distinctive cultural exchange platform. In terms of young customer engagement, for instance, Shanghai Huaihai Branch Store staged the "1st LOL KPOP Dance Competition & Tempo Crush KPOP Carnival", Beijing Chongwen Store created the "Sunset Concert" (落日音樂會), and Shanghai Shaanxi Road Branch Store held a live viewing party for the "2024 VALORANT Champions" (無畏契約全球冠軍賽) in partnership with "Wanyoo" (網鱼), continuously expanding the youth trend vitality matrix.

Cultural activities for distinct interest groups

Notably, as Anime, Comics, and Games ("ACG") having become a popular form of emotional expression among Gen Z, multiple stores organised ACG-focused cultural events to tap into this trend. For instance, Shanghai Yue Hui Tian Shan launched a themed carnival "The Light" (奔赴光源) during its renovation and upgrade period. The original IP characters "Cat Girl" (猫娘) and "Beast Boy" (獸太) sparked widespread discussion and were accompanied by singing and dancing performances, stage plays, and meet-and-greets with influencers, attracting a large number of ACG fans and generating a total exposure exceeding 3.6 million views. Changsha Trendy Plaza collaborated with "The League of OTAKU DANSU" (宅舞聯盟) to create a shared space for ACG dancing performances, while Beijing Chongwen Store hosted "Shen Xinghui's ACG Birthday Celebration" (沈星回生賀痛樓), a themed event that deeply engaged core ACG communities and extended short-term activities into long-term community operations.

The themed event "Shen Xinghui's ACG Birthday Celebration" at Beijing Chongwen Store

The themed carnival “The Light” launched by Shanghai Yue Hui Tian Shan

In addition, the expansion of external collaborations have become a key driver of the Group's marketing innovation. By creating a collaborative mechanism that combined complementary resources and shared traffic, the Group effectively boosted consumption vitality. In terms of attracting community traffic, for example, Shanghai Pujian Branch Store regularly partnered with hospitals and schools to host a series of events, ranging from internal sales fairs to family-focused sessions. In terms of commercial district collaboration, for example, stores across Shanghai actively participated in initiatives including the "Double Five Shopping Festival" (五五購物節) and the "Joyful Shopping Shanghai" (樂購上海) voucher programme, and Shanghai Huaihai Branch Store joined the Huaihai Road commercial district carnival. In terms of promotional subsidies, for example, all stores collaborated with "China UnionPay" (中國銀聯) on a million-level subsidy campaign that generated sales worth tens of millions of RMB, Wuhan Jianshe Store achieved outstanding national sales through a super VIP sale in partnership with "VIPSHOP" (唯品會). Additionally, several stores leveraged the crowd-gathering advantages of pop-up formats to create diverse, limited-time experiential spaces through cross-industry partnerships. For instance,

Shanghai Pujian Branch Store held a private shopping event for hospital staff

Beijing Chongwen Store teamed up with brands such as "STENDERS" (施丹蘭) and "Lancôme" (蘭蔻) to hold beauty pop-ups that boosted sales and attracted new customers, while Shanghai Huaihai Branch Store hosted cultural IP events including a "Tencent Games" (騰訊遊戲) pop-up experience "Cookie Run: Kingdom" (衝呀！餅乾人王國) and a "National Geographic" (國家地理) photography exhibition, enhancing the store's appeal among younger, socially engaged consumers.

Shanghai Huaihai Branch Store joined the Huaihai Road commercial district carnival

Vibrant and colourful cross-sector collaborations

The Group continued to place great emphasis on the synergistic development of its online and offline business segments. By building a diversified matrix of private platforms, third-party partnerships, and live-stream e-commerce, it effectively enhanced sales conversion and customer retention. In a rapidly growing instant retail market environment, the Group focused on strengthening its private platform, the "New Lab Mini Program" (新閃購小程序), while partnering with platforms such as "JD.com" (京東), "Meituan" (美團), and "Kuaishou" (快手). Notably, Beijing Chongwen Store ranked first nationwide in the department store category of "Meituan Instashopping" (美團閃購) platform and was honoured the "Exploration and Breakthrough Award" (探索突破獎). With the growing momentum of consumption voucher economy, the Group innovated its card and coupon on digital platforms, launching campaigns such as the RMB19.9 VIP King Card at Shanghai Baoshan Branch Store and RMB39 value coupon package at Wuhan Jianshe Store. Moreover, in view of the rapid rise of live-stream e-commerce, the Group adopted a hybrid model combining key opinion leader live streams and store self-broadcasting, hosting regular sessions such as "Crazy Thursdays" (瘋狂星期四) and "TikTok Million-Follower Influencer" (抖音百萬粉達人). It also partnered with local lifestyle platforms including "Meituan" (美團) and "Douyin" (抖音) to bring in over 300,000 traffic and product subsidy resources, driving online sales to exceed RMB70 million.

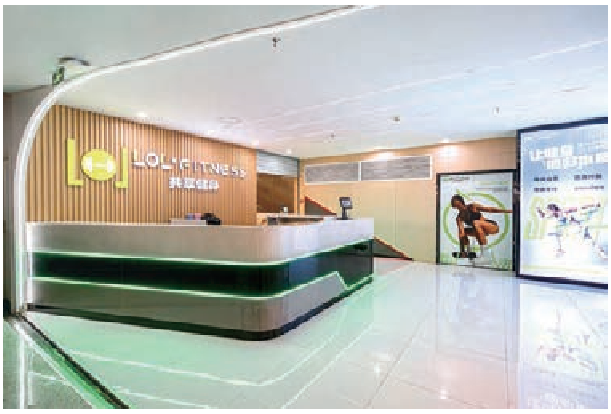
Live streaming events with local cultural connection

Private Label Business

As at 30 June 2025, the Group operated four LOL (Love • Original • Life) diverse creation space, which were located in Shanghai Huaihai Branch Store, Shanghai Yue Hui Tian Shan, Shanghai Shaanxi Road Branch Store and Nanjing Store.

During the year under review, LOL diverse creation space positioned itself as a hub for young people and created a diverse cultural ecosystem that integrates the emotional needs and lifestyle aesthetics of young costumer segments through innovative space operations and cross-sector resource integration. In trendy entertainment, LOL diverse creation space collaborated with trendy toy brand “DOUBLE CHANCE” to launch a limited-time themed flash mob “Xiao Xiao Gu Nu Mi” (小小谷努咪), which effectively engaged the ACG customer group with immersive settings, limited-edition products and interactive games. It also organised flash mob campaigns for IPs such as “Saint Seiya” (聖鬥士星矢) and “Blue Lock” (藍色監獄), which evolved into phenomenal youth cultural events. Furthermore, Nanjing Store innovatively launched the “LOL • FITNESS” (LOL共享健身) space, providing young customers with greater flexibility and safety in pursuing healthy lifestyle through a differentiated model of sharing economy, flexible payment options, and zero sales promotion.

LOL trendy toy themed flash mob



LOL • FITNESS space

As at 30 June 2025, the Group operated three large complex supermarkets "New World Supermarket", which were located in Beijing Chongwen Store, Wuhan Jianshe Store and Yantai Store.

During the year under review, "New World Supermarket" focused on operational practices of convenient services and high-quality lifestyle, while continuing to optimise its product structure and consumer experience. For example, Beijing Chongwen Store created a neighbourhood centre, integrating frequently-used daily services such as laundry, clothing alterations, watch repair and key duplication, and jointly organised a themed food festival with "SUNLON Group" (首農集團) to ensure customers' livelihood needs.

The "New World Supermarket" created an immersive consumption scenario

OUTLOOK

Current retail market environment has become increasingly competitive. Online e-commerce continues to divert customers, while emerging business formats such as commercial mega complexes and the silver economy further fragmenting market share. Homogeneous competition in the industry has intensified operational pressures. Traditional retail companies are facing an urgent need to respond to key challenges such as the increasingly personalised consumer demand and the need to improve full-pipeline operational capabilities.

Against this backdrop, the department store industry is undergoing transformation from serving a single purpose of merchandise sales to providing diversified and vibrant social spaces. Continuous innovation in business formats to improve accessibility, enriching consumption scenarios and addressing costumers' emotional values is of paramount importance for all players in this sector. The Group will continue to explore new consumption models, proactively adapt to market trends, and break down barriers of traditional operations to achieve an effective integration of products, customers and business scenarios, thereby developing efficient operational capabilities. At the same time, exploring new business ventures while drawing on the spiritual needs and emotional resonance of young costumers, the Group will strengthen its interaction and costumer experience, aiming to elevate market share and achieve performance growth.

Looking ahead, the Group will work to balance its established strengths with emerging business models, striving to break through the current wave of transformation and achieve sustainable and steady growth.

FINANCIAL REVIEW

Revenue and Other Income

Revenue of the Group was HK$1,182.8 million in FY2025. The decrease in revenue was primarily due to the decrease in commission income from concessionaire sales and sales of goods — direct sales.

The Group's merchandise gross margin (the combination of concessionaire commission rate and direct sales margin) was 12.9% in FY2025. In FY2025, ladieswear, menswear and accessories made up approximately 34.0% of proceeds from concessionaire sales and sales of goods for direct sales. Gold, jewellery and watch made up approximately 32.9%, cosmetic products made up approximately 12.0%, sportswear made up approximately 9.9% and kidswear, groceries, electrical appliances and houseware largely made up the rest. Direct sales revenue in FY2025 comprised sales of cosmetic products (approximately 80.7%), supermarkets (approximately 17.7%) and other goods (approximately 1.6%).

Rental income of the Group was HK$564.5 million in FY2025. Interest income from finance leases as the lessor was HK$13.4 million in FY2025.

Other income was HK$337.5 million in FY2025 compared with HK$333.5 million in FY2024. The increase was primarily due to the recognition of compensation income of approximately HK$79.9 million in FY25 which was related to the expropriation of certain investment properties of the Group by the local government in FY2024. The income was partly offset by the decrease in income from suppliers, concessionaires and tenants and the income from the write back of long-aged payables.

Other (Losses)/Gains, Net

Net other losses was HK$88.7 million in FY2025 which was primarily resulted from impairment loss on goodwill of HK$110.1 million, loss on deregistration of subsidiaries of HK$8.3 million, and net loss on derecognition and lease modification of finance lease receivables of HK$30.8 million in total. These losses were partially offset by net gain on derecognition of right-of-use assets of HK$45.5 million and net gain on derecognition of lease liabilities and right-of-use assets of HK$13.2 million.

Changes in Fair Value of Investment Properties

Gain on fair value of investment properties was HK$97.2 million in FY2025, which was primarily due to the increase in the fair value of investment properties after the performance of large-scale enhancement works.

Purchases of and Changes in Inventories, Net

Purchases of and net changes in inventories primarily represented the cost of sales for direct sales of goods. It decreased from HK$295.7 million in FY2024 to HK$247.6 million in FY2025. The decrease was in line with the decrease in sales of goods for direct sales in FY2025.

Purchases of Promotion Items

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. It decreased from HK$8.3 million in FY2024 to HK$7.4 million in FY2025, primarily due to changes in promotion activities.

Employee Benefit Expense

Employee benefit expense decreased from HK$342.2 million in FY2024 to HK$324.3 million in FY2025, primarily due to the continuous efforts by the management to carry out cost control measures to reduce staff costs.

Depreciation

Depreciation expense decreased from HK$353.9 million in FY2024 to HK$324.9 million in FY2025, primarily because of the decrease in depreciation of right-of-use assets as a result of the reduction of rent of certain departments stores as agreed with the landlords.

Rental Expense

Rental expense decreased from HK$74.1 million in FY2024 to HK$59.8 million in FY2025, primarily due to the decrease in turnover rent of certain department stores.

Other Operating Expenses, Net

Net other operating expenses decreased from HK$432.3 million in FY2024 to HK$276.7 million in FY2025, primarily due to the decrease in various types of operating expenses, e.g. property management and related expenses, electricity and water expenses and other tax expenses, and the impact from the net exchange gain and the reversal of compensation expenses as recognised in FY2025.

Operating Profit

Operating profit was HK$288.3 million in FY2025, compared with HK$254.7 million in FY2024.

Finance Costs, Net

Net finance costs decreased from HK$217.5 million in FY2024 to HK$162.4 million in FY2025, primarily because interest expense on lease liabilities decreased as a result of the reduction of rent of certain departments stores as agreed with the landlords. In addition, there was a decrease in average borrowing costs as a result of the drop in Hong Kong Interbank Offered Rate in FY2025.

Income Tax Expense

Income tax expense increased from HK$23.9 million in FY2024 to HK$100.5 million in FY2025. The increase was primarily because deferred income tax charge of HK$50.0 million was recorded in FY25, while deferred income tax credit of HK$57.9 million was recorded in FY2024. The impact of changes in deferred tax was partially offset by the decrease in current income tax.

Profit for the year

As a result of the reasons mentioned above, profit for the year was HK$25.3 million, compared with HK$13.3 million in FY2024.

Liquidity and Financial Resources

Fixed deposits with original maturity over three months and cash and bank balances of the Group amounted to HK$743.2 million as at 30 June 2025 (30 June 2024: HK$875.3 million).

As at 30 June 2025, the Group's borrowings were HK$1,399.7 million (30 June 2024: HK$1,469.3 million).

As at 30 June 2025, the Group was in net debt position of HK$656.5 million (30 June 2024: HK$594.0 million).

As at 30 June 2025, the Group's current liabilities exceeded its current assets by HK$1,919.2 million (30 June 2024: HK$2,606.4 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 2025 were HK$44.4 million (30 June 2024: HK$42.6 million) which were contracted but not provided for in the consolidated statement of financial position.

Pledge of Assets

As at 30 June 2025, the Group did not have any pledge of assets (30 June 2024: 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 2025.

Brave the Tides,
Towards New Voyages

DIRECTORS' PROFILE

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 certain subsidiaries of the Group. 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 Chairman

MR. CHEUNG FAI-YET, PHILIP

Aged 70

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 certain subsidiaries of the Group. Ms. Xie graduated from East China University of Political Science and Law and obtained an EMBA degree from China Europe International Business School. 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 and
Chief Executive Officer

MS. XIE HUI-FANG, MANDY

Aged 49

Executive Director

MS. CHIU WAI-HAN, JENNY

Aged 54

Appointed as a non-executive Director in May 2021 and re-designated as an executive Director in June 2025. Ms. Chiu is a member of the executive committee and the remuneration committee of the Board and is responsible for overseeing the corporate services of the Company. Ms. Chiu is also a director of certain subsidiaries of the Group. She was appointed as an executive director of NWD in May 2020. Ms. Chiu joined the NWD Group in 2004 and is currently the senior director of Corporate Services of NWD. Ms. Chiu is responsible for corporate services of the NWD Group including human resources, administration and information technology. Prior to joining the 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 and Advisory Committee of the Partnership Fund for the Disadvantaged, Social Welfare Department.

Executive Director

MR. LAU FU-KEUNG

Aged 46

Appointed as an executive Director in June 2025. Mr. Lau is a member of the executive committee and the nomination committee of the Board and is responsible for overseeing the financial management of the Company. Mr. Lau is also director of certain subsidiaries of the Group. He joined NWD in June 2020 and is currently an executive director, chief financial officer and joint company secretary of NWD. Mr. Lau is responsible for finance, accounting, treasury, tax, mergers & acquisitions, company secretarial matters and investor relations of the NWD Group, and is also a director of certain subsidiaries of the NWD Group. Prior to joining NWD, Mr. Lau was the chief financial officer of a Chinese property developer with business focus in Greater Bay Area. He held various senior positions in equity capital markets and global credit trading with global investment banks prior to his CFO career. Mr. Lau is a member of the Advisory Committee of the Accounting and Financial Reporting Council, Governance Professionals Panel of Hong Kong Chartered Governance Institute, Advisory Council of Climate Governance Initiative Hong Kong, Advisory Board of Hong Kong Investor Relation Association, Fundraising and Social Enterprise Committee of The Neighbourhood Advice-Action Council, Finance Committee of Scout Association of Hong Kong, HKI Regional Scout Foundation Fund, Finance and Strategy Committee of Hong Kong Football Association and Career Development Advisory Board of the School of Humanities and Social Science at the Hong Kong University of Science and Technology. Mr. Lau received his Bachelor of Business Administration in Finance (with Distinction) and Master of Accounting (with Distinction) from the Ross School of Business at the University of Michigan-Ann Arbor in 2001 and 2002 respectively. He is also a U.S. Certified Public Accountant (Licensed in Michigan) and a Fellow of Hong Kong Institute of Directors.

DIRECTORS' PROFILE

Appointed as an executive Director in June 2025. Mr. Chan is a member of the executive committee of the Board and is responsible for overseeing the operation of the Company. Mr. Chan is also a director of certain subsidiaries of the Group. He joined the NWD Group in January 2000 as Shenyang Regional Financial Controller of NWCL and successively served as Shenyang Regional Chief Executive, Regional Chief Executive, North China and General Manager of North China and Northeast China of NWCL. Currently, Mr. Chan is the Chief Operating Officer of NWCL. He holds a Bachelor Degree in Business Administration from the Chinese University of Hong Kong, and has over 25 years of experience in real estate development in the PRC. Mr. Chan is a Committee Member of the 16th Chinese People's Political Consultative Conference of Shenyang. Prior to joining the NWD Group, Mr. Chan worked for an international accounting firm in Hong Kong. He is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants of the United Kingdom.

Executive Director

MR. CHAN YIU-HO

Aged 52

Appointed as an independent non-executive Director in June 2007. He is also a member of the audit committee, the nomination committee and the remuneration committee of the Board. Mr. Cheong has over 40 years' experience in the securities industry. He is currently an executive director and the deputy chairman of Worldsec Limited, a company listed on the London Stock Exchange. Mr. Cheong is also an independent non-executive director of each of CK Infrastructure Holdings Limited, CK Asset Holdings Limited and Skyworth Group Limited, all being listed public companies in Hong Kong; and an independent director of BTS Group Holdings Public Company Limited, a company listed on the Stock Exchange of Thailand. 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.

Independent Non-executive Director

MR. CHEONG YING-CHEW, HENRY

Aged 77

Independent Non-executive Director

MR. CHAN YIU-TONG, IVAN

Aged 71

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 nomination committee and 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 81

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 63

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. 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 44

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).

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board recognises the importance of corporate governance practices to a listed company. The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and stakeholders of the Company. The Company has complied with all the applicable code provisions set out in the Corporate Governance Code during the year ended 30 June 2025.

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 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 2025.

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 2025.

BOARD OF DIRECTORS

As at the date of this report, the Board comprises five executive Directors and five independent non-executive Directors as follows:

Category	Directors	Length of Tenure	Current Period of Appointment
Executive Directors	Mr. Cheung Fai-yet, Philip	18 years	2 years
	Ms. Xie Hui-fang, Mandy	4 years	1 year
	Ms. Chiu Wai-han, Jenny[(1)]	4 years	1 year
	Mr. Lau Fu-keung[(2)]	3 months	N/A
	Mr. Chan Yiu-ho[(2)]	3 months	N/A
Independent Non-executive Directors	Mr. Cheong Ying-chew, Henry	18 years	2 years
	Mr. Chan Yiu-tong, Ivan	18 years	1 year
	Mr. Tong Hang-chan, Peter	18 years	3 years
	Mr. Yu Chun-fai	18 years	2 years
	Ms. Ho Pui-yun, Gloria	2 years	2 years

Notes:

(1) Re-designated from non-executive Director on 27 June 2025.

(2) Appointed as executive Director on 27 June 2025.

The biographical details of the Directors are set out in the section headed "Directors' profile" on pages 34 to 38 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 27 June 2025, Ms. Chiu Wai-han, Jenny re-designated from non-executive Director to executive Director. On the same day, Mr. Lau Fu-keung and Mr. Chan Yiu-ho were appointed as executive Directors. Both Mr. Lau Fu-keung and Mr. Chan Yiu-ho had obtained legal advice in relation to the requirements, duties and obligations under the Listing Rules that are applicable to them as directors of a listed company on 24 June 2025 from an external legal adviser qualified to advise on Hong Kong law pursuant to Rule 3.09D of the Listing Rules. Both Mr. Lau Fu-keung and Mr. Chan Yiu-ho had confirmed that they understood their obligations as directors 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:

- Anti-Fraud and Counter-Corruption Policy
- 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 2025, the Company held five 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.

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

Name	Number of meetings attended/held: Board Meetings	Number of meetings attended/held: Annual General Meeting
Executive Directors		
Mr. Cheung Fai-yet *(Chairman)*[(1)]	5/5	1/1
Ms. Xie Hui-fang, Mandy *(Chief Executive Officer)*	5/5	1/1
Ms. Chiu Wai-han, Jenny[(2)]	4/5	0/1
Mr. Lau Fu-keung[(3)]	N/A	N/A
Mr. Chan Yiu-ho[(3)]	N/A	N/A
Mr. Ma Siu-cheung[(4)]	1/1	1/1
Non-executive Director		
Dr. Cheng Chi-kong, Adrian[(5)]	1/1	N/A
Independent non-executive Directors		
Mr. Cheong Ying-chew, Henry	5/5	1/1
Mr. Chan Yiu-tong, Ivan	5/5	1/1
Mr. Tong Hang-chan, Peter	5/5	1/1
Mr. Yu Chun-fai	5/5	1/1
Ms. Ho Pui-yun, Gloria	5/5	1/1

Notes:

(1) Appointed as Chairman on 26 September 2024.

(2) Re-designated from non-executive Director on 27 June 2025.

(3) Appointed as executive Director on 27 June 2025.

(4) Appointed as executive Director on 26 September 2024 and resigned on 29 November 2024.

(5) Resigned as non-executive Director and Chairman on 26 September 2024.

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. Dr. Cheng Chi-kong, Adrian was the Chairman from 13 May 2021 until he resigned on 26 September 2024. Following the resignation of Dr. Cheng Chi-kong, Adrian, Mr. Cheung Fai-yet, Philip was appointed as the Chairman on 26 September 2024. Mr. Cheung is responsible for the leadership and effective running of the Board, ensuring that all material issues are decided by the Board in a constructive manner. 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.

Independent Non-executive Directors

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 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. Currently, the Executive Committee comprises five executive Directors, namely Mr. Cheung Fai-yet, Philip, Ms. Xie Hui-fang, Mandy, Ms. Chiu Wai-han, Jenny, Mr. Lau Fu-keung and Mr. Chan Yiu-ho. 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. Currently, 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 2024 and the unaudited interim financial information for the six months ended 31 December 2024 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 of the Group, 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. Currently, the Remuneration Committee comprises Mr. Tong Hang-chan, Peter, Mr. Cheung Fai-yet, Philip, Ms. Xie Hui-fang, Mandy, Ms. Chiu Wai-han, Jenny, 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 2025, the Remuneration Committee held five meetings to make recommendations to the Board regarding the directors' fees and the remuneration package for newly appointed Chairman and Directors, and determine incentivized bonus for senior management. 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 policy 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 2025 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)*	5/5
Mr. Cheung Fai-yet, Philip	5/5
Ms. Xie Hui-fang, Mandy	5/5
Ms. Chiu Wai-han, Jenny(1)	N/A
Mr. Cheong Ying-chew, Henry	5/5
Mr. Chan Yiu-tong, Ivan	5/5
Mr. Yu Chun-fai	5/5
Ms. Ho Pui-yun, Gloria	5/5
Dr. Cheng Chi-kong, Adrian(2)	1/1
Mr. Ma Siu-cheung(3)	1/1

Notes:

(1) Appointed as a member of the Remuneration Committee on 27 June 2025.

(2) Ceased to be a member of the Remuneration Committee on 26 September 2024.

(3) Appointed on 26 September 2024 and ceased to be a member of the Remuneration Committee on 29 November 2024.

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. Currently, the Nomination Committee comprises five independent non-executive Directors, namely Mr. Yu Chun-fai, Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Ms. Ho Pui-yun, Gloria, and three executive Directors, namely Mr. Cheung Fai-yet, Philip, Ms. Xie Hui-fang, Mandy and Mr. Lau Fu-keung. 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 2025, the Nomination Committee held two meetings 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, review and recommend to the Board on the updates of its terms of reference and make recommendation to the change of composition of the Board and the Board committees. 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 meetings of the Nomination Committee attended/held**
Mr. Yu Chun-fai *(Chairman)*	2/2
Mr. Cheung Fai-yet, Philip	2/2
Ms. Xie Hui-fang, Mandy	2/2
Mr. Lau Fu-keung(Note)	N/A
Mr. Cheong Ying-chew, Henry(Note)	N/A
Mr. Chan Yiu-tong, Ivan(Note)	N/A
Mr. Tong Hang-chan, Peter	2/2
Ms. Ho Pui-yun, Gloria	2/2

Note: Appointed as a member of the Nomination Committee on 27 June 2025.

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) Reputation for integrity;

(2) Diversity aspects under the Board Diversity Policy including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, knowledge and length of service that are relevant to the Company's business and corporate strategy;

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

(4) Independence requirement by reference to the Listing Rules for a candidate to be appointed as independent non-executive Director;

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

(6) 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 from time to time to ensure the effectiveness of the Policy.

Diversity

Board Diversity

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.

Currently, three out of the ten directors are female, accounting for 30% of the Board, exceeding the Company's aim of maintaining a minimum of 20% female representation on the Board. The Company will seek opportunities to increase the proportion of female board members.

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

Workforce Diversity

The Company values the diversity of its employees and is committed to establishing a diverse and inclusive workforce, ensuring that all employees enjoy equal opportunities for development. In June 2025, the Company adopted a Workforce Diversity Policy that outlines its approach and commitment to diversity and inclusion in the workforce (including senior management) which supports the Group to build an equal, inclusive and supportive workplace, in which all forms of discrimination, harassment and intimidation or violence, whether based on race, color, gender, disability, or other factors, are prohibited. As at 30 June 2025, the Group had 1,599 employees, of which about 49% were female. As such, the Company also believes that it has achieved gender diversity in its workforce by achieving our target of over 40% female representation across its total workforce, including senior management. For details of the workforce diversity of the Group, please refer to our "Sustainability Report 2025" (a standalone report) which is published at the same time as the publication of this annual report.

Board Evaluation

In order to evaluate the effectiveness and performance of the Board, the Company conducted its first ever Board evaluation covering the year ended 30 June 2025 (the "2025 Board Evaluation") during the financial year ended 30 June 2025. The evaluation was conducted internally for completion by each Director by means of an anonymous online questionnaire.

The following areas were covered in the assessment of the Board evaluation:

- Board performance in core responsibilities
- Board priorities for the next 1-2 years
- Quality of board effectiveness enablers (including board composition, meetings, provision of information, etc.)

A report on the 2025 Board Evaluation, comprising analysis of findings, comments from the Directors, and recommendations, was submitted to the Nomination Committee for consideration, and a summary of the report was also presented to the Board.

Summary of findings

1. The Directors demonstrated strong clarity in their roles and responsibilities as well as Board functions. Training and development programs were regularly provided to the Directors.

2. The Board was perceived as diverse, balanced, and independent, which also fostered open communication among the Directors. The Directors also agreed that the roles between the Board and executive management were clearly distinguished.

3. Board meetings were well-organized with sufficient materials provided in timely manner, though improvements in the quality of meeting minutes were suggested.

4. The Directors were satisfied with the Board's oversight of internal controls and risk management, although additional efforts may help in strengthening alignment.

5. Directors highlighted the need for recommending more open dialogue within the Board and adopting stronger cybersecurity measures, especially in light of growing AI application and data privacy concerns.

6. "Overall strategic direction" was ranked as the top priority issue for the Board over the next 1-2 years and most of the Directors agreed that sufficient discussion time was allocated on such priority issue.

Recommendations

1. To enhance the quality of meeting minutes by providing more detailed records.

2. To provide more IT-related trainings to the Board.

3. To provide regular updates on succession strategies.

The Board will continue to enhance its effectiveness by conducting performance evaluations either internally or by external provider at least every two years.

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, the Company has received training records of the Directors as below:

	Nature of Continuous Professional Development	
Directors	**Training on duties of directors, personal data security, cybersecurity awareness and AI-related topics**	**Reading/watching video in relation to regulatory updates and corporate governance related matters**
Mr. Cheung Fai-yet, Philip	✓	✓
Ms. Xie Hui-fang, Mandy	✓	✓
Ms. Chiu Wai-han, Jenny[(1)]	✓	✓
Mr. Lau Fu-keung[(2)]	✓	✓
Mr. Chan Yiu-ho[(2)]	✓	–
Mr. Cheong Ying-chew, Henry	✓	✓
Mr. Chan Yiu-tong, Ivan	✓	✓
Mr. Tong Hang-chan, Peter	✓	✓
Mr. Yu Chun-fai	✓	✓
Ms. Ho Pui-yun, Gloria	✓	✓
Dr. Cheng Chi-kong, Adrian[(3)]	–	–
Mr. Ma Siu-cheung[(4)]	✓	–

Notes:

(1) Re-designated as executive Director on 27 June 2025.

(2) Appointed as executive Director on 27 June 2025.

(3) Resigned as non-executive Director and Chairman on 26 September 2024.

(4) Appointed as executive Director on 26 September 2024 and resigned on 29 November 2024.

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 76 to 83 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 2025, 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 2025 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 follows:

(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 2025, the Directors had:

(1) approved the adoption of all applicable HKFRS Accounting Standards as 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. Her 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 2025, 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 Company has reviewed the implementation and effectiveness of the Shareholders Communication Policy during the year under review, and confirmed that the policy had been effectively implemented.

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 Room 802, 8th Floor, Tower A, 83 King Lam Street, Cheung Sha Wan, Kowloon, 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 Room 802, 8th Floor, Tower A, 83 King Lam Street, Cheung Sha Wan, Kowloon, 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 2025.

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 2025" (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 2025, the fees paid/payable by the Group to the external auditors for audit services amounted to approximately HK$3,900,000 and for non-audit services, including mainly interim review, tax advisory and other related services, amounted to approximately HK$717,000.

GROUP HONOURS

CORPORATE GOVERNANCE

“A” in the Wind ESG Rating

“Best in Reporting Award” in the “BDO ESG Awards” by BDO

“Best Environmental, Social and Governance Reporting Award” in the “HKMA Best Annual Reports Awards” by the Hong Kong Management Association

EMPLOYEE WELFARE

“Happy Company 5 Years+” label in the “Happiness at Work Promotional Scheme 2025” by the Promoting Happiness Index Foundation and the Chinese Manufacturers’ Association of Hong Kong

ENVIRONMENTAL PROTECTION

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

COMMUNITY SERVICES

“Caring Company 10 Years+” label in the “Caring Company Scheme” by the Hong Kong Council of Social Service

CONTENTS

FINANCIAL SECTION

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 2025.

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 2025 are set out in the consolidated income statement on page 84 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 31 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 2025" (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 2025 (2024: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting of the Company (the "AGM"), the register of members of the Company will be closed from Friday, 14 November 2025 to Wednesday, 19 November 2025, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for attending and voting at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer agent of the Company in Hong Kong, Tricor Investor Services Limited of 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Thursday, 13 November 2025.

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 2025, calculated under the laws of the Cayman Islands, amounted to HK$887.4 million (2024: HK$929.5 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$12,000 (2024: approximately HK$150,000).

PRE-EMPTIVE RIGHTS

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

REPORT OF THE DIRECTORS

DIRECTORS

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

Executive Directors

Mr. Cheung Fai-yet, Philip *(Chairman)*	(appointed as Chairman on 26 September 2024)
Ms. Xie Hui-fang, Mandy *(Chief Executive Officer)*	
Ms. Chiu Wai-han, Jenny	(re-designated from non-executive Director on 27 June 2025)
Mr. Lau Fu-keung	(appointed on 27 June 2025)
Mr. Chan Yiu-ho	(appointed on 27 June 2025)
Mr. Ma Siu-cheung GBS JP	(appointed on 26 September 2024 and resigned on 29 November 2024)

Non-executive Director

Dr. Cheng Chi-kong, Adrian SBS JP	(resigned as non-executive Director and Chairman on 26 September 2024)

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

In accordance with articles 87(1) and 87(2) of the Articles, Mr. Cheung Fai-yet, Philip, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai will retire by rotation at the forthcoming annual general meeting and, being eligible, will offer themselves for re-election.

In accordance with article 86(3) of the Articles, Mr. Lau Fu-keung and Mr. Chan Yiu-ho, being new Directors appointed on 27 June 2025, will hold office until the first annual general meeting of the Company following their appointment, and being eligible, will offer themselves 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 2025 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.

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 2025 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**
Ms. Chiu Wai-han, Jenny	NWD	Property investment	Director
Mr. Lau Fu-keung[1]	NWD	Property investment	Director
Mr. Chan Yiu-ho[1]	NWCL	Property investment	Chief Operating Officer
Dr. Cheng Chi-kong, Adrian[2]	NWD	Property investment	Director
	Cheung Hung Development (Holdings) Limited	Property investment	Director
	Chow Tai Fook Enterprises Limited group of companies	Property investment	Director
Mr. Ma Siu-cheung[3]	NWD	Property investment	Director

Notes:

(1) Appointed as executive Director on 27 June 2025.

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

(3) Appointed as executive Director on 26 September 2024 and resigned on 29 November 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.

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.

CONTINUING CONNECTED TRANSACTIONS (Continued)

A Master leasing agreement (Continued)

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 amount under the Master Leasing Agreement in relation to the fixed lease payments payable by the Group as lessee was approximately RMB62,540,000 (2024: approximately RMB146,677,000) and the variable lease payments payable by the Group as lessee was approximately RMB73,615,000 (2024: approximately RMB86,426,000) 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.

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 amount under the Master Concessionaire Counter Agreement was approximately RMB20,461,000 (2024: approximately RMB27,954,000) during the year under review.

CONTINUING CONNECTED TRANSACTIONS (Continued)

B Master concessionaire counter agreement (Continued)

As 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.

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 amount under the Master Services Agreement was approximately RMB126,000 (2024: approximately RMB13,909,000) during the year under review.

As Mr. Doo is a director of NWD and 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.

CONTINUING CONNECTED TRANSACTIONS (Continued)

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 amount paid by the Group to the CTFE Group, and vice versa, in relation to the Collaboration Services was approximately RMB1,979,000 (2024: approximately RMB3,092,000) 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.

E Annual review of the continuing connected transactions

The price and terms of the continuing connected transactions mentioned in paragraphs A to D above were determined in accordance with the pricing policies and guidelines as set out in the relevant announcements and circular of the Company. These continuing connected transactions have been reviewed by the independent non-executive Directors who have confirmed that the transactions have been entered into:

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

ii on normal commercial terms or better;

iii according to 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.

CONTINUING CONNECTED TRANSACTIONS (Continued)

E Annual review of the continuing connected transactions (Continued)

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 exempted or non-exempted connected transactions and continuing connected transactions of the Company under the Listing Rules during the year under review are set out in note 38 to the consolidated financial statements. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules.

SUPPLEMENTAL INFORMATION TO THE 2024 ANNUAL REPORT

In addition to the disclosures under: (i) the section headed "CONTINUING CONNECTED TRANSACTIONS" of the Report of the Directors from pages 67 to 70 of the 2024 Annual Report; and (ii) Note 38 to the Financial Statements from pages 157 to 158 of the 2024 Annual Report ("Note 38"), the Company would like to supplement additional information in relation to the connected transactions pursuant to the disclosure requirements of Chapter 14A of the Listing Rules as below:

(i) the items headed "Transactions with related parties" referred in Note 38(a) and the item headed "Repayments of lease liabilities to related parties" referred in Note 38(c) constitute exempt or non-exempt connected transactions of the Company and the Company has complied with the requirements under Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the section headed "CONTINUING CONNECTED TRANSACTIONS" from pages 67 to 69 of the 2024 Annual Report; and

(ii) key management compensation disclosed in Note 38(d) constitutes exempt connected transaction of the Company under Chapter 14A of the Listing Rules.

This supplemental information does not affect other information contained in the 2024 Annual Report. Save as disclosed above, all other information in the 2024 Annual Report remains unchanged.

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

Save as disclosed under the section headed "DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES" below, at no time during the year under review was the Company, its subsidiaries, its fellow subsidiaries or its holding company, a party to any arrangement to enable the Directors or chief executive 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 SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2025, the interests and short positions of the Directors in the shares, underlying shares and 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 were as follows:

(a) Long positions in shares

Name	Nature of interest	Number of shares held	Approximate percentage of shareholding as at 30 June 2025
The Company			
(Ordinary shares)			
Ms. Xie Hui-fang, Mandy	Personal interest	177,000	0.01%
Mr. Lau Fu-keung(Note)	Personal interest	1,000	0.00%
NWD			
(Ordinary shares)			
Ms. Chiu Wai-han, Jenny	Personal interest	29,899	0.00%
Mr. Lau Fu-keung(Note)	Personal interest	1,000	0.00%

Note: Appointed as executive Director on 27 June 2025.

DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

(b) Long positions in debentures

NWD (MTN) Limited ("NWD (MTN)")

Name	Amount of debentures issued by NWD (MTN) Personal interests HK$	Total HK$	Approximate % to the total amount of debentures in issue as at 30 June 2025
Mr. Chan Yiu-ho[1]	1,000,000[2]	1,000,000	0.00%

Notes:

(1) Appointed as executive Director on 27 June 2025.

(2) These debentures were issued in US$ and had been translated into HK$ using the rate of US$1.0 = HK$7.8.

Save as disclosed above, as at 30 June 2025, none of the Directors 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 2025, 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

	Number of shares held			
Name	Beneficial interests	Corporate interests	Total	Approximate percentage of shareholding as at 30 June 2025
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 2025, 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 2025, 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 1 July 2024 and 30 June 2025, the total number of shares of the Company available for issue was 168,614,500, representing 10% of the total number of issued shares of the Company as at 1 July 2024 and 30 June 2025, respectively.
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 2025, the total number of employees of the Group was 1,599 (2024: 1,838). 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 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 30 June 2025, 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 5% 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 75% of the Group's total purchases were attributed by the Group's five largest direct sales suppliers and approximately 37% 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 2025 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 for the year ended 30 June 2025 have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting 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, China, 25 September 2025

INDEPENDENT AUDITOR'S REPORT

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 84 to 162, comprise:

- the consolidated statement of financial position as at 30 June 2025;
- 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 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards as 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") as 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 assessments 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 assessments 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 2025, the Group had property, plant and equipment, right-of-use assets and goodwill of approximately HK$655 million, HK$1,957 million and HK$923 million, respectively. For the year ended 30 June 2025, a provision for impairment loss on goodwill of approximately HK$110 million and a provision for impairment loss on property, plant and equipment and right-of-use assets of approximately HK$0.7 million were recognised in the consolidated income statement.	Our procedures in relation to impairment assessments 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 such as complexity, subjectivity and management bias; • We evaluated the appropriateness of the rationale and criteria as adopted by management in the identification of impairment indicators for the purpose of impairment assessments of property, plant and equipment and right-of-use assets; • For impairment assessments 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 assessments 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 each of the relevant cash generating units ("CGUs"), by applying the discounted cash flow model (for those CGUs with primarily department store operations) or by reference to the valuation of the underlying properties of the related CGUs performed by independent external valuers (for those CGUs with primarily property investment operations or the planned operations of which have not yet been commenced). We focus on this area because the impairment assessments required significant management's judgement and estimates with respect to the annual gross revenue growth rates, gross margin ratios and discount rate as applied in the discounted cash flow model; and the capitalisation rates, prevailing market rents and estimated transaction costs of disposal as applied in the valuation of the underlying properties of the related CGUs.	➢ We evaluated the appropriateness of the discounted cash flow model used by management to estimate the respective recoverable amounts of the related CGUs and involved our in-house valuation experts as and when necessary; ➢ We assessed the reasonableness of the key assumptions used in the impairment assessments including the annual gross revenue growth rates, gross margin ratios and discount rate by considering the business plans or approved budget of the respective CGUs and the market data or information as obtained from our independent research; and ➢ We tested, on a sample basis, the key data input in the discounted cash flow calculations to the relevant supporting evidence.

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessments of property, plant and equipment, right-of-use assets and goodwill (Continued)	• For impairment assessments by reference to the independent external valuation of the underlying properties of the related CGUs: ➢ We assessed the competence, capabilities and objectivity of independent external professional valuer; ➢ We obtained the valuation reports and discussed with the independent external professional valuer on the valuation methodology and key assumptions as adopted in the valuation; ➢ We evaluated the valuation methodology and assessed the reasonableness of the key assumptions including the capitalisation rates, prevailing market rents and estimated transaction costs of disposal as adopted in the valuation by considering the market data of properties in comparable locations obtained from our independent research and other relevant supporting information; and ➢ We tested, on a sample basis, the key data used in the valuation of the underlying properties, including rental rates from existing tenancies by agreeing them to the underlying rental agreements. • We evaluated management's sensitivity analysis on the key assumptions used in the impairment assessments to assess the potential impacts as arising from the reasonably possible changes in these key assumptions; 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 management's judgement and estimates used in the impairment assessments of property, plant and equipment, right-of-use assets and goodwill to be supportable based on 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 carried at fair values amounted to approximately HK$4,866 million as at 30 June 2025. A net fair value gain on investment properties of approximately HK$97 million was recognised in the consolidated income statement for the year then ended. Management has engaged independent external professional valuers to perform valuation on all of the Group's investment properties. We focus on this area because the valuation of investment properties involves significant management's judgement and estimates with respect to certain key parameters including the capitalisation rates and prevailing market rents as applied in the valuation of the investment properties.	Our procedures in relation to management's valuation of investment properties included: • We understood the management's processes in the valuation of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors such as subjectivity and management bias; • We assessed the competence, capabilities and objectivity of independent external professional valuers; • We obtained the valuation reports and discussed with the independent external professional valuers on the valuation methodology and key assumptions as adopted in the valuation; • We evaluated the valuation methodology and assessed the reasonableness of the key assumptions including the capitalisation rates and prevailing market rents used in the valuation of investment properties by considering the market data of properties in comparable locations obtained from our independent research and other relevant supporting information. We have also involved our in-house valuation expert on the valuation of the major investment properties as and when necessary; • We tested, on a sample basis, the key data used in the valuation of investment properties, including rental rates from existing tenancies by agreeing them to the underlying rental agreements; 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 management's judgement and estimates used in 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 the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do 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 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, 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.

RESPONSIBILITIES OF DIRECTORS AND THE 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 HKFRS Accounting Standards as 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.

The Audit Committee of the Company is 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee of the Company 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 the Audit Committee of the Company 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 the Audit Committee of the Company, 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 Wong Cheuk Kay (practising certificate number: P05656).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 25 September 2025

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2025

	Note	2025 HK$'000	2024 HK$'000
Revenue	5	**1,182,844**	1,359,456
Other income	6	**337,520**	333,507
Other (losses)/gains, net	7	**(88,659)**	187,610
Changes in fair value of investment properties	15	**97,210**	(119,286)
Purchases of and changes in inventories, net		**(247,553)**	(295,708)
Purchases of promotion items		**(7,378)**	(8,312)
Employee benefit expense	10	**(324,281)**	(342,217)
Depreciation		**(324,924)**	(353,854)
Rental expense		**(59,838)**	(74,140)
Other operating expenses, net	8	**(276,681)**	(432,346)
Operating profit		**288,260**	254,710
Finance income		**13,784**	18,010
Finance costs		**(176,218)**	(235,532)
Finance costs, net	9	**(162,434)**	(217,522)
Profit before income tax		**125,826**	37,188
Income tax expense	12	**(100,541)**	(23,874)
Profit for the year		**25,285**	13,314
Earnings per share attributable to shareholders of the Company (expressed in HK$ per share)			
– Basic and diluted	14	**0.015**	0.008

The notes on pages 92 to 162 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2025

	2025 HK$'000	2024 HK$'000
Profit for the year	**25,285**	13,314
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	**22,809**	–
– Deferred income tax thereof	**(5,702)**	–
	17,107	–
Items that may be reclassified subsequently to profit or loss		
Translation differences	**74,963**	(18,970)
Release of exchange reserve upon deregistration of subsidiaries	**8,272**	10,762
	83,235	(8,208)
Other comprehensive income/(loss) for the year, net of tax	**100,342**	(8,208)
Total comprehensive income for the year	**125,627**	5,106

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	Note	2025 HK$'000	2024 HK$'000
Assets			
Non-current assets			
Investment properties	15	**4,865,532**	4,556,235
Property, plant and equipment	16	**654,703**	704,300
Right-of-use assets	17	**1,956,981**	2,202,384
Intangible assets	19	**922,946**	1,011,973
Interest in an associated company	20	**–**	–
Prepayments, deposits and other receivables	21	**145,871**	151,881
Finance lease receivables	22	**173,657**	235,848
Financial assets at fair value through profit or loss	23	**89,821**	85,278
Deferred income tax assets	24	**88,291**	86,681
		8,897,802	9,034,580
Current assets			
Inventories	25	**50,531**	63,658
Debtors	26	**13,699**	21,303
Prepayments, deposits and other receivables	21	**98,322**	118,776
Finance lease receivables	22	**105,491**	89,931
Amounts due from fellow subsidiaries	27	**839**	1,184
Amounts due from related companies	27	**–**	826
Fixed deposits with original maturity over three months	28	**268,444**	305,612
Cash and bank balances	29	**474,745**	569,643
		1,012,071	1,170,933
Total assets		**9,909,873**	10,205,513
Equity and liabilities			
Equity			
Share capital	30	**168,615**	168,615
Reserves	31	**3,337,134**	3,211,507
Total equity		**3,505,749**	3,380,122

	Note	2025 HK$'000	2024 HK$'000
Liabilities			
Non-current liabilities			
Lease liabilities	32	1,868,454	2,212,827
Borrowings	33	694,755	–
Deferred income tax liabilities	24	909,671	835,258
		3,472,880	3,048,085
Current liabilities			
Creditors	34	402,900	442,928
Accruals and other payables	34	1,001,390	1,080,422
Lease liabilities	32	463,178	461,283
Contract liabilities	35	113,173	122,208
Amounts due to fellow subsidiaries	27	11,337	8,097
Amounts due to related companies	27	54,581	40,614
Amounts due to the ultimate holding company	27	105,900	101,035
Borrowings	33	704,908	1,469,297
Tax payable		73,877	51,422
		2,931,244	3,777,306
Total liabilities		6,404,124	6,825,391
Total equity and liabilities		9,909,873	10,205,513

The consolidated financial statements on pages 84 to 162 were approved by the Board of Directors of the Company on 25 September 2025 and were signed on its behalf by:

Mr. Cheung Fai-yet, Philip
Director

Ms. Xie Hui-fang, Mandy
Director

The notes on pages 92 to 162 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	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 2024	168,615	1,826,646	376,891	391,588	549,385	(240,442)	307,439	3,380,122
Profit for the year	–	–	–	–	–	–	25,285	25,285
Other comprehensive income								
Revaluation of properties upon reclassification from property, plant and equipment and right-of-use assets to investment properties	–	–	22,809	–	–	–	–	22,809
– Deferred income tax thereof	–	–	(5,702)	–	–	–	–	(5,702)
Translation differences	–	–	–	–	–	74,963	–	74,963
Release of exchange reserve upon deregistration of subsidiaries	–	–	–	–	–	8,272	–	8,272
Total comprehensive income for the year	–	–	17,107	–	–	83,235	25,285	125,627
Transactions with owners								
Appropriation of statutory reserve	–	–	–	–	6,164	–	(6,164)	–
Release of statutory reserve upon deregistration of subsidiaries	–	–	–	–	(4,458)	–	4,458	–
Total transactions with owners	–	–	–	–	1,706	–	(1,706)	–
As at 30 June 2025	168,615	1,826,646	393,998	391,588	551,091	(157,207)	331,018	3,505,749

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	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	–	–	–	–	–	(8,208)	13,314	5,106
Transactions with owners								
Appropriation of 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

The notes on pages 92 to 162 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	Note	2025 HK$'000	2024 HK$'000
Cash flows from operating activities			
Profit before income tax		125,826	37,188
Adjustments for:			
– Finance income		(13,784)	(18,010)
– Interest income from finance leases as the lessor		(13,417)	(16,444)
– Finance costs		176,218	235,532
– Depreciation of property, plant and equipment		88,652	86,468
– Depreciation of right-of-use assets		236,272	267,386
– Changes in fair value of investment properties		(97,210)	119,286
– Loss on disposal of property, plant and equipment, net		187	135
– Gain on derecognition of right-of-use assets, net		(45,531)	(16,207)
– Gain on derecognition of lease liabilities and right-of-use assets, net		(13,170)	(193,967)
– Loss on deregistration of subsidiaries		8,273	5,522
– Impairment loss on goodwill		110,060	–
– Impairment loss on property, plant and equipment and right-of-use assets		727	–
– Reversal of loss allowance on other receivables		(136)	(1,149)
– Loss on derecognition of finance lease receivables, net		19,807	13,867
– Loss on lease modification of finance lease receivables, net		10,946	4,078
– Gain on written back of creditors and other payables		–	(44,880)
– (Reversal)/provision of compensation expenses		(48,546)	17,451
– Reversal of write-down of inventories, net		(403)	(419)
– (Reversal)/provision of loss allowance on debtors		(3,509)	1,830
– Fair value (gain)/loss on financial assets at fair value through profit or loss, net		(2,640)	754
– Gain on disposal of investment properties		–	(1,792)
– Net foreign exchange difference		(30,295)	7,616
Operating profit before working capital changes		508,327	504,245
Changes in:			
Inventories		14,771	15,544
Debtors		10,312	(2,502)
Prepayments, deposits and other receivables		22,133	35,057
Creditors		(49,222)	(177,768)
Accruals and other payables		(116,654)	37,344
Contract liabilities		(11,593)	(47,058)
Net balance with fellow subsidiaries		3,368	(1,145)
Net balance with related companies		13,795	(8,045)
Net balance with ultimate holding company		(2,578)	(411)
Cash generated from operations		392,659	355,261
Mainland China tax paid		(29,413)	(38,856)
Net cash from operating activities		363,246	316,405

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	Note	2025 HK$'000	2024 HK$'000
Cash flows from investing activities			
Additions to investment properties		**(58,097)**	(6,852)
Additions to property, plant and equipment		**(12,762)**	(75,851)
Proceeds from disposal of investment properties		**–**	230,053
Proceeds from disposal of property, plant and equipment		**74**	66
Placement of fixed deposits with original maturity over three months		**(385,091)**	(15,455)
Withdrawal of fixed deposits with original maturity over three months		**428,499**	15,377
Purchase of financial assets at fair value through profit or loss		**–**	(20,104)
Principal portion of finance lease received as the lessor		**109,641**	87,618
Interest portion of finance lease received as the lessor		**13,417**	16,444
Interest received		**22,598**	7,863
Net cash from investing activities		**118,279**	239,159
Cash flows from financing activities			
Increase in amounts due to ultimate holding Company	37	**–**	20,104
Drawdown of bank borrowings	37	**21,669**	475,424
Repayment of bank borrowings	37	**(57,416)**	(418,008)
Repayment of Shareholders loans	37	**(30,000)**	–
Principal portion of lease payments as the lessee	37	**(378,277)**	(391,613)
Interest portion of lease payments as the lessee	37	**(107,616)**	(152,225)
Finance costs paid	37	**(36,154)**	(39,962)
Net cash used in financing activities		**(587,794)**	(506,280)
Net (decrease)/increase in cash and cash equivalents		**(106,269)**	49,284
Cash and cash equivalents at beginning of the year		**569,643**	524,327
Effect of foreign exchange rate changes		**11,371**	(3,968)
Cash and cash equivalents at end of the year	29	**474,745**	569,643

The notes on pages 92 to 162 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED 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 (the "Stock Exchange") 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 of the Company on 25 September 2025.

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 2025 have been prepared in accordance with HKFRS Accounting Standards ("HKFRS") as issued by the Hong Kong Institute of Certified Public Accountants.

HKFRS comprise the following authoritative literature:

- HKFRS Accounting Standards,
- Hong Kong Accounting Standards, and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and financial assets at fair value through profit or loss which are carried at fair value.

The preparation of 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 2025, the Group had net current liabilities of approximately HK$1,919,173,000 and the Group's current liabilities included the shareholder loans due to the ultimate holding company, New World Development Company Limited ("NWD"), of approximately HK$683,000,000 and other amounts due to NWD of approximately HK$254,000,000. In December 2024, NWD obtained written waivers from certain relevant lenders for the anticipated potential non-compliance with a financial covenant of certain borrowings of NWD and its subsidiaries (the "NWD Group") and then commenced the negotiation with the lenders to refinance certain of the NWD Group's bank and other borrowings (including certain bank borrowings of the Group). The maturity dates of the borrowings from certain of the Group's principal bankers of approximately HK$694,755,000 have been extended to June 2028 upon the successful refinancing as completed by NWD on 30 June 2025 and hence these bank borrowings have been classified as non-current liabilities.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

In view of the above circumstances, the directors of the Company (the "Directors") have reviewed the Group's cash flow projections, which cover a period of not less than twelve months from the end of the reporting period, and have considered available information, among others, internally generated funds and the 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 prior to June 2026 and NWD has confirmed its intention to renew the shareholder loans for another 12 months upon their maturities and to continue to act as guarantor of the Group's borrowings of approximately HK$694,755,000 till their maturities in June 2028 and to provide the required securities for these bank borrowings. In addition, NWD has also confirmed that it will not request for the Group's repayment of the abovementioned other amounts due to NWD within the next twelve months from 30 June 2025 until the Group is in a position to repay.

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 other amounts due to NWD; to act as the guarantor and to provide the required securities for the Group's borrowings; to continue to comply with its loan covenants in the foreseeable future and to closely monitor its compliance under its established measures and mechanism and to timely notify the Group for any subsequent unfavourable changes, are satisfied and confident that NWD is able to provide the Group with all the financial resources as described above.

The Directors are of the opinion that, taking into account the anticipated cash flows generated from the Group's operations; the successful renewal of the shareholder loans; the continuing availability of other amounts due to NWD; the continued availability of the Group's existing bank borrowings; and other abovementioned factors and considerations, 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 2025.

Accordingly, the Directors consider it is appropriate to prepare the consolidated financial statements on a going concern basis.

(a) Adoption of amendments to standards and interpretation

In the current year, the Group has adopted the following amendments to standards and interpretation, which are mandatory for the financial year ended 30 June 2025:

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 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

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

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(b) New and amended standards, interpretation and annual improvements which are not yet effective

The following new and amended standards, interpretation and annual improvements which are not yet effective are mandatory for the accounting periods beginning on or after 1 July 2025 or later periods which the Group has not early adopted:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Amendments to Contracts Referencing Nature-dependent Electricity[2]
Annual Improvement Project	Annual Improvement to HKFRS Accounting Standards — Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to Hong Kong Interpretation 5	Amendments to Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Amendments to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] To be applied by the Group from 1 July 2025.
[2] To be applied by the Group from 1 July 2026.
[3] To be applied by the Group from 1 July 2027.
[4] The effective date is to be determined.

The Group has already commenced an assessment of the impact of the new and amended standards, interpretation and annual improvements, certain of which may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements. Based on preliminary assessment, except for HKFRS 18 which may have impact to the presentation of consolidated financial statements for the year ending 30 June 2028, the Group does not expect that new standards and amendments would have any impact to the Group's consolidated financial statements. The Group will adopt these new and amended standards, interpretation and annual improvements from their respective effective dates.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

(ii) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment (if any). 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.

2.3 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 costs 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 (if any). 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/(losses), 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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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, or more frequently if events or changes in circumstances indicate that they might be impaired. Other 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. 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
- Fair value through profit or loss ("FVPL").

Classification is driven by the Group'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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.7 Investments and other financial assets (Continued)

(a) Classification (Continued)

Debt instruments (Continued)

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.

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 financial assets 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

Gain or loss on a financial asset that is 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/(losses), net' as applicable.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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.

2.9 Debtors and other receivables

Debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business, or lessees. 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 (if any).

2.10 Inventories

Inventories comprise finished goods and are stated at the lower of cost and net realisable value. Cost is mainly 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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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.

2.15 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 company 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.16 Current and deferred income tax (Continued)

(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 company, 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.

(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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.17 Employee benefits (Continued)

(ii) Pension obligations (Continued)

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. The Group has no further payment obligation once the contributions have been paid.

(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.

(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 Group 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.18 Provisions, contingent liabilities and contingent assets (Continued)

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.

2.19 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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.19 Revenue and income recognition (Continued)

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.

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.

2.20 Government grants

Government grants are recognised at their fair values where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.21 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the group 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.

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

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

On consolidation, exchange differences arising from the translation of any net investment in subsidiaries that have a functional currency different from the presentation currency are recognised in other comprehensive income. When a subsidiary is disposed, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

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 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

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 (if applicable):

- 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 (if applicable):

- 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.

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.

2 SUMMARY OF MATERIAL ACCOUNTING POLICIES (Continued)

2.22 Leases (Continued)

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 statement 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 2025, if HK$ and USD had strengthened/weakened by 5% (2024: 5%) against the RMB with all other variables held constant, profit before income tax for the year would have been approximately HK$77,035,000 (2024: HK$77,575,000) lower/higher mainly as a result of foreign exchange differences on translation of HK$-denominated and USD-denominated financial assets at FVPL, bank balances, other receivables and payables, borrowings and balances with group companies of those group entities with RMB as the functional currency.

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, state owned 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 2% (2024: 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. Reversal of loss allowance of finance lease receivables of approximately HK$342,000 (2024: loss allowance of HK$634,000) had been made for the year ended 30 June 2025.

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The loss allowance for debtors related to leases as at 30 June 2025 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 2025									
Expected loss rate	**1%**	**2%**	**6%**	**20%**	**29%**	**44%**	**100%**	**100%**	
Gross carrying amount — debtors (HK$'000)	**3,584**	**1,657**	**539**	**242**	**853**	**711**	**2,456**	**721**	**10,763**
Loss allowance (HK$'000)	**41**	**36**	**34**	**48**	**244**	**316**	**2,456**	**721**	**3,896**

	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

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 2025, the Group's current liabilities exceeded its current assets by approximately HK$1,919,173,000 (2024: HK$2,606,373,000). 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$'000	Over 1 year but within 2 years HK$'000	Over 2 years but within 5 years HK$'000	More than 5 years HK$'000
As at 30 June 2025						
Creditors	402,900	402,900	402,900	–	–	–
Other payables	773,838	773,838	773,838	–	–	–
Amounts due to fellow subsidiaries	11,337	11,337	11,337	–	–	–
Amounts due to related companies	54,581	54,581	54,581	–	–	–
Amounts due to the ultimate holding company	105,900	105,900	105,900	–	–	–
Borrowings	1,399,663	1,542,394	739,498	–	802,896	–
Lease liabilities	2,331,632	2,824,197	482,651	394,374	973,966	973,206

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$'000	Over 1 year but within 2 years HK$'000	Over 2 years 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 the 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	491,980	1,164,859	1,348,151

(d) Interest rate risk

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing assets and liabilities. The Group's interest-bearing assets on a floating rate basis mainly include cash and bank balances, which will be affected by fluctuation of prevailing market interest rates and will expose the Group to cash flow interest rate risk. Borrowings obtained at floating rates with principal amount of approximately HK$1,383,000,000 (2024: HK$1,413,000,000) expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates with principal amount of approximately HK$22,000,000 (2024: HK$57,000,000) expose the Group to fair value 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 2025, if interest rates on borrowings subject to floating rate had been 100 (2024: 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$13,830,000 (2024: HK$14,130,000) lower/higher. 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 FINANCIAL RISK MANAGEMENT (Continued)

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.

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 2025 and 2024, 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).

3 FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

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 2025				
Financial assets at FVPL	**–**	**–**	**89,821**	**89,821**
As at 30 June 2024				
Financial assets at FVPL	–	–	85,278	85,278

The financial assets at FVPL are unlisted funds and their fair values are determined with reference to their attributable net asset values, representing the fair value of the funds reported by respective fund managers, 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 assets at FVPL in level 3 financial instruments:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**85,278**	66,494
Translation differences	**1,903**	(566)
Addition	**–**	20,104
Fair value gain/(loss)	**2,640**	(754)
At the end of the year	**89,821**	85,278

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 values of financial assets and liabilities measured at amortised cost

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

- 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 the 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 subsidiaries established in the People's Republic of China (the "PRC") 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

	2025 HK$'000	2024 HK$'000
Commission income from concessionaire sales	**338,498**	435,932
Sales of goods – direct sales	**266,476**	322,103
Revenue from contracts with customers	**604,974**	758,035
Rental income	**564,453**	584,977
Interest income from finance lease as the lessor	**13,417**	16,444
	1,182,844	1,359,456

The income from concessionaire sales is analysed as follows:

	2025 HK$'000	2024 HK$'000
Proceeds from concessionaire sales	**2,494,424**	3,090,527
Commission income from concessionaire sales	**338,498**	435,932

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

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

The CODM considers that the Group has department store and property investment businesses. The CODM assesses the performance of the operating segments based on their revenue and operating results. The measurement of segment operating results excludes the effect of other gains/(losses), net, changes in fair value of investment properties and net unallocated corporate income/(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 located 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 2025			
Segment revenue	988,478	194,366	1,182,844
Segment operating results	96,474	178,046	274,520
Other losses, net	(90,549)	(750)	(91,299)
Changes in fair value of investment properties	–	97,210	97,210
Unallocated corporate income, net			7,829
Operating profit			288,260
Finance income			13,784
Finance costs			(176,218)
Finance costs, net			(162,434)
Profit before income tax			125,826
Income tax expense			(100,541)
Profit for the year			25,285

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
As at 30 June 2025			
Segment assets	4,496,587	5,220,765	9,717,352
Deferred income tax assets	88,291	–	88,291
Unallocated corporate assets:			
Cash and bank balances			14,144
Others			90,086
Total assets			9,909,873
For the year ended 30 June 2025			
Additions to non-current assets (Note)	106,074	61,738	167,812
Depreciation	323,687	1,237	324,924
Impairment loss on goodwill (Note 19)	110,060	–	110,060
Impairment loss on property, plant and equipment and right-of-use assets	727	–	727
(Reversal)/provision of loss allowance on debtors and other receivables, net	(3,897)	252	(3,645)
Gain on derecognition of lease liabilities and right-of-use assets, net (Note 7(i))	(13,170)	–	(13,170)
Gain on derecognition of right-of-use assets, net (Note 7(ii))	(45,531)	–	(45,531)
Loss on derecognition and lease modification of finance lease receivables, net	30,000	753	30,753

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
Provision/(reversal) of loss allowance on debtors and other receivables, net	754	(73)	681
Gain on derecognition of lease liabilities and right-of-use assets, net (Note 7(i))	(193,967)	–	(193,967)
Gain on derecognition of right-of-use assets, net (Note 7(ii))	(16,207)	–	(16,207)
Loss on derecognition and lease modification of finance lease receivables, net	16,369	1,576	17,945

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

6 OTHER INCOME

	2025 HK$'000	2024 HK$'000
Income from suppliers, concessionaires and tenants		
– Administration and management fees	**165,744**	185,193
– Credit card handling fees	**27,989**	34,179
– Promotion and related fees	**30,057**	30,523
Car park income	**8,732**	9,123
Compensation income (Note)	**79,850**	–
Government grants	**6,396**	7,763
Sundries	**18,752**	66,726
	337,520	333,507

Note: The compensation income was mainly related to the expropriation of certain investment properties of the Group by the local government during the year ended 30 June 2024. All conditions attaching to the compensation arrangement have been fulfilled (without any contingencies) during the year ended 30 June 2025 and hence the related compensation income has been recognised accordingly.

7 OTHER (LOSSES)/GAINS, NET

	2025 HK$'000	2024 HK$'000
Loss on deregistration of subsidiaries	**(8,273)**	(5,522)
Fair value gain/(loss) on financial assets at FVPL, net	**2,640**	(754)
Impairment loss on goodwill (Note 19)	**(110,060)**	–
Impairment loss on property, plant and equipment and right-of-use assets	**(727)**	–
Gain on derecognition of lease liabilities and right-of-use assets, net (Note (i))	**13,170**	193,967
Loss on disposal of property, plant and equipment, net	**(187)**	(135)
Gain on disposal of investment properties	**–**	1,792
Gain on derecognition of right-of-use assets, net (Note (ii))	**45,531**	16,207
Loss on derecognition of finance lease receivables, net	**(19,807)**	(13,867)
Loss on lease modification of finance lease receivables, net	**(10,946)**	(4,078)
	(88,659)	187,610

Notes:

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

(ii) 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

	2025 HK$'000	2024 HK$'000
Property management and related expenses	**112,318**	122,765
Electricity and water expenses	**79,714**	86,775
Selling, promotion, advertising and related expenses	**29,563**	36,552
Auditor's remuneration		
– Audit services	**3,900**	3,976
– Non-audit services	**717**	794
Net exchange (gain)/loss	**(35,220)**	8,988
Other tax expenses	**80,520**	91,145
(Reversal)/provision of loss allowance on debtors	**(3,509)**	1,830
Reversal of loss allowance on other receivables	**(136)**	(1,149)
(Reversal)/provision of compensation expenses (Note (i))	**(48,546)**	17,451
Others (Note (ii))	**57,360**	63,219
	276,681	432,346

Notes:

(i) The provisions were recognised for the compensation to the affected parties of certain department stores being closed in prior years and the recognised provisions were reversed if no subsequent claims were initiated by the respective parties within the general statute of limitation period of three years under the applicable law in Mainland China.

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

9 FINANCE COSTS, NET

	2025 HK$'000	2024 HK$'000
Interest income on bank deposits	**(13,784)**	(18,010)
Interest expense on bank loans	**33,082**	41,135
Interest expense on shareholder loans	**35,520**	42,172
Interest expense on lease liabilities	**107,616**	152,225
	176,218	235,532
	162,434	217,522

10 EMPLOYEE BENEFIT EXPENSE

	2025 HK$'000	2024 HK$'000
Wages, salaries and other benefits	**291,850**	309,994
Retirement benefit costs – defined contribution plans	**32,431**	32,223
	324,281	342,217

During the year ended 30 June 2025, no forfeited contributions were utilised by the Group to reduce its contributions to retirement benefit plans for the current year (2024: Nil).

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 2025 is set out below:

		As management (Note (ii))		
Name of Directors	**As Director (Note (i)) HK$'000**	**Basic salaries, discretionary bonuses, housing allowances, other allowances and other benefits in kind HK$'000**	**Retirement benefit costs – defined contribution plans HK$'000**	**Total HK$'000**
Executive Directors				
Mr. Cheung Fai-yet, Philip	**150**	**5,837**	**420**	**6,407**
Ms. Xie Hui-fang, Mandy	**150**	**8,656**	**34**	**8,840**
Ms. Chiu Wai-han, Jenny (Note (iii))	**100**	**–**	**–**	**100**
Mr. Lau Fu-keung (Note (iv))	**2**	**–**	**–**	**2**
Mr. Chan Yiu-ho (Note (v))	**2**	**–**	**–**	**2**
Mr. Ma Siu-cheung (Note (vi))	**27**	**–**	**–**	**27**
Non-executive Director				
Dr. Cheng Chi-kong, Adrian (Note (vii))	**24**	**–**	**–**	**24**
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**
	1,455	**14,493**	**454**	**16,402**

11 BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

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

Name of Directors	As Director (Note (i)) HK$'000	As management (Note (ii)): Basic salaries, discretionary bonuses, housing allowances, other allowances and other benefits in kind HK$'000	As management (Note (ii)): Retirement benefit costs – defined contribution plans HK$'000	Total HK$'000
Executive Directors				
Mr. Cheung Fai-yet, Philip	150	3,128	264	3,542
Ms. Xie Hui-fang, Mandy	150	5,901	33	6,084
Non-executive Directors				
Dr. Cheng Chi-kong, Adrian (Note (vii))	100	–	–	100
Ms. Chiu Wai-han, Jenny (Note (iii))	100	–	–	100
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

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, discretionary bonuses, employer's contributions to retirement benefit schemes and other allowances.

(iii) Ms. Chiu Wai-han, Jenny was re-designated as an executive Director on 27 June 2025.

(iv) Mr. Lau Fu-keung was appointed as an executive Director on 27 June 2025.

(v) Mr. Chan Yiu-ho was appointed as an executive Director on 27 June 2025.

(vi) Mr. Ma Siu-cheung was appointed as an executive Director on 26 September 2024 and resigned as an executive Director on 29 November 2024.

(vii) Dr. Cheng Chi-kong, Adrian resigned as a non-executive Director on 26 September 2024.

(viii) No Directors waived or agreed to waive any emoluments during the years ended 30 June 2025 and 2024.

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 (2024: two) Directors for the year ended 30 June 2025, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining three (2024: three) individuals during the year are as follows:

	2025 HK$'000	2024 HK$'000
Basic salaries, housing allowances, other allowances and other benefits in kind	5,122	5,450
Discretionary bonuses	694	692
Retirement benefit costs – defined contribution plans	101	120
	5,917	6,262

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands		
HK$1,500,001 – HK$2,000,000	2	1
HK$2,000,001 – HK$2,500,000	1	2
	3	3

12 INCOME TAX EXPENSE

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

	2025 HK$'000	2024 HK$'000
Current income tax		
– Mainland China taxation	**50,513**	84,037
– Over-provision in prior years	**(8)**	(2,303)
Deferred income tax (Note 24)		
– Other temporary differences	**50,036**	(57,860)
	100,541	23,874

Taxation has been provided at the tax rates prevailing in the tax jurisdictions in which the respective group entities 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 2025 and 2024.

Subsidiaries of the Company in Mainland China are subject to corporate income tax at a rate of 25% (2024: 25%).

The taxation of the Group's profit 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:

	2025 HK$'000	2024 HK$'000
Profit before income tax	**125,826**	37,188
Tax calculated at applicable tax rate	**31,457**	9,297
Expenses not deductible for taxation purpose	**52,604**	28,251
Income not subject to taxation	**(19,955)**	(9,054)
Utilisation of previously unrecognised tax losses and other temporary differences	**(3,377)**	(55,819)
Reversal of previously recognised tax losses and other temporary differences, net	**–**	7,609
Tax losses and other temporary differences not recognised	**39,820**	45,893
Over-provision in prior years	**(8)**	(2,303)
Income tax expense	**100,541**	23,874

	2025	2024
Domestic applicable tax rates	**25%**	25%

13 DIVIDENDS

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2025 (2024: Nil).

14 EARNINGS PER SHARE

(a) Basic

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

	2025	2024
Profit attributable to shareholders of the Company (HK$'000)	25,285	13,314
Weighted average number of ordinary shares in issue (shares in thousands)	1,686,145	1,686,145
Basic earnings per share (HK$ per share)	0.015	0.008

(b) Diluted

Diluted earnings per share for the years ended 30 June 2025 and 2024 are equal to basic earnings per share as there was no dilutive potential ordinary share in issue.

15 INVESTMENT PROPERTIES

	2025 HK$'000	2024 HK$'000
At beginning of the year	4,556,235	4,923,988
Translation differences	102,411	(22,764)
Additions	58,219	8,401
Disposals	–	(228,261)
Transfer from property, plant and equipment	25,185	–
Transfer from right-of-use assets	34,506	–
Reclassification to finance lease receivables	(8,234)	(5,843)
Changes in fair value credited/(charged) to consolidated income statement	97,210	(119,286)
At end of the year	4,865,532	4,556,235

15 INVESTMENT PROPERTIES (Continued)

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

	2025 HK$'000	2024 HK$'000
Net book value at the date of transfer of:		
– Property, plant and equipment (Note 16)	**18,461**	–
– Right-of-use assets (Note 17)	**18,421**	–
Revaluation gain recognised in other comprehensive income	**22,809**	–
	59,691	–
Representing fair value of investment properties transferred from:		
– Property, plant and equipment	**25,185**	–
– Right-of-use assets	**34,506**	–
	59,691	–

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

	2025 HK$'000	2024 HK$'000
Rental income	**194,366**	208,544
Other income (Note)	**102,740**	25,150
Direct operating expenses from properties that generated rental income	**(119,810)**	(113,816)
	177,296	119,878

Note: The amount as disclosed for the year ended 30 June 2025 included the compensation income as mentioned in Note 6.

Valuation processes of the Group

Investment properties have been revalued as at 30 June 2025 by Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Vincorn Consulting and Appraisal Limited (2024: Jones Lang LaSalle Corporate Appraisal and Advisory Limited), independent professional valuers. 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 reviews 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 valuers 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 reports;

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

– Holds discussions with the independent professional valuers.

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 were derived using the income approach. This approach was based on the capitalisation of net income with due allowance for outgoings and reversionary income potential by adopting appropriate capitalisation rates, which were derived from analysis of rental/sale transactions and valuers' interpretations of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation were referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

Information about fair value measurements using significant unobservable inputs are as follows:

As at 30 June 2025

Valuation technique	**Range of significant unobservable inputs**	
Income approach	**Prevailing market rents**	**Capitalisation rate**
Located in Tier 1 cities	**HK$5.4 to HK$14.7 per sq.m. per day**	**4.5% to 6.3%**
Located in Tier 2 cities	**HK$3.6 to HK$6.7 per sq.m. per day**	**5.9% to 6.9%**

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%

For prevailing market rent, the higher the prevailing market rent was, the higher the fair value would be. For capitalisation rate, the lower the capitalisation rate was, the higher the fair value would be.

As at 30 June 2025, if the prevailing market rents had increased/decreased by 2% with all other variables held constant, the fair value of the Group's investment properties would have been approximately HK$99,092,000 higher or HK$100,706,000 lower respectively.

As at 30 June 2025, if the capitalisation rate had increased/decreased by 0.25 percentage point with all other variables held constant, the fair value of the Group's investment properties would have been approximately HK$181,371,000 lower or HK$193,091,000 higher respectively.

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 2024	563,565	11,992	5,065	1,409,721	15,606	6,760	155,115	19,728	2,187,552
Translation differences	12,066	258	99	29,541	333	146	3,371	408	46,222
Additions	–	570	–	36,112	881	83	2,554	3,140	43,340
Disposals/write-off	–	(1,115)	(1,172)	(159,719)	(1,762)	(370)	(6,011)	–	(170,149)
Reclassification	–	–	–	5,421	–	–	–	(5,421)	–
Transfer to investment properties	(29,087)	–	–	(13,037)	–	–	–	–	(42,124)
As at 30 June 2025	546,544	11,705	3,992	1,308,039	15,058	6,619	155,029	17,855	2,064,841
Accumulated depreciation and impairment									
As at 1 July 2024	147,160	10,682	4,102	1,164,833	13,546	6,527	136,402	–	1,483,252
Translation differences	3,239	231	81	24,454	287	141	3,016	–	31,449
Charge for the year	15,969	705	367	63,085	815	105	7,606	–	88,652
Disposals/write-off	–	(1,115)	(1,172)	(159,495)	(1,755)	(362)	(5,989)	–	(169,888)
Impairment	–	70	–	201	–	1	64	–	336
Transfer to investment properties	(15,501)	–	–	(8,162)	–	–	–	–	(23,663)
As at 30 June 2025	150,867	10,573	3,378	1,084,916	12,893	6,412	141,099	–	1,410,138
Net book amount									
As at 30 June 2025	395,677	1,132	614	223,123	2,165	207	13,930	17,855	654,703

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 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/write-off	–	(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
Disposals/write-off	–	(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

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 2024	**600,508**	**1,601,876**	**2,202,384**
Translation differences	**12,742**	**32,469**	**45,211**
Additions	**–**	**378**	**378**
Lease modification	**–**	**(5,820)**	**(5,820)**
Derecognition	**–**	**(74,831)**	**(74,831)**
Depreciation	**(23,114)**	**(213,158)**	**(236,272)**
Transfer from finance lease receivables	**–**	**44,743**	**44,743**
Transfer to investment properties	**(18,421)**	**–**	**(18,421)**
Impairment	**–**	**(391)**	**(391)**
As at 30 June 2025	**571,715**	**1,385,266**	**1,956,981**

17 RIGHT-OF-USE ASSETS (Continued)

	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
Translation differences	(3,118)	(7,875)	(10,993)
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
As at 30 June 2024	600,508	1,601,876	2,202,384

The Group leases various buildings, plant and machinery and others. 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.

For the year ended 30 June 2025, the expense relating to variable lease payments not included in lease liabilities was approximately HK$57,027,000 (2024: HK$71,664,000) and the expenses relating to short-term leases was approximately HK$2,811,000 (2024: HK$2,476,000).

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.

For the year ended 30 June 2025, the total cash outflows for leases was approximately HK$549,564,000 (2024: HK$620,349,000).

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

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

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 remaining lease term and discounted by the applicable discount rate.

(ii) with reference to the valuation of the corresponding properties as at 30 June 2025 by independent professional valuers.

1 CGU (2024: 5 CGUs) in relation to department store business with impairment indicator was identified for the year. The key assumptions used in the impairment assessment, where discounted cash flow model was adopted based on value in use model, was average annual gross revenue growth rate of 3% (2024: –22% to 5%), average gross margin ratio of 9% (2024: 8% to 13%) and a pre-tax discount rate of 13.3% (2024: 35.4%) or the equivalent of a post-tax discount rate of 10.5% (2024: 11.4%) which were based on management's best estimates and reflected specific risks relating to the relevant businesses.

1 CGU (2024: 1 CGU) in relation to property investment business and 1 CGU (2024: 1 CGU) that the planned operations of which have not yet been commenced with impairment indicators were identified for the year. 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. The capitalisation rates adopted in the valuation were derived from analysis of rental/sale transactions and the valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation were referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

For the year ended 30 June 2025, impairment loss of approximately HK$727,000 (2024: Nil) was recognised. Impairment provision were made on property, plant and equipment and right-of-use assets to reflect management's view on the operational performance of the department stores after considering the latest market environment and the business prospect of the department stores.

If the annual gross revenue had been 20% (2024: 15%) lower than management's current estimates, there would have been impairment losses of approximately HK$33,962,000 (2024: HK$33,362,000).

If the gross margin ratios had been 1 percentage point (2024: 1 percentage point) lower than management's current estimates, there would have been no material adverse impact to the consolidated financial statements (2024: impairment losses of approximately HK$4,217,000).

If the discount rate had been 0.5 percentage point (2024: 0.5 percentage point) higher than management's current estimates, there would have been no material adverse impact (2024: no material adverse impact) to the consolidated financial statements.

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

If the prevailing market rents had decreased by 2% with all other variables held constant, there is no material adverse impact to the consolidated financial statements.

If the capitalisation rate had increased by 0.25 percentage point with all other variables held constant, there is no material adverse impact to the consolidated financial statements.

If the estimated transaction costs of disposal had increased by 1 percentage point with all other variables held constant, there is no material adverse impact to the consolidated financial statements.

19 INTANGIBLE ASSETS

	Goodwill HK$'000
Cost	
As at 1 July 2024	**2,016,898**
Translation differences	**44,327**
As at 30 June 2025	**2,061,225**
Accumulated impairment	
As at 1 July 2024	**1,004,925**
Translation differences	**23,294**
Impairment	**110,060**
As at 30 June 2025	**1,138,279**
Net book amount	
As at 30 June 2025	**922,946**
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

19 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill

Goodwill is allocated to the Group's CGUs identified and the following is a summary of the goodwill as allocated to each of the Group's CGU:

	2025 HK$'000	2024 HK$'000
CGUs of department store business		
Shanghai Wujiaochang Branch Store	315,323	417,417
Beijing Chongwen Store	228,040	223,136
Chongqing Store	68,742	67,264
Shanghai Pujian Branch Store	54,420	53,249
Beijing Qianzi Store	20,870	20,421
CGU of property investment business		
Shanghai Shaanxi Road Branch Store	235,551	230,486

As at 30 June 2025, goodwill allocated to CGUs of the department store business and CGUs of the property investment business was approximately HK$687,395,000 (2024: HK$781,487,000) and HK$235,551,000 (2024: HK$230,486,000), respectively. For the purpose of impairment test, the recoverable amount of each CGU was determined based on the higher of fair value less costs of disposal and value in use method. The recoverable amounts of CGUs of the department store business and CGUs of the property investment business were measured using the discounted cash flow projections and the fair value of the underlying property, respectively.

The cash flow projections were based on financial estimates covering a five-year period and a post-tax discount rate. Cash flows beyond the five-year period were extrapolated using the estimated terminal growth rate of 3% (2024: 3%), where applicable.

The cash flow projections used for goodwill allocated to CGUs of the department store business are discounted at a post-tax discount rate of 13.5% (2024: 14.5%) which reflected specific risks relating to the relevant businesses. The key assumptions used in the cash flow projections based on the fair value less costs of disposal method were determined by considering both internal and external factors relating to the businesses of each CGU and consistent with the respective business forecast of the businesses, where applicable. The key assumptions used are listed as below:

	Average annual gross revenue growth rates		**Average gross margin ratios**	
	2025	2024	**2025**	2024
Shanghai Wujiaochang Branch Store	15%	26%	15%	15%
Beijing Chongwen Store	6%	4%	12%	14%
Chongqing Store	3%	3%	15%	15%
Shanghai Pujian Branch Store	3%	3%	14%	13%
Beijing Qianzi Store	7%	5%	12%	13%

The fair value estimation is considered to be in level 3 in the fair value hierarchy.

19 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill (Continued)

During the year ended 30 June 2025, an impairment loss of approximately HK$110,060,000 (2024: Nil) was recognised in relation to the goodwill allocated to the department store business of Shanghai Wujiaochang Branch Store taking into consideration its under performance and the realignment of management's business plan in light of the latest market development and management's assessment of the business prospect of the store. The recoverable amount of the related CGU is determined by management based on the assistance from an independent external qualified valuer, Vincorn Consulting and Appraisal Limited, who holds recognised relevant professional qualifications and relevant experience in the industry of department store operations. As at 30 June 2025, the estimated recoverable amount of the CGU as determined based on fair value less cost of disposal calculation was approximately HK$268,423,000.

If the annual gross revenue had been 20% (2024: 15%) lower than management's current estimates, there would have been further impairment losses of approximately HK$114,194,000 (2024: HK$113,953,000).

The increase in the sensitivity rate from 15% to 20% reflects the reassessment of the underlying business conditions based on recent operating performance and updated forecasts. This adjustment aligns with a more cautious outlook given the current business environment and the latest management plans.

If the gross margin ratios had been 1 percentage point (2024: 1 percentage point) lower than management's current estimates, there would have been further impairment losses of approximately HK$23,368,000 (2024: HK$29,066,000).

If the discount rate had been 0.5 percentage point (2024: 0.5 percentage point) higher than management's current estimates, there would have been further impairment losses of approximately HK$6,761,000 (2024: HK$2,131,000).

The impairment loss recognised for the year represented the difference between the carrying amount of the CGU including goodwill and its estimated recoverable amount. The Group reassessed all classes of asset of CGUs, no assets other than goodwill was impaired as at 30 June 2025.

At 30 June 2025, the recoverable amounts for the CGUs of the Beijing Chongwen Store, Shanghai Pujian Branch Store, Chongqing Store and Beijing Qianzi Store as determined under the fair value less cost of disposal calculations exceeded their carrying amounts by HK$94,850,000 (2024: HK$127,622,000), HK$179,244,000 (2024: HK$117,686,000), HK$18,500,000 (2024: HK$26,453,000) and HK$45,479,000 (2024: HK$125,174,000), respectively. A reasonably possible change in key assumptions used in the impairment tests for goodwill allocated to Shanghai Pujian Branch Store would not cause the CGU's carrying amount to exceed its recoverable amount.

For the goodwill allocated to the CGUs of the Beijing Chongwen Store, Chongqing Store and Beijing Qianzi Store, the impact of reasonably possible changes in key assumptions are summarised as below:

If the annual gross revenue had been 20% (2024: 15%) lower than management's current estimates, there would have been impairment losses of approximately HK$317,653,000 (2024: HK$115,004,000).

If the gross margin ratios had been 1 percentage point (2024: 1 percentage point) lower than management's current estimates, there would have been impairment losses of approximately HK$4,918,000 (2024: no material adverse impact).

If the discount rate had been 0.5 percentage point (2024: 0.5 percentage point) higher than management's current estimates, there is no material adverse impact (2024: no material adverse impact) to the consolidated financial statements.

19 INTANGIBLE ASSETS (Continued)

Impairment tests for goodwill (Continued)

The key assumptions as adopted in the fair value measurement of the underlying property for the CGU of property investment business (i.e. the CGU of the Shanghai Shaanxi Road Branch Store) include the prevailing market rent of HK$13.1 per sq.m. per day (2024: HK$14.5 per sq.m. per day), capitalisation rate of 4.5% (2024: 4.8%) and the estimated transaction cost of disposal of 2% (2024: 3%) on the valuation. These key assumptions were derived from analysis of rental/sale transactions and valuers' interpretations of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation were referenced to valuers' view of recent lettings, within the subject properties and other comparable properties.

If the prevailing market rents had decreased by 2% with all other variables held constant, there is no material adverse impact to the consolidated financial statements.

If the capitalisation rate had decreased by 0.25 percentage point with all other variables held constant, there is no material adverse impact to the consolidated financial statements.

If the estimated transaction costs of disposal had increased by 1 percentage point with all other variables held constant, there is no material adverse impact to the consolidated financial statements.

20 INTEREST IN AN ASSOCIATED COMPANY

	2025 **HK$'000**	2024 HK$'000
The Group's share of net assets, unlisted	**–**	–

The associated company remained inactive during the years ended 30 June 2025 and 2024, and is not material to the Group.

Since the Group's share of losses in the associated company equals its interests in the associated company, the Group does not recognise further losses.

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

	2025 **HK$'000**	2024 HK$'000
Revenue	**–**	–
Loss for the year	**–**	–
Non-current assets	**49**	48
Current assets	**451**	441
Current liabilities	**(230)**	(225)
Net assets	**270**	264

20 INTEREST IN AN ASSOCIATED COMPANY (Continued)

	2025 HK$'000	2024 HK$'000
Impairment of interest in an associated company	**(270)**	(264)

Details of the associated company is as follows:

Name	Place of establishment	Principal activity	Registered capital	Interest held by the Group (%) 2025	2024
Shanghai Yijie Trading Co., Ltd.	Mainland China	Inactive	RMB1,500,000	**49**	49

21 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK$'000	2024 HK$'000
Prepaid rent and rental deposits	**125,342**	130,697
Value-added tax and other taxes recoverable	**34,525**	45,140
Prepaid expenses	**20,626**	25,782
Others	**63,700**	69,038
	244,193	270,657
Of which are:		
Current prepayments, deposits and other receivables	**98,322**	118,776
Non-current prepayments, deposits and other receivables	**145,871**	151,881

The balances were mainly denominated in RMB.

As at 30 June 2025, prepaid expenses included insurance expenses to related companies of approximately HK$160,000 (2024: HK$152,000).

22 FINANCE LEASE RECEIVABLES

	2025 HK$'000	2024 HK$'000
Finance lease receivables	**272,061**	329,688
Unguaranteed residual values	**26,755**	25,526
Gross investment in finance leases	**298,816**	355,214
Less: unearned finance income	**(17,977)**	(27,442)
Net investment in finance leases	**280,839**	327,772
Less: accumulated allowance for impairment	**(1,691)**	(1,993)
Finance lease receivables – net	**279,148**	325,779
Of which are:		
Current finance lease receivable	**105,491**	89,931
Non-current finance lease receivable	**173,657**	235,848
	279,148	325,779

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

	2025 HK$'000	2024 HK$'000
Gross investment in finance leases		
Within one year	**116,920**	104,564
In the second to fifth year	**153,390**	215,286
After the fifth year	**28,506**	35,364
	298,816	355,214

23 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$'000	2024 HK$'000
Private investment funds, at fair value	**89,821**	85,278

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:

	2025 HK$'000	2024 HK$'000
HK$	**21,807**	20,000
USD	**68,014**	65,278
	89,821	85,278

24 DEFERRED INCOME TAX

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

	2025 HK$'000	2024 HK$'000
Deferred income tax assets	**88,291**	86,681
Deferred income tax liabilities	**(909,671)**	(835,258)
	(821,380)	(748,577)

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

	2025 HK$'000	2024 HK$'000
At beginning of the year	**(748,577)**	(810,176)
Translation differences	**(17,065)**	3,739
Charged directly to equity	**(5,702)**	–
(Charged)/credited to consolidated income statement (Note 12)	**(50,036)**	57,860
At end of the year	**(821,380)**	(748,577)

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 2024	–	5,831	36	578,488	584,355
Translation differences	–	119	1	11,893	12,013
Charged to consolidated income statement	–	(827)	(37)	(74,701)	(75,565)
As at 30 June 2025	–	5,123	–	515,680	520,803
As at 1 July 2023	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

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 2024	262,890	492,005	90,505	480,155	7,377	1,332,932
Translation differences	5,927	11,218	2,020	9,728	185	29,078
Charged directly to equity	–	–	5,702	–	–	5,702
Charged/(credited) to consolidated income statement	13,541	36,806	(2,856)	(75,036)	2,016	(25,529)
As at 30 June 2025	282,358	540,029	95,371	414,847	9,578	1,342,183
As at 1 July 2023	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

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 2025, the aggregate amount of temporary differences associated with investments in subsidiaries for which deferred income tax liabilities have not been recognised totalled approximately HK$267,191,000 (2024: HK$273,118,000), as the Directors consider that the timing of reversal of the related temporary differences can be controlled by the Group and the temporary differences will not be reversed in the foreseeable future.

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$270,974,000 (2024: HK$268,209,000) in respect of accumulated losses and deductible temporary differences amounting to approximately HK$1,083,896,000 (2024: HK$1,072,835,000). The accumulated losses can be carried forward against future taxable profit with expiry date of five years.

As at 30 June 2025 and 2024, 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 income 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

	2025 HK$'000	2024 HK$'000
Finished goods	**50,531**	63,658

The cost of inventories recognised as expense and included in "purchases of and changes in inventories, net" amounted to approximately HK$247,553,000 (2024: HK$295,708,000), which included reversal of write-down of inventories, net of approximately HK$403,000 (2024: HK$419,000).

26 DEBTORS

	2025 HK$'000	2024 HK$'000
Debtors	**17,595**	28,963
Less: loss allowance	**(3,896)**	(7,660)
Debtors, net	**13,699**	21,303

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

	2025 HK$'000	2024 HK$'000
Within period for		
0–30 days	**8,831**	17,865
31–60 days	**545**	815
61–90 days	**307**	194
Over 90 days	**4,016**	2,429
	13,699	21,303

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:

	2025 HK$'000	2024 HK$'000
At beginning of the year	7,660	6,799
Translation differences	125	(47)
(Reversal)/provision during the year	(3,509)	1,830
Amounts written off during the year	(380)	(922)
At end of the year	3,896	7,660

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 THE ULTIMATE HOLDING COMPANY

As at 30 June 2025 and 2024, the balances with fellow subsidiaries and related companies were unsecured, interest free, repayable on demand and denominated in RMB.

The balances with the ultimate holding company included an amount of HK$26,027,000 (2024: HK$21,162,000) which was unsecured, interest free, repayable on demand and denominated in HKD, and an amount of HK$79,873,000 (2024: HK$79,873,000) 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 1.35% to 3.40% (2024: 1.45% to 3.40%) per annum.

29 CASH AND BANK BALANCES

	2025 HK$'000	2024 HK$'000
Fixed deposits with original maturity less than three months	319,192	220
Cash at bank and in hand	155,553	569,423
	474,745	569,643

Cash and bank balances were denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
HK$	16,341	4,505
RMB	458,128	564,854
Others	276	284
	474,745	569,643

The interest rate on fixed deposits with original maturity less than three months was 0.65% to 1.60% (2024: 1.15%) 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 2023, 30 June 2024 and 2025	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 during the years ended 30 June 2025 and 2024.

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 2024	**1,826,646**	**376,891**	**391,588**	**549,385**	**(240,442)**	**307,439**	**3,211,507**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**25,285**	**25,285**
Revaluation of properties upon reclassification from property, plant and equipment and right-of-use assets to investment properties, net of tax	**–**	**17,107**	**–**	**–**	**–**	**–**	**17,107**
Translation differences	**–**	**–**	**–**	**–**	**74,963**	**–**	**74,963**
Release of exchange reserve upon deregistration of subsidiaries	**–**	**–**	**–**	**–**	**8,272**	**–**	**8,272**
Appropriation of statutory reserve	**–**	**–**	**–**	**6,164**	**–**	**(6,164)**	**–**
Release of statutory reserve upon deregistration of subsidiaries	**–**	**–**	**–**	**(4,458)**	**–**	**4,458**	**–**
As at 30 June 2025	**1,826,646**	**393,998**	**391,588**	**551,091**	**(157,207)**	**331,018**	**3,337,134**

	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)
Appropriation of 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

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 until the reserve reaches 50% of their respective registered capital. 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:

	2025 HK$'000	2024 HK$'000
At beginning of the year	**2,674,110**	3,126,510
Translation differences	**54,410**	(12,075)
Addition	**378**	–
Lease modification	**(18,419)**	141,979
Derecognition	**(570)**	(190,691)
Lease payments made during the year	**(485,893)**	(543,838)
Interest expense on lease liabilities	**107,616**	152,225
At end of the year	**2,331,632**	2,674,110
Of which are:		
Current lease liabilities	**463,178**	461,283
Non-current lease liabilities	**1,868,454**	2,212,827
	2,331,632	2,674,110

Lease liabilities included lease liabilities to fellow subsidiaries and related companies of approximately HK$248,687,000 (2024: HK$198,352,000).

33 BORROWINGS

	2025 HK$'000	2024 HK$'000
Non-current borrowings		
Secured bank loans	**694,755**	–
Current borrowings		
Unsecured bank loans	**21,908**	756,297
Shareholder loans	**683,000**	713,000
	704,908	1,469,297
	1,399,663	1,469,297

33 BORROWINGS (Continued)

Following the bank facility refinancing as completed by NWD on 30 June 2025 mentioned in Note 2.1, the borrowings from certain principal bankers of the Group of approximately HK$694,755,000 are now maturing and fully repayable on 30 June 2028. These bank borrowings are guaranteed by NWD and secured by certain portfolio of assets as provided by NWD under the new bank facility arrangement. As of 30 June 2024, those borrowings were unsecured and guaranteed by NWD.

The borrowings are repayable as follows:

	2025 HK$'000	2024 HK$'000
Within one year	704,908	1,469,297
In the second to fifth years	694,755	–
	1,399,663	1,469,297

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

	2025 HK$'000	2024 HK$'000
HK$	1,377,755	1,412,498
RMB	21,908	56,799
	1,399,663	1,469,297

As at 30 June 2025, shareholder loans from the ultimate holding company were interest-bearing at Hong Kong Interbank Offered Rate plus 1.1% (2024: 1.1%) per annum, unsecured and repayable within one year.

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

	2025	2024
Borrowings denominated in HK$	4.83%	5.77%
Borrowings denominated in RMB	2.78%	3.13%

33 BORROWINGS (Continued)

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

	2025 HK$'000	2024 HK$'000
Within six months	**21,908**	1,469,297
In the seven months to one year	**683,000**	–
Over one year	**694,755**	–

As at 30 June 2025, the Group had undrawn bank borrowing facilities and shareholder loan in aggregate of approximately HK$50,037,000 (2024: HK$296,365,000), which carried interests at fixed or floating rates and were expiring within one year.

34 CREDITORS, ACCRUALS AND OTHER PAYABLES

	2025 HK$'000	2024 HK$'000
Creditors	**402,900**	442,928
Accruals and other payables	**1,001,390**	1,080,422
	1,404,290	1,523,350

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

	2025 HK$'000	2024 HK$'000
Within period for		
0–30 days	**302,790**	363,069
31–60 days	**57,700**	47,346
61–90 days	**3,787**	8,853
Over 90 days	**38,623**	23,660
	402,900	442,928

34 CREDITORS, ACCRUALS AND OTHER PAYABLES (Continued)

Creditors included amounts due to related companies of approximately HK$24,600,000 (2024: HK$25,085,000) which were unsecured, interest free and repayable within 90 days.

Accruals and other payables included interest payable of shareholder loans of approximately HK$148,133,000 (2024: HK$112,820,000).

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

	2025 HK$'000	2024 HK$'000
RMB	1,240,805	1,395,353
HK$	163,485	127,997
	1,404,290	1,523,350

Nature of accruals and other payables are as follows:

	2025 HK$'000	2024 HK$'000
Rental accruals and payables	15,106	20,626
Deposits from concessionaire suppliers	370,753	373,124
Interest payable	148,210	113,430
Payables for capital expenditures	65,800	35,289
Accruals and payables for staff costs	95,216	105,185
Valued-added tax and other taxes payables	47,509	46,790
Electricity and water expenses payables	2,979	9,775
Receipts in advance	84,827	146,366
Others	170,990	229,837
	1,001,390	1,080,422

The carrying amounts of the financial liabilities as included in accruals and other payables of approximately HK$773,838,000 (2024: HK$782,081,000) approximate their fair values.

35 CONTRACT LIABILITIES

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

	2025 HK$'000	2024 HK$'000
Contract liabilities in relation to prepayments from customers	104,441	110,456
Contract liabilities in relation to customer loyalty programme	8,732	11,752
	113,173	122,208

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.

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

	2025 HK$'000	2024 HK$'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	60,564	80,830

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

	2025 HK$'000	2024 HK$'000
At end of the year		
Expected to be recognised within one year	56,930	59,686
Expected to be recognised after one year	56,243	62,522
	113,173	122,208

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:

	2025 HK$'000	2024 HK$'000
Contracted but not provided for	**44,409**	42,621

(b) Operating lease receivables

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

	2025 HK$'000	2024 HK$'000
Within one year	**368,995**	377,952
In the second to fifth year	**464,010**	441,750
After the fifth year	**34,293**	23,482
	867,298	843,184

The contingent operating lease rental income of the Group for the year ended 30 June 2025 were approximately HK$29,506,000 (2024: HK$33,508,000).

37 CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Amount due to the ultimate holding company HK$'000	Current bank borrowings HK$'000	Non-current bank borrowings HK$'000	Shareholder loans HK$'000	Interest payable HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 July 2024	**101,035**	**756,297**	**–**	**713,000**	**113,430**	**2,674,110**	**4,357,872**
Changes from cash flows							
Repayment of shareholder loans	**–**	**–**	**–**	**(30,000)**	**–**	**–**	**(30,000)**
Drawdown of bank borrowings	**–**	**21,669**	**–**	**–**	**–**	**–**	**21,669**
Repayment of bank borrowings	**–**	**(57,416)**	**–**	**–**	**–**	**–**	**(57,416)**
Payment of lease liabilities	**–**	**–**	**–**	**–**	**–**	**(485,893)**	**(485,893)**
Finance costs paid	**–**	**(214)**	**–**	**–**	**(35,940)**	**–**	**(36,154)**
	101,035	**720,336**	**–**	**683,000**	**77,490**	**2,188,217**	**3,770,078**
Other changes							
Additions	**–**	**–**	**–**	**–**	**–**	**378**	**378**
Advance from the ultimate holding company in operating activities	**(2,578)**	**–**	**–**	**–**	**–**	**–**	**(2,578)**
Translation differences	**2,250**	**851**	**(57)**	**–**	**2,844**	**54,410**	**60,298**
Interest expenses	**–**	**721**	**5**	**–**	**67,876**	**107,616**	**176,218**
Lease modification and derecognition	**–**	**–**	**–**	**–**	**–**	**(18,989)**	**(18,989)**
Non-cash transfer to non-current bank borrowings	**–**	**(700,000)**	**700,000**	**–**	**–**	**–**	**–**
Other non-cash item	**5,193**	**–**	**(5,193)**	**–**	**–**	**–**	**–**
As at 30 June 2025	**105,900**	**21,908**	**694,755**	**683,000**	**148,210**	**2,331,632**	**3,985,405**

	Amount due to the ultimate holding company HK$'000	Current bank borrowings HK$'000	Non-current bank borrowing 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 the 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 the 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

38 RELATED AND CONNECTED PARTY TRANSACTIONS

(a) Transactions with related and connected parties

During the year, the Group had significant transactions with related parties which are also deemed to be connected parties pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

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

	Notes	2025 HK$'000	2024 HK$'000
Fellow subsidiaries			
Rental expenses	(i)	**(10,345)**	(13,877)
Property management expenses	(ii)	**(4,714)**	(5,272)
Interest expense on lease liabilities	(iii)	**(146)**	(174)
Insurance expenses	(iv)	**–**	(33)
Other service fee expenses	(v)	**(238)**	(21)
Rental income	(vi)	**289**	251
Additions to right-of-use assets	(viii)	**(5,333)**	(682)
Repayment of lease liabilities	(xi)	**(1,303)**	(1,462)
Related companies			
Rental expenses	(i)	**(42,605)**	(52,040)
Property management expenses	(ii)	**(24,582)**	(24,077)
Interest expense on lease liabilities	(iii)	**(10,119)**	(12,078)
Insurance expenses	(iv)	**(300)**	(269)
Other service fee expenses	(v)	**(1,707)**	(7)
Commission income from concessionaire sales	(vii)	**22,240**	30,385
Additions to right-of-use assets	(viii)	**(61,791)**	(158,466)
Customer loyalty programme service income	(ix)	**347**	562
Customer loyalty programme service costs	(ix)	**(1,640)**	(2,599)
Purchase of leasehold improvement	(x)	**–**	(14,781)
Repayment of lease liabilities	(xi)	**(30,041)**	(29,090)

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 property 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.

38 RELATED AND CONNECTED PARTY TRANSACTIONS (Continued)

(a) Transactions with related and connected parties (Continued)

Notes: (Continued)

(iv) This represented the insurance services provided by the subsidiaries of NWD, subsidiaries of Chow Tai Fook Enterprise Limited ("CTFE"), a substantial shareholder of NWD, or members of the companies controlled by Mr. Doo.

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

(vi) The income was recognised in accordance with lease agreements with the subsidiaries of NWD.

(vii) The income was recognised 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.

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

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

(x) 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.

(xi) This represented the repayment of lease liabilities to subsidiaries/joint ventures of NWD.

(xii) The above transactions with fellow subsidiaries and related companies constitute connected transactions or continuing connected transactions for which the disclosure requirements under Chapter 14A of the Listing Rules have been complied with.

(b) Related and connected party balances

The details for balances with related and connected parties were disclosed in Notes 21, 27, 32, 33 and 34 to the consolidated financial statements.

(c) 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

	Notes	2025 HK$'000	2024 HK$'000
Assets			
Non-current asset			
Investments in subsidiaries		1,303,464	1,275,432
Current assets			
Prepayments and deposits		264	254
Amounts due from subsidiaries	(i)	2,087,745	2,014,059
Cash and bank balances		14,144	3,988
		2,102,153	2,018,301
Total assets		3,405,617	3,293,733
Equity and liabilities			
Equity			
Share capital		168,615	168,615
Reserves	(ii)	1,324,756	1,334,361
Total equity		1,493,371	1,502,976
Liabilities			
Current liabilities			
Accruals and other payables		11,461	8,009
Amounts due to the ultimate holding company		777	1,162
Amounts due to subsidiaries	(i)	1,900,008	1,781,586
Total liabilities		1,912,246	1,790,757
Total equity and liabilities		3,405,617	3,293,733

The statement of financial position of the Company was approved by the Board of Directors of the Company on 25 September 2025 and was signed on its behalf by:

Mr. Cheung Fai-yet, Philip
Director

Ms. Xie Hui-fang, Mandy
Director

39 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Notes:

(i) The balances were unsecured, interest-free, repayable on demand and denominated in RMB.

(ii) Movement on the reserves of the Company are as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 July 2024	**1,826,646**	**73,486**	**404,824**	**(970,595)**	**1,334,361**
Loss for the year	**–**	**–**	**–**	**(42,174)**	**(42,174)**
Translation differences	**–**	**–**	**32,569**	**–**	**32,569**
As at 30 June 2025	**1,826,646**	**73,486**	**437,393**	**(1,012,769)**	**1,324,756**
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

40 PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries of the Company as at 30 June 2025 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
Broad 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	–

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	Percentage of equity interests held indirectly
New World Department Stores Investment (China) Co., Ltd.	Mainland China	Investment holding/Mainland China	US$150,000,000[W]	100	–
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[α]
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[α]
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

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 Huiyan Department Store Ltd.	Mainland China	Property investment and shopping mall operation/Mainland China	RMB85,000,000[W]	–	100
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, as being the ultimate holding company of the Company.

FIVE-YEAR FINANCIAL SUMMARY

	For the year ended 30 June				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Results					
Revenue	**1,182,844**	1,359,456	1,483,733	1,934,557	2,245,966
Operating profit/(loss)	**288,260**	254,710	(79,395)	(199,595)	89,491
Profit/(loss) for the year	**25,285**	13,314	(320,852)	(483,381)	(229,359)

	As at 30 June				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Assets, liabilities and equity					
Total assets	**9,909,873**	10,205,513	10,791,316	12,513,402	14,177,638
Total liabilities	**6,404,124**	6,825,391	7,416,300	8,510,146	9,709,311
Total equity	**3,505,749**	3,380,122	3,375,016	4,003,256	4,468,327

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 Yue Hui Tian Shan	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	35,126	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
		197,152		

RISK FACTORS

1. THE OVERALL DOMESTIC ECONOMIC SITUATION CONTINUES TO RECOVER AND IMPROVE, BUT CHALLENGES PERSIST IN THE EXTERNAL ENVIRONMENT AND PUBLIC CONSUMER CONFIDENCE

- Complex external factors, including longstanding geopolitical issues, uncertainties in the economic and trade environment, and the shift in global supply chains, may continue to heighten market volatility. These factors may, to a certain extent, constrain domestic economic growth and have an adverse impact on consumer spending and the expansion of corporate investment.

- Weak public consumer confidence has persisted into 2025. Although there are signs of gradual market stabilisation, the general public's willingness to spend still requires further stimulation.

2. SUBSTANTIAL DISPARITY PERSISTS BETWEEN ANTICIPATED AND ACTUAL RECOVERY IN THE CONSUMER GOODS INDUSTRY

- Offline foot traffic and consumption recovered after the pandemic, but consumers have gradually returned to a more rational mindset, placing greater emphasis on practicality and improving quality of life.

- Offline stores remain essential in reaching consumers, serving as service scenario and channels. However, insufficient consumption power is the primary factor constraining growth in the traditional physical retail sector.

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

- 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

- The rising expectations of young consumers for distinctive features and rich experiential environments in physical retail have accelerated the transformation of department stores into commercial entities with diversified experiential settings.

- 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 recognised 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

Articles	:	the articles of association of the Company as amended from time to time
Board	:	the board of directors of the Company
China or PRC	:	The People's Republic of China
Corporate Governance Code	:	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
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	:	the 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)
Model Code	:	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
NWCL	:	New World China Land Limited, a wholly owned subsidiary of NWD
NWD	:	New World Development Company Limited, a listed public company in Hong Kong and a substantial shareholder of the Company
NWD Group	:	NWD and its subsidiaries
NWDS or Company	:	New World Department Store China Limited
RMB	:	Renminbi, the lawful currency of the PRC
Shareholder(s)	:	the holder(s) of the share(s) of the Company
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 :

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Cheung Fai-yet, Philip *(Chairman)*
Ms. Xie Hui-fang, Mandy *(Chief Executive Officer)*
Ms. Chiu Wai-han, Jenny
Mr. Lau Fu-keung
Mr. Chan Yiu-ho

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

Ms. Hui Ka-wai

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants and
Registered Public Interest Entity Auditor

SOLICITORS

Dentons Hong Kong LLP
Woo Kwan Lee & Lo
Eversheds Sutherland

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER AGENT

Tricor Investor Services Limited
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REGISTERED OFFICE

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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

For more information about the Group,
please contact the Corporate Affairs Department of
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WEBSITE

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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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