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Annual Results Corporate Presentation 2019/20

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Results Highlights

For the year ended 30 Jun

	(HK\$m)	2020	2019	Change
Revenue		1,092	1,488	-27%
Gross Profit		534	767	-30%
Gross Margin (%)		49%	52%	-3% pts
EBITDA		(106)	(86)	-23%
Operating Loss		(319)	(103)	-209%
Loss for the year attributable to owners[#]		(368)	(139)	-164%
Basic loss per share (HK cents)[#]		(22.40)	(8.48)	-164%
Dividends per share (HK cents)				
- Interim		-	1.22	-100%
- Final		-	1.22	-100%

[#] Including continuing and discontinued operations

Results Highlights

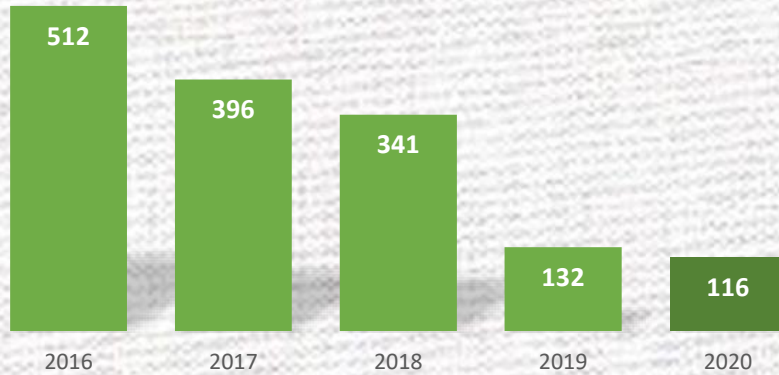
- ③ The Group's revenue fell by 27%
- ③ Gross profit decreased by 30% and gross margin dropped by 3% points to 49%
- ③ Same-store sales and same-store gross profit were down by 14% and 21% respectively
- ③ Loss attributable to owners was HK\$368 million. Basic loss per share amounted to HK22.40 cents
- ③ The Group operated a total number of 982 stores with footprint across 28 countries and regions
- ③ The Group had net cash balance of HK\$116 million

Financial Position

At 30 Jun

(HK\$mn)

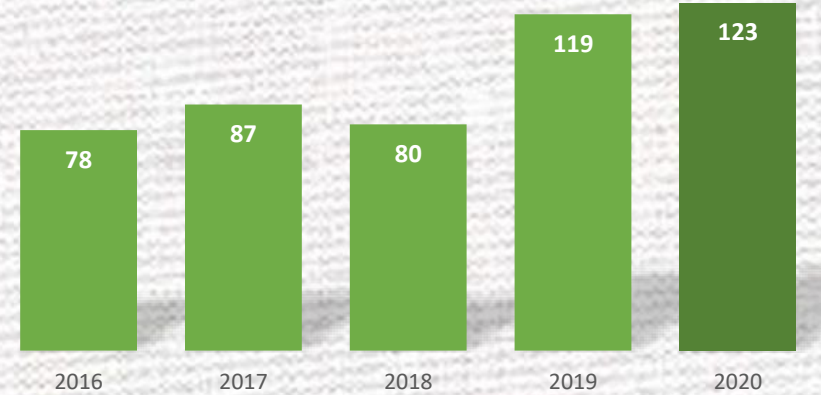
Net Cash *



* Time deposits, cash and bank balances less bank borrowings

(Days)

Inventory Turnover



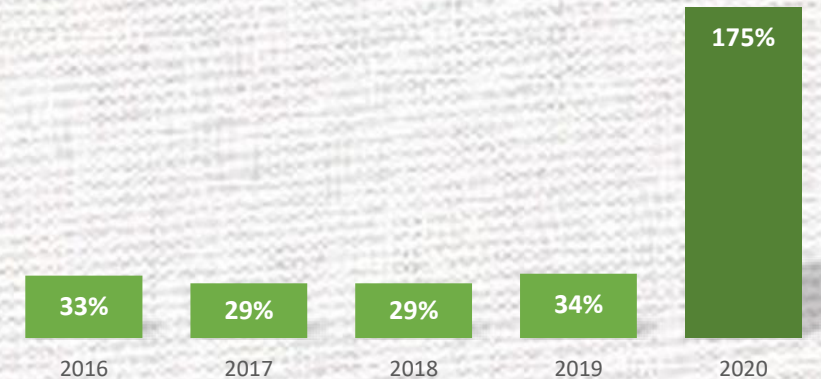
Inventory held at year end divided by cost of sales times 365 days

(Times)

Current Ratio



Total Liabilities to Equity Ratio ^

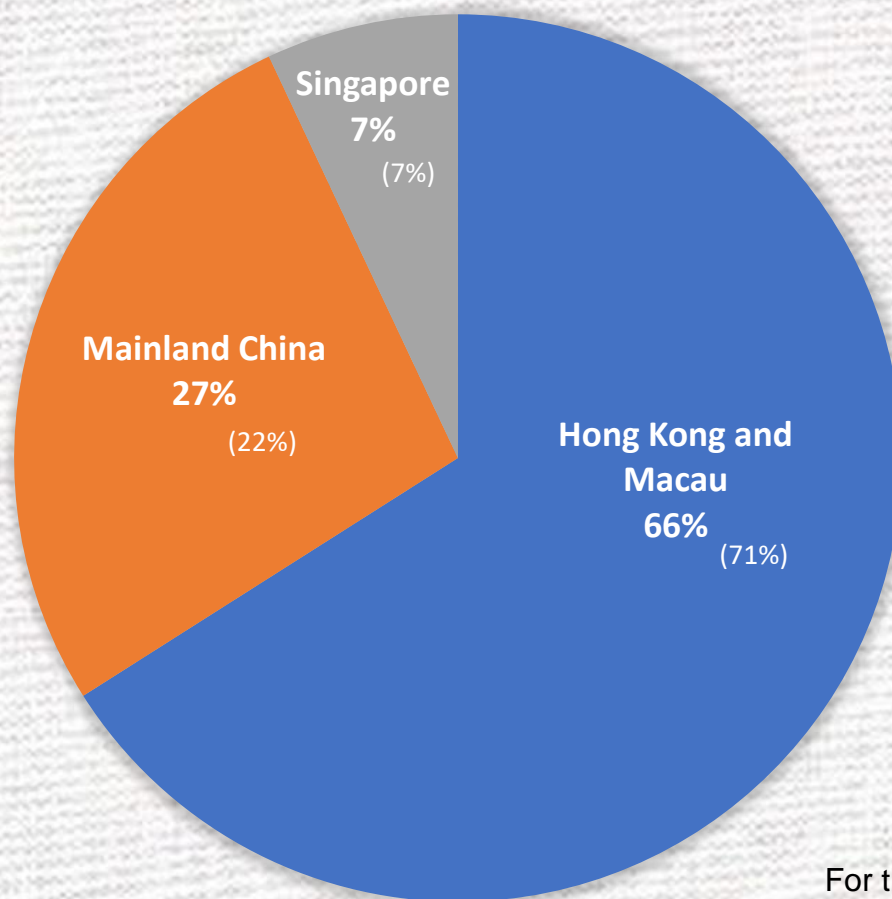


^ The total liabilities to equity ratio as at 30 June 2020 was subject to the impact arising from the adoption of the new Hong Kong Financial Reporting Standards ("HKFRS") 16, Leases

Operating Environment in 2019/20

- Ⓔ Since 2019, the economic environment has been adversely affected by the global outbreak of the COVID-19 which disrupted a wide range of economic activities and critically affected tourism- and consumption-related sectors, resulting in slower growth or even contraction in retail sales
- Ⓔ As a consequence of the continuing Sino-United States trade war and social incidents, the retail sector in Hong Kong recorded a material decline since mid 2019
- Ⓔ The unseasonable winter weather particularly in southern China had adversely affect the sales performance during the first half of our financial year
- Ⓔ Singapore performance was challenged by lesser traffic and weaker spending power. To curb the spread of COVID-19, Singapore went into “circuit breaker” mode

Revenue by Geographical Market



For the year ended 30 Jun 2020
(comparative figures for the year
ended 30 Jun 2019 in brackets)

Retail Performance by Geographical Segment

Same-Store Sales Growth *

For the year ended 30 Jun

	2020	2019
Hong Kong and Macau	-19%	-10%
Mainland China	-8%	-6%
Singapore	-11%	-9%
Taiwan[^]	11%	-8%
Total	-14%	-9%

* For directly managed stores only

[^] From discontinued operation

Performance by Geographical Segment

Segment results

For the year ended 30 Jun

	(HK\$mn)	2020	2019	Change
Hong Kong and Macau		(199)	(43)	-363%
Mainland China		(102)	(58)	-76%
Singapore		(36)	(13)	-177%
Total		(337)	(114)	-197%



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International Footprint

At 30 Jun

	2020	2019
A) Directly managed stores	209	286
B) Export franchised stores	773	775
Total #	982	1,061

982 stores (30 Jun 2019: 1,061) in 28 countries and regions

At 30 Jun

A) Directly managed stores	2020	2019
Hong Kong and Macau	38	39
Mainland China	154	175
Singapore	17	15
Taiwan [^]	-	57
Sub-total	209	286

At 30 Jun

B) Export franchised stores	2020	2019
Bangladesh	1	1
Brunei	1	1
Czech Republic	2	2
Dominican Republic	4	4
India	230	218
Indonesia	8	8
Kenya	-	4
Laos	1	1
Middle East*	405	416
Myanmar	19	18
Nepal	2	2
Reunion Island	1	1
Romania	4	6
Rwanda	1	1
Thailand	80	80
Uganda	-	1
Venezuela	8	6
Vietnam	6	5
Sub-total	773	775

* The Middle East includes Armenia, Bahrain, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia and UAE

[^] From discontinued operation

[#] Including continuing and discontinued operations

Capex

	<i>For the year ended 30 Jun</i>	
	<i>(HK\$mn)</i>	2020
Shop and office renovation		13
I.T. investment		7
Others		1
Total #		21

Including continuing and discontinued operations

Outlook

- ③ Examine expenditure with a sharp focus on reducing costs and expenses by increasing operational efficiency and streamlining our business operations
- ③ Adjust the buying and inventory levels, and review shop portfolio comprehensively and exiting any specific loss-making sectors
- ③ The overall shop rental expenses remain at a very unreasonable level, therefore we are renegotiating with landlords across all our core markets, particularly in Hong Kong and Macau, to seek rent relief and reduction. Where landlords are reluctant to respond reasonably to our requests, we will go ahead and close those shops



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