



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)



時 新 尚 個 生 性 活
Enriching Lives Enhancing Character

Corporate Profile

New World Department Store: Quality Merchandise for Quality Living

New World Department Store China Limited is a Hong Kong listed company approximately 72%-owned by New World Development Company Limited. We were one of the first investors in the retail sector of the PRC. Today, we are widely recognized as a retailer of quality merchandise and a symbol of quality living.

Secured Strategic Foothold: Our Network

To establish ourselves as a leading department store operator in the PRC, we have been proactively expanding our store network across the country. As at 31 December 2012, we have secured strategic footholds in 19 major cities, including Wuhan, Shenyang, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou, Changsha, Chongqing, Chengdu, Anshan, Nanjing, Zhengzhou, Mianyang, Yancheng, and Xi'an. Our retail chain comprised 37 self-owned stores and 4 managed stores in the PRC with an aggregate gross floor area of approximately 1,489,980 square metres. We currently operate a large national network of 31 "New World" branded department stores, 10 "Ba Li Chun Tian" (巴黎春天) branded department stores in Shanghai.

Tapping into China's Growing Affluence: Our Target Market

Our goal is to develop our stores as Living Galleries for one-stop shopping and Fashion Galleries for themed shopping. "Living Gallery" targets people of all ages and both genders, 20%-30% of the store area is reserved for complementary services, such as supermarket, dining, fitness centre, SPA centre, children's playground etc, satisfying needs from all walks of life. "Fashion Gallery" is positioned as "Trendy" with the elements of "Characters" and "Taste", emphasising "Mix & Match" by introducing exclusive brands and merchandises. Our revenue is mainly derived from four sources: commission income from concessionaire sales, sales of goods for direct sales and rental income in our self-owned stores, and management fees from our managed stores.

Organized for Top Efficiency: Our Organization Structure

In view of the organization structure, we adopt an efficient three-tier structure which comprises central management, regional management and local management. Operationwise, we group stores into different geographic regions that draw on a central pool of administrative support in human resources, finance and corporate communications.

Professionalism from Top to Bottom: Our People

As at 31 December 2012, we employed 7,070 people, with the majority being local recruits. Well trained and motivated, the whole staff is united under the leadership of a management team with experience of over one decade in pursuit of our vision and mission.

I ♥ SHOPPING!

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Financial Highlights

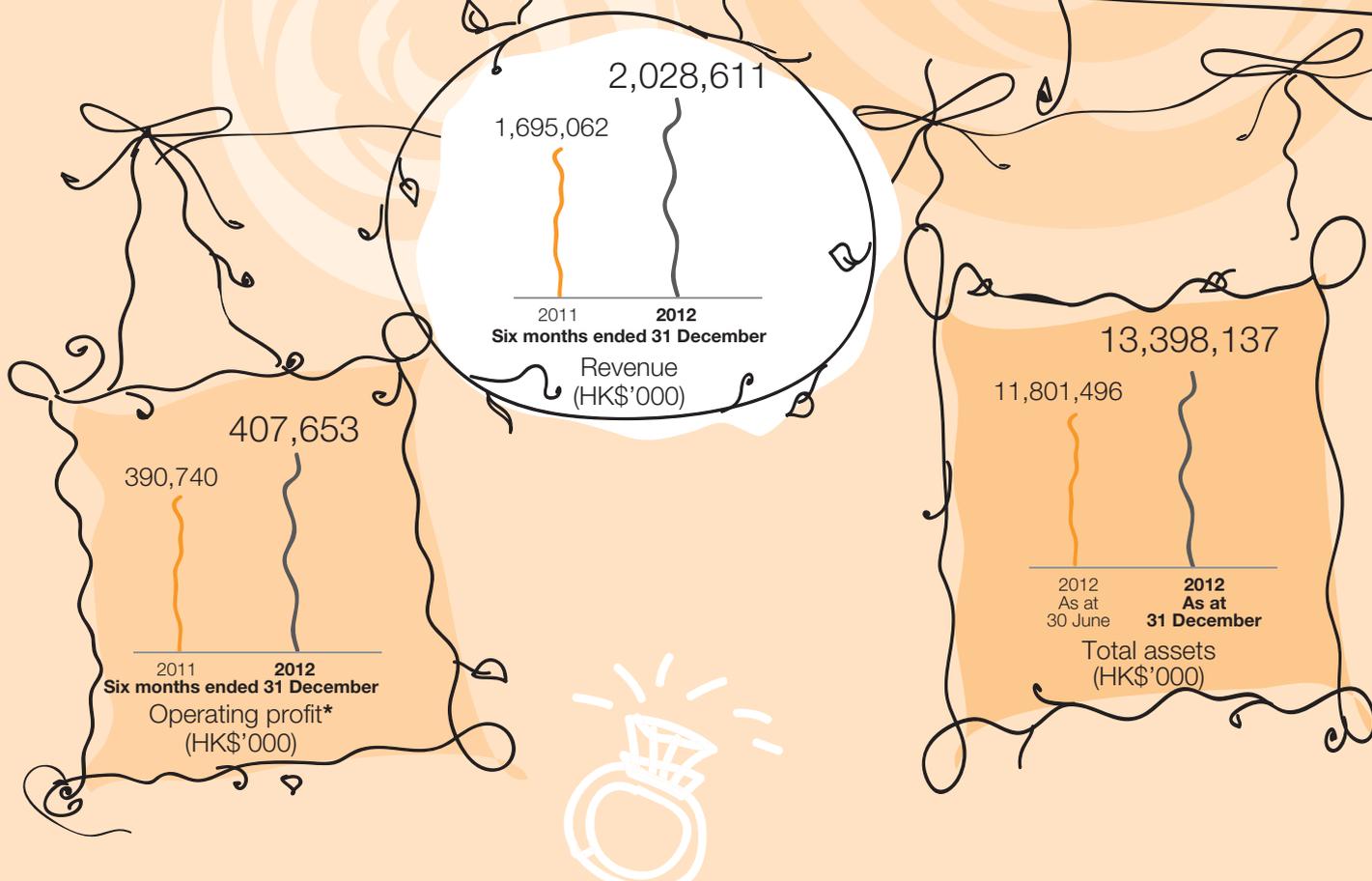
Profit for the period

HK\$331,614 thousand

	Six months ended 31 December	
	2012 HK\$'000	2011 HK\$'000
Operating Result		
Revenue	2,028,611	1,695,062
Representing:		
Commission income from concessionaire sales	1,331,066	1,194,966
Sales of goods – direct sales	436,323	316,114
Management fees	13,996	16,022
Rental income	247,226	167,960
Operating profit	422,238	436,746
Operating profit excluding other losses/gains and changes in fair value of investment properties	407,653	390,740
Profit for the period	331,614	330,048
Profit for the period excluding other losses/gains and changes in fair value of investment properties	317,029	284,042
	As at 31 December 2012 HK\$'000	As at 30 June 2012 HK\$'000
Financial Position		
Fixed deposits, cash and cash equivalents	4,683,084	3,621,018
Total assets	13,398,137	11,801,496
Total liabilities	7,006,868	5,828,428
Total equity	6,391,269	5,973,068

Financial Highlights

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* Operating profit excluding other losses/gains and changes in fair value of investment properties

	Six months ended 31 December	
	2012	2011
Financial Ratios		
Revenue growth	19.7%	32.6%
Commission income rate	17.8%	18.4%
Rental income growth	47.1%	85.9%
	As at 31 December 2012	As at 30 June 2012
Current ratio (times)	1.09	1.18

Chairman's Statement

During the period under review, the effects of the rebranding program and structural optimization have come into play and have delivered a satisfactory business growth amid sluggish economy. The Group strives to maintain a steady expansion and seeks further development in second and third-tier cities.

2012 has been a challenging year for the retail industry in China. During the period under review, retail enterprises have been hit by external factors including changes in the global economic environment and booming e-commerce business. Domestically, surging costs have put pressure on the department store industry. The effects combined led to a market re-adjustment that eliminated weaker players while stronger chain stores standing in the market.

As early as 2009, the Group has revolved the conventional class-based store positioning and initiated to categorize stores into "Fashion Galleries" and "Living Galleries". Rebranding has avoided homogeneous competition and improved the profitability of our stores. With a distinctive brand positioning, coupled with unremitting efforts to improve operational efficiency, merchandise mix and service quality, the Group manages to maintain its profitability and achieve a steady same-store sales growth amid sluggish consumption growth in the macro environment. During the period under review, the Group was accredited as "Asia's 200 Best Under A Billion" by *Forbes* for the fifth consecutive year, which was a recognition of the Group's overall performance and long-term development plan from international media and investors.

For the six months ended 31 December 2012, revenue of the Group amounted to HK\$2,028.6 million, increased by 19.7% over the same period of previous year. Profit for the period, excluding other losses/gains and changes in fair value of investment properties, increased by approximately 11.6% to HK\$317.0 million. Earnings per share was HK\$0.20. The Board of Directors resolved to distribute an interim dividend of HK\$0.098 per share.

In the aspect of business expansion, since the opening of our first department store in Wuhan in 1993, the Group has successfully built an extensive store network across 19 major

cities in the Mainland, which is a strong endorsement to our operating capacities as well as the wisdom and foresight in entering China's retail market. During the period under review, we adopted a multi-pronged business expansion strategy, which included opening new stores, merger and acquisition, existing store expansion and provision of store management services to steadily enlarge the Group's market share. The Group's new managed store, Ningbo Beilun Store, was opened in September 2012. In December 2012, we held a grand opening of our self-owned Yancheng Store in Jiangsu Province. In the same month, the Xi'an Store, which is positioned as a mega-sized trendy "Living Gallery", commenced operation, playing a strategic role in developing the Group's business in the North Western District. As at 31 December 2012, the Group operated 41 department stores, with a total gross floor area of about 1,489,980 square metres.

Coping with the ever-changing retail market in Mainland China, the Group incessantly reviews its branding and operating strategies and comes up with new and timely measures accordingly. During the period under review, the progress of the rebranding program was satisfactory. As at 31 December 2012, about 89% of the total GFA has been operated with the rebranded image. Other than strengthening our category-killers with careful maintenance, stores also improved their merchandise mix to tailor for local preferences. Furthermore, we introduced many unique brands and complementary facilities in the respective business circles of the stores, so as to build a competitive advantage through differentiation. To enhance operational efficiency and resource flexibility, while building a closer tie with local consumers, suppliers and government agencies, the Group has divided the nationwide operating structure into 3 Regions and 9 Districts at the end of 2011. The effects of a refined operating model have come into play and effectively relieved the pressure from surging rents.

Chairman's Statement

To further reinforce its image as a thematic department store, the Group is committed to promoting cross-industry cooperation and has organized numerous "signature events" and "topic-based activities for youths" during the period under review. Highlights including the three-city exhibition of "Michael Jackson's Wardrobe – Gorgeous 25 Years" jointly presented by the Group and Ponte 16 Resort, Macau as well as the nationwide VIP Day, on which the Group has recorded the best sales and busiest traffic of the year. In celebration of the Group's forthcoming 20th Anniversary, we held "The 2nd NWDS Spokesperson" Guessing Contest and became the chief sponsor of the romantic comedy movie "Fall in Love" for the first time. These attempts have created hot topic in the city and marked a kick-off of the Group's celebration series. In festive seasons, stores not only set up nationwide thematic decorations, but also held some most-welcomed NWDS "Signature Events" such as, "Non-stop Mega Sales" and "Stamp Redemption Program" to bring customers an unparalleled shopping experience.

As Internet and smart phones have fused with our everyday lives, the Group has progressed with the times and strategically allocated more resources on the development of e-commerce business. During the period under review, the Group launched its brand new mobile applications, which users can purchase their desired merchandises any time on the go and keep updated on our sales promotion and marketing campaigns. With this e-commerce strategy, more tailored and convenient services are offered to our customers. On the other hand, it advances our understanding on customers' consumption behavior and purchasing power, which is greatly conducive to the formulation of our business strategies.

To demonstrate the Group's commitment on corporate sustainable development, the NWDS Sustainability Steering Committee was set up in early 2012 to promote and implement corporate social responsibilities. During the period under review, the Group has sponsored the "MSF Day", which is organized by Médecins Sans Frontières, for six consecutive years and has repeatedly become the top corporate fundraiser. We also organized numerous nationwide sustainability activities, such as photography contest featuring water conservation, collection of moon cake boxes, etc. In line with the sustainability initiatives from our parent company New World Development, the Group currently focuses on promoting volunteering and community services as a way to give back to society.

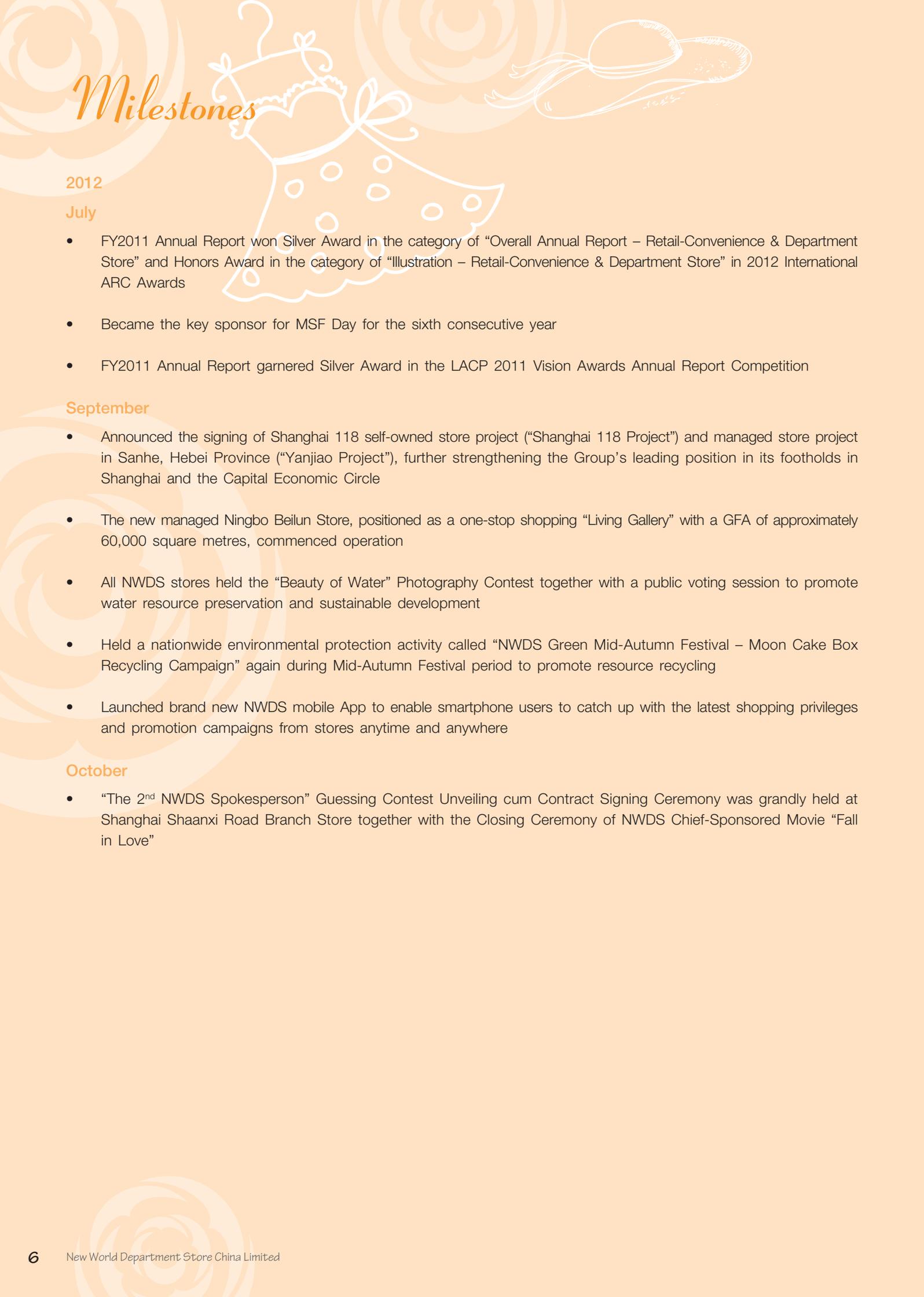
Looking forward, China's policies to boost domestic consumption and accelerate urbanized construction will continue to provide strong support to a steady development of the retail industry in the long run. According to statistics published by the government, total retail sales of consumer goods in China grew 14.3% in 2012, while a rebound and steady growth was recorded especially in the fourth quarter. The Group will grasp the opportunity to put our expansion strategies, "multiple presences within a single city" and "radiation city", into action for further business growth. The Group will strive to reinforce its competitive advantages by cultivating projects in major first and second-tier cities with good business potential. Concurrently, the Group will gradually expand its business from core cities to nearby second and third-tier cities where have strong growth capacity. Lower land costs and benefits from urbanization and infrastructure enhancement in these cities unleash the huge capacity of their retail markets, which allows the Group to scale and achieve synergies in those areas.

2012 marks a major milestone for the Group as it celebrates towards its 20th Anniversary. On behalf of the Board of Directors, I would like to express our heartfelt gratitude to the hard work and contribution from all fellow staff members for overcoming the Group's every challenging moments. We believe that through the hand-in-hand efforts between the Management and our staff, together with the support from our shareholders, the Group will turn into a new splendid chapter of our development.

Dr. Cheng Kar-shun, Henry
Chairman

Hong Kong, 26 February 2013

Milestones



2012

July

- FY2011 Annual Report won Silver Award in the category of “Overall Annual Report – Retail-Convenience & Department Store” and Honors Award in the category of “Illustration – Retail-Convenience & Department Store” in 2012 International ARC Awards
- Became the key sponsor for MSF Day for the sixth consecutive year
- FY2011 Annual Report garnered Silver Award in the LACP 2011 Vision Awards Annual Report Competition

September

- Announced the signing of Shanghai 118 self-owned store project (“Shanghai 118 Project”) and managed store project in Sanhe, Hebei Province (“Yanjiao Project”), further strengthening the Group’s leading position in its footholds in Shanghai and the Capital Economic Circle
- The new managed Ningbo Beilun Store, positioned as a one-stop shopping “Living Gallery” with a GFA of approximately 60,000 square metres, commenced operation
- All NWDS stores held the “Beauty of Water” Photography Contest together with a public voting session to promote water resource preservation and sustainable development
- Held a nationwide environmental protection activity called “NWDS Green Mid-Autumn Festival – Moon Cake Box Recycling Campaign” again during Mid-Autumn Festival period to promote resource recycling
- Launched brand new NWDS mobile App to enable smartphone users to catch up with the latest shopping privileges and promotion campaigns from stores anytime and anywhere

October

- “The 2nd NWDS Spokesperson” Guessing Contest Unveiling cum Contract Signing Ceremony was grandly held at Shanghai Shaanxi Road Branch Store together with the Closing Ceremony of NWDS Chief-Sponsored Movie “Fall in Love”

Milestones

- Jointly organized an exhibition tour, “Michael Jackson’s Wardrobe – Gorgeous 25 Years”, with Ponte 16 Resort, Macau once again at stores across three cities, displaying over 50 rare pieces of Michael Jackson collection
- Won “Citation for Excellence in Mainland Marketing” in the “HKMA/TVB Awards for Marketing Excellence 2012” once again for its “Super Stars’ Memorable Collections Exhibition” marketing campaign
- The “Forever Market Pioneer” rebranding program garnered Merit Award in “The 8th China Best Brand Building Case Award”
- FY2011 Annual Report won Gold Award in the category of “Copywriting – Annual Reports – Asia” in 2012 Galaxy Awards

November

- Organized a nationwide “VIP Day” sales promotion to celebrate the Company’s forthcoming 20th Anniversary, achieving a record-breaking sales of about RMB400 million

December

- Accredited as “Asia’s 200 Best Under A Billion” by *Forbes* for the fifth consecutive year
- Grandly opened a new self-owned “Living Gallery” with a GFA of approximately 54,000 square metres in Yancheng
- A new self-owned store, Xi’an Store, commenced operation. The mega-sized “Living Gallery” aims to operate in a hybrid model and provides “full-category” merchandises targeting at all ages with a GFA of approximately 58,500 square metres

2013

February

- FY2012 Annual Report won Bronze Award in the category of “Annual Reports – Overall Presentation: Department Store” in the 2012/13 Mercury Awards
- Received the “Caring Company” logo from the Hong Kong Council of Social Service, in recognition of the Group’s commitment in caring for the community, the employees and the environment

Business Review

The Group's revenue increased by 19.7% from HK\$1,695.1 million for the six months ended 31 December 2011 (or "1HFY2012" or "the same period of Previous Year") to HK\$2,028.6 million for the six months ended 31 December 2012 (or "1HFY2013" or "the Current Period"). Profit for the Current Period, excluding other losses/gains and changes in fair value of investment properties, increased by approximately 11.6% to HK\$317.0 million from HK\$284.0 million of the same period of Previous Year.

BUSINESS NETWORK

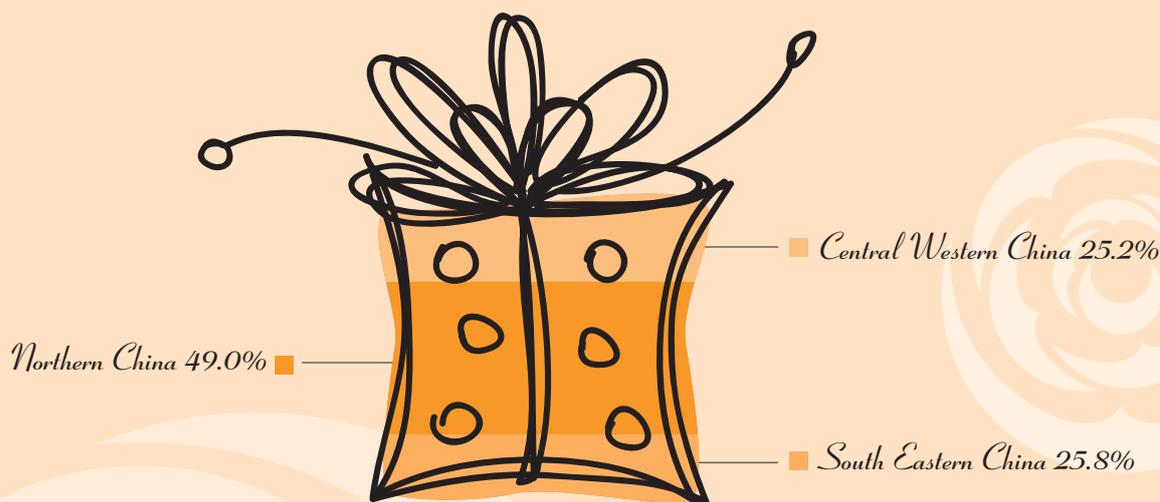
In 1HFY2013, the Group operated 41 department stores, with a total gross floor area ("GFA") of about 1,489,980 square metres and a total operating floor area ("OFA") of about 1,169,750 square metres. Located in three operational regions, namely Northern China, South Eastern

China and Central Western China, the stores covered 19 major cities in the PRC. These included Wuhan, Shenyang, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou, Changsha, Chongqing, Chengdu, Anshan, Nanjing, Zhengzhou, Mianyang, Yancheng and Xi'an. Our business network comprised 37 self-owned stores and 4 managed stores.

REVENUE CONTRIBUTION

By Region

The Northern China Region contributed the most to the Group's revenue during the period under review, accounting for 49.0% of total revenue, followed by the South Eastern China Region and the Central Western China Region, accounting for 25.8% and 25.2% respectively.



By Segment

Commission income from concessionaire sales was the major source of income, accounting for 65.6% of total revenue. Sales of goods for direct sales and rental income

accounted for 21.5% and 12.2% respectively. Management fees accounted for 0.7%.





GROWTH IN NATIONWIDE VIP MEMBERSHIP

During the period under review, the number of Gold and Platinum VIP Card members continued to increase. The NWDS VIP Card without spending threshold launched in March 2012 has received positive customer feedback. The total number of VIP members in the country has exceeded 3.50 million. Approximately 61% of sales came from our VIP members. During the period under review, the size of the Group's four VIP clubs, namely "Smart Lady Club", "Perfect House Wife Club", "Platinum VIP Club" and "Crystal High Heels Club" have grown to around 1.38 million members, which marked an approximately 44% increase year-on-year.

STORES NETWORK DEVELOPMENT

During the period under review, the Group has set up two self-owned department stores, Yancheng New World Department Store ("Yancheng Store") and Xi'an New World Department Store ("Xi'an Store"). In addition, the Group continued to scale its business in the South Eastern China Region. The new managed store in Beilun, Ningbo, Ningbo New World Beilun Department Store ("Ningbo Beilun Store"), was set up as part of its development plan.

As at 31 December 2012, the Group's total GFA was approximately 1,489,980 square metres, representing 10.1% increase year-on-year. Self-owned stores accounted for approximately 1,348,280 square metres, which marked a 12.9% growth year-on-year.

OPERATIONAL STRATEGIES

During the period under review, the operating environment of department stores in Mainland China has undergone some changes. Total retail sales of consumer goods have recorded a slower growth. With outstanding operation management, the Group has maintained a steady business growth. At the same time, the Group has continued its rebranding program to categorize all stores across the country into "Living Galleries" and "Fashion Galleries". The Group aims to enhance its store image through interior decorations, merchandise portfolio and brand mix, etc, so as to unify the New World Department Store ("NWDS") slogan, "Enriching Lives. Enhancing Character."

Structural Optimization and Effective Control on Operating Costs

Under the Group's new operating structure, the whole country is divided into 3 Regions and 9 Districts to concentrate regional resources and facilitate resource allocation. As operating costs keep surging, the refined structure would improve operating efficiency, exercise better control on regional costs and accelerate store localization. At the same time, during its twenty years of presence in the China market, the Group has built long-term strategic partnerships with landowners and developers. As a result, the terms of the Group's rental agreements are generally longer, which stabilizes rental expenses and relieves the pressure from surging rents.

Substantial Completion of Rebranding Program Showcases Store Vitality

Since the rebranding program commenced in September 2009, the branding effect has come into play. According to internal data, rebranded stores have proven record to drive same-store sales growth, positively impacting the Group's medium to long-term business. During the period under review, rebranding program has been completed for Dalian New World Department Store ("Dalian Store"), Anshan New World Department Store ("Anshan Store"), Wuhan New World Department Store-Wuchang Branch Store ("Wuhan Wuchang Branch Store"), Changsha New World Trendy Plaza ("Changsha Trendy Plaza"), Kunming New World Department Store ("Kunming Store") and Chongqing New World Department Store ("Chongqing Store"). As at 31 December 2012, about 83% of the total GFA needed to rebrand has been completed. Together with the newly opened stores, about 89% of the total GFA has been operated with the rebranded image. The whole rebranding program targets to be completed in 2013.



Create Long-term Competitive Edge through Differentiation

During the period under review, a merchandising revamp has been carried out in a number of the Group's stores. Popular brands, such as, Starbucks, UNIQLO, Apple authorized resellers, Samsung experience shop were brought in to boost store traffic and popularity while reinforcing the Group's brand image as a trendy department store. In the reported period, we have introduced luxury brands including LONGINE, Mido, Hamilton, etc. to stores in cities with higher purchasing power, for example, Hong Kong New World Department Store-Shanghai Qibao Branch Store ("Shanghai Qibao Branch Store") and Hong Kong New World Department Store-Shanghai Wujiaochang Branch Store ("Shanghai Wujiaochang Branch Store") to upgrade our merchandise portfolio and increase ticket price. In addition, we have introduced many unique brands and complementary facilities in their respective business circles, including Anshan's first menswear outlet in Anshan Store, a new game arcade in Beijing Shishang New World Department Store ("Beijing Shishang Store") that attracted hundreds of youngsters. Shenyang New World Department Store-Jianqiao Road Branch Store ("Shenyang Jianqiao Road Branch Store") added the largest pet shop in the North Eastern District and Letiancong KTV with a GFA of approximately 2,500 square metres to the store. The corresponding strategy has successfully created differentiation advantages in extremely competitive business circles and made NWDS consumers' preferred place to shop.

Proactive Brand Management to Build Winning Merchandise Mix

Due to fiercer competition, product life cycles are now shorter than ever. The Group has developed compact brand management strategies to satisfy customers' every diversified need. The Group classified gold and jewelry, ladies wear, and ladies footwear as category killers with careful maintenance. At the same time, we actively explore new category killers to further boost the Group's revenue. To stand out our merchandises, the Group has set up an operating subsidiary in 2011 that has developed numerous private labels exclusively for NWDS. These brands, which have enhanced the differentiation of our merchandises and provided more options for customers, have effectively improved the Group's profitability in a long run.

Maintain Long-term and Close Partnership with Concessionaires and Suppliers

During the period under review, the Group has advanced its three-level "Head Office-Region-Store" supplier management system to perform targeted brand maintenance. Through the introduction of brand manager position and "Strategic Brand Management Approach", we have strengthened our partnerships with targeted brands and expanded the breadth and depth of current collaboration. Furthermore, the Group has implemented a number of favorable policies such as advanced payment and green channels to consolidate long-term and close partnerships with quality suppliers.

Hybrid Operating Model to Maximize Rental Income

In addition to concessionaire sales model, the Group has expanded its leasing area to enhance stores' ability to retain customers. Examples of these leased stores are EF Education Centre in Beijing New World Liying Department Store ("Beijing Liying Store"), Kids' Living Gallery and Dalian's first 85°C Bakery Café in Dalian Store, Lotus Court, Dadi Cinema and Happy King Children's Playground in Wuhan New World Department Store-Hanyang Branch Store ("Wuhan Hanyang Branch Store"). An effective combination of leasing and concessionaire business not only perfect the stores' complementary living services, but also elevate consumers' shopping experience. In an operating environment with rising rentals, such a successful mix can bring the Group stable and significant rental income.

Creative Marketing Campaign Generates Noise, Popularity and Sales

The Group has been attaching great importance to marketing. During the period under review, the Group has incorporated the latest fashion trends into its topic-based activities with great creativity, including Internet therion "alpaca" in Tianjin New World Department Store



("Tianjin Store") and Beijing New World Trendy Department Store ("Beijing Trendy Store"), "V Group Buying Night" in Wuhan New World Department Store – Qiaokou Branch Store ("Wuhan Qiaokou Branch Store"), "2012 Shanghai Community's Season of Love" speed dating event in Hong Kong New World Department Store – Shanghai Baoshan Branch Store ("Shanghai Baoshan Branch Store"), and the beer-drinking contest held by Shenyang Jianqiao Road Branch Store. All activities were spectacular and attracted a large number of traffic. The activities also aroused heated online discussions that generated extensive publicity. From September to October 2012, the Group held "The 2nd NWDS Spokesperson" Guessing Contest and pioneered to promote the contest on online video sites through the micro movie "Fall in Love". The contest successfully attracted over 300,000 people to participate in the voting and the hot candidate has succeeded to the new spokesperson throne under wide public support.

To nurture customers' spending habit during festive seasons, the Group organized various large-scale thematic promotions during traditional shopping seasons, such as, New Year and Christmas. For instance, to give customers an unforgettable Scandinavian Christmas by installing large-scale Christmas decorations named "Christmas GAGA's Lapland Tour" in selected stores and inviting some of the 50 official Santa Clauses from Finland to play and sing with our customers. In addition, the Group has made an extra effort to promote the concept of all-day spending by celebrating various new festivals such as Thanksgiving and Halloween. During the period under review, Shenyang New World Department Store – Nanjing Street Branch Store ("Shenyang Nanjing Street Branch Store") held a "VIP Inspiration Meeting" on Thanksgiving Day, while Lanzhou New World Department Store ("Lanzhou Store") organized "New Year Celebration-Ring the Ancient Bell" to make wishes with local residents and make NWDS the preferred place for entertainment. On the other hand, stores including Dalian Store and Shanghai Qibao Branch Store preheated Christmas consumption by celebrating Store Anniversary from November onwards. Wuhan New World Department Store – Xudong Branch Store ("Wuhan Xudong Branch Store") took "Dancing Gangnam Footwear Style" as their theme of celebration, together with big sales promotion and numerous ladies footwear activities to maximize the effect of Christmas spending.

The Group is committed to promoting cross-industry cooperation as it adds new elements to marketing campaigns by combining the strengths of industry leaders, and thereby expands customer base. During the period under review, in order to celebrate the Group's forthcoming 20th Anniversary, the Group became the chief sponsor of a romantic comedy movie "Fall in Love". The closing ceremony was held in October 2012 at Hong Kong New World Department Store – Shanghai Shaanxi Road Branch Store ("Shanghai Shaanxi Road Branch Store"). Main actors of the movie, Wallace Chung, Wang Ziwen and Zhang Li attended the ceremony and attracted a vast number of media and fans to the store. The atmosphere was boisterous and media coverage was extensive, totaling hundreds of articles. Besides, following the unprecedented success of last year's "Super Stars' Memorable Collections Exhibition", the Group once again organized an exhibition tour, "Michael Jackson's Wardrobe – Gorgeous 25 Years", in Chongqing Store, Changsha Trendy Plaza and Wuhan Qiaokou Branch Store from October to November 2012. The exhibition was the first in the country to showcase more than 50 pieces of Michael Jackson's precious items and has received tremendous amount of positive feedbacks.

Heartfelt VIP Services to Enhance Customer Loyalty

During the period under review, the Group has implemented various measures to optimize the benefits to its VIP members, such as, the installation of free Wi-Fi, "Voucher Redemption with VIP Card Bonus Points", "VIP Multi-purchase Appreciation Campaign" and other events to further strengthen the maintenance of its VIP membership. The nationwide VIP Day at the end of November 2012 was the largest VIP appreciation activity in the Group's history, which VIP members enjoyed exclusive substantial discount at all outlets. The four-day event generated about RMB400 million of sales with about one-third of the stores recorded a same-store sales growth of over 100%. One of the highlighted events was "60-hour Non-stop Mega Sales" at Beijing New World Department Store ("Beijing Store"). Not only did it reproduce classic activities, such as, "grab as it opens" and "mobile phone giveaways", nine yurt-like outlets were also set up at the square outside the store. The whole "Non-stop Mega Sales" has stimulated heated discussions all over the capital city and has created a sales record of about RMB180 million.



During the period under review, the four VIP clubs organized a wide range of exclusive activities to enhance VIP members' loyalty and sense of belonging. Activities included "Party for the Singles" of Smart Lady Club, "Halloween Party for Families" and "GAGA New Year Parade" of Perfect House Wife Club, "DIY Diamond Heels" and "Smart Boots" of Crystal High Heels Club. In addition, each store has especially launched exclusive premium services catering for its Platinum VIP members to further foster its relationship with high-end customers and generate more repeated consumptions. New services included guided shopping tour and free delivery at Shanghai Baoshan Branch Store, the installation of massage chairs and coffee machines in Platinum Lounge of Hong Kong New World Department Store – Shanghai Chengshan Branch Store ("Shanghai Chengshan Branch Store"), "Burberry Tailored High-end Mix and Match Salon" and "Chow Tai Fook VIP Diamond Appreciation Event" at Changsha Trendy Plaza. As at 31 December 2012, we have had over 3.50 million VIP members across the country, representing about 47% year-on-year growth.

EXPANSION STRATEGIES

In response to policy directions to boost domestic consumption and accelerate urbanized construction in China's 12th Five-year Plan, the Group has devised a prudent, long-term and timely expansion strategy accordingly. Through opening new stores, merger and acquisition, existing store expansion and so on, the total GFA of its self-owned stores is expected to exceed two million square metres by FY2016. In choosing new store locations, the Group will continue its "multiple presences within a single city" expansion strategy to achieve higher level of economies of scale and synergies while reinforcing our regional business. At the same time, the Group will utilize "radiation city" strategy to expand its business from the five core cities, namely Beijing, Shanghai, Wuhan, Shenyang and Chengdu, to surrounding second and third-tier cities. Since the state policies have created stimulus for the retail industry in the latter cities, complemented with lower land costs, greater economies of scale from urbanization and the enhancement of transport infrastructures, the huge potential of these cities' retail markets will be unleashed. Therefore, second and third-tier cities will be the Group's focal point of business expansion in the future.

- (1) As at 31 Dec 2012, GFA of approximately 43,160 square metres of Yancheng Store has commenced operation.
- (2) As at 31 Dec 2012, GFA of approximately 52,650 square metres of Xi'an Store has commenced operation.

For the opening of new stores, the Group held the grand opening of two self-owned stores in Yancheng, Jiangsu Province and Xi'an, Shaanxi Province respectively in December 2012. Yancheng Store is a large-scale hybrid "Living Gallery" combining the operation model of a shopping centre and a department store with a GFA of approximately 54,000 square metres ⁽¹⁾. The new store is located in Fashion Island, the largest commercial complex in Yancheng and is surrounded by Jianjun Road Commercial Street, hospitals, schools and tourist attractions, all of which create a huge geographical advantage. Xi'an Store is positioned as a "Living Gallery" with a GFA of approximately 58,500 square metres ⁽²⁾ and provides "full-category" merchandises and comprehensive complementary living facilities. Xi'an enjoys the highest purchasing power in Shaanxi Province; furthermore, Xi'an Store is situated in the largest local business circle, playing a strategic role in developing the Group's business in the North Western District.

Meanwhile, the Group plans to enter Yantai, the third largest city in Shandong Province, in FY2014 and open a self-owned store with a GFA of approximately 55,000 square metres. Being optimistic about the retail market in Hunan Province, the Group will open a self-owned store with a GFA of approximately 42,200 square metres in Hengyang in FY2015. It is believed that upon the opening of the Wuhan-Guangzhou railway, the new store will form a business network with Changsha Trendy Plaza and further improve the stores' operational efficiency. Following the acquisition of Channel 1 Shopping Mall (now renamed as Shanghai Shaanxi Road Branch Store) in Putuo District in FY2012, the Group plans to open another self-owned store in the same district, Shanghai 118 Project, with a GFA of approximately 62,600 square metres at 118 Square in FY2015. Taking the early mover advantage, the Group will capture the business opportunities as Putuo District becomes the fourth largest deputy centre of Shanghai.

For merger and acquisition, the Group adopts a strategy that allows flexibility. To ensure a healthy growth, the Group enters emerging markets as managed stores and then converts them into self-owned stores when their businesses become mature. Furthermore, the Group will seek to further strengthen the collaboration with local governments and industry organizations to identify department store projects with high business potential, so as to penetrate targeted markets in a rapid pace.



For existing store expansion, the Group strives to increase the operating area of its stores to extend its operating advantages and increase sales revenue. Following the expansion project of Shenyang Jianqiao Road Branch Store in FY2012, Phase II project of Shenyang Nanjing Street Branch Store with a GFA of approximately 25,400 square metres will be completed in FY2014. By that time, the store will provide a better shopping environment to its consumers.

For store management services provision, the Group set up a managed store in Beilun Central Business District in Ningbo with a GFA of approximately 60,000 square metres in September 2012 ⁽³⁾. Being positioned as a one-stop shopping “Living Gallery”, Ningbo Beilun Store has introduced numerous internationally renowned brands, “N-only” private labels and a selection of complementary living facilities, and strives to become a new landmark for fashion, shopping and leisure in Beilun.

In recent years, commercial real estate projects in second and third-tier cities have developed rapidly. Many of these projects introduced popular retailers as a tout to their premises. Through providing store management services, the Group effectively reduces investment risks and earns stable management fees while quickly penetrating into emerging markets. It also paves a way for the Group’s future local development. In the second half of FY2013, the Group will open a managed store, with a GFA of approximately 32,000 square metres, as the first sizable hybrid department store in Sanhe, Hebei Province. The project is located in Yanjiao, where is the closest new city to Beijing and a core district of the Central Capital Economic Circle, and is believed to possess great development potential. In addition, the Group’s mall management project in Yantai with a GFA of approximately 46,000 square metres will be opened in FY2014; in the same year, the Group will enter Shaoxing, Zhejiang Province and open a managed store in Keqiao with a GFA of approximately 42,300 square metres.

(3) As at 31 Dec 2012, GFA of approximately 34,000 square metres of Ningbo Beilun Store has commenced operation.



OUTLOOK

Although China’s gross domestic product (“GDP”) in the first half of 2012 rose by 7.6% year-on-year, showing a slowdown in overall economic growth, GDP began to rebound in the second half of 2012 and the annual GDP growth concluded at 7.8%. At the policy level, the country’s determination to stabilize economic growth is clear, and the cool down of inflation provides sufficient room for further regulatory stimulus. As the effects of government policies emerge, domestic consumption has continued to pick up since the third quarter. According to China’s National Bureau of Statistics, total retail sales of consumer goods in China grew 14.3% in 2012. Growth in the fourth quarter has greatly accelerated and reached 15.2% in December, which was significantly higher than the 14.1% recorded in the first three quarters. Domestic consumption has become the only driver out of three carriages that accelerated throughout the year, leading the national economy to move forward.

Based on the current implementation of China’s macroeconomic policies, its economic recovery is expected to continue to accelerate in the first half of 2013. With the forthcoming reform of income distribution, income of residents in China is expected to grow steadily. There is prediction that the income growth will even exceed the GDP growth, which will further unleash the purchasing power of the people. In the medium to long term, the country will continue to speed up its urbanized construction. At present, the four-vertical and four-horizontal high-speed railway network is beginning to take shape, driving the economic development of the adjacent cities. More inland tourist and cultural cities will become China’s new shopping hotspots. In response to the relevant government policies, the Group will shift its business focus to second and third-tier cities accordingly. Multiple department store projects will commence operation in the next two years to seize business opportunities in emerging markets, playing a strategic role in the further development of the Group.

Management Discussion & Analysis

FINANCIAL REVIEW

Revenue

Revenue of the Group was HK\$2,028.6 million in 1HFY2013 representing an increase of 19.7% from HK\$1,695.1 million in 1HFY2012. The growth was primarily contributed from commission from concessionaire sales, sales of goods for direct sales and rental income.

Gross sales revenue, comprising gross revenue from concessionaire sales, sales of goods for direct sales, management fees, rental income and other income increased by 17.2% to HK\$8,262.8 million in 1HFY2013 from HK\$7,047.9 million in 1HFY2012. Gross revenue from concessionaire sales increased to HK\$7,487.7 million from HK\$6,485.4 million in the same period of Previous Year. Commission income rate was declined from 18.4% in the same period of Previous Year to 17.8% in the Current Period. The decline was primarily due to the lower commission rates recorded by new stores and the sales growth of jewelry and gold, electronic products with lower commission rate and the number of promotions increased in the competitive market. Sales of goods for direct sales was HK\$436.3 million in 1HFY2013 compared with HK\$316.1 million in 1HFY2012. Direct sales turnover mainly comprised of groceries, housewares and perishables (approximately 49.0%), cosmetic products (approximately 36.1%), ladieswear and menswear (approximately 9.7%), accessories, handbags and underwears (approximately 2.8%). Gross margin of direct sales was 15.6% compared to 16.5% in the same period of Previous Year. The decrease was mainly due to the lower merchandise gross margin from the supermarkets of the newly acquired stores. In 1HFY2013, ladieswear and accessories made up approximately 62.7% of gross revenue from concessionaire sales and sales of goods for direct sales. Menswear and accessories made up approximately 19.0% and sportswear, bread and snacks, electrical appliances, kidswear and personal care products largely made up the rest.

Management fees was HK\$14.0 million in 1HFY2013 showing a decrease from HK\$16.0 million in 1HFY2012. The decrease was primarily due to the conversion of Lanzhou

Store and Beijing Liying Store in November 2011 and January 2012 respectively, as compared with there were four months contribution from Lanzhou Store and a full period contribution from Beijing Liying Store in the same period of Previous Year.

Rental income increased by 47.1% to HK\$247.2 million in 1HFY2013 mainly due to increased leasing area from firstly, recognising a full-period operation of Lanzhou Store and Shanghai Shaanxi Road Branch Store and Beijing Liying Store acquired in November 2011 and January 2012 respectively; secondly, Mianyang New World Department Store ("Mianyang Store") opened in December 2011 and the completed expansion of Shenyang Jianqiao Road Branch Store in April 2012.

Other Income

Other income of the Group was HK\$77.5 million in 1HFY2013 compared with HK\$62.4 million of 1HFY2012. The increase was mainly due to the increase in government grants and income from suppliers in 1HFY13.

Other (Losses)/Gains, Net

Other loss of the Group in the Current Period was HK\$32.2 million. Other gains, net in 1HFY12 comprised a gain of HK\$47.1 million on disposal of certain portion of property and land use right situated in Wuxi City.

Changes in Fair Value of Investment Properties

Changes in fair value of investment properties in the Current Period was HK\$46.8 million related to the property of Shanghai Shaanxi Road Branch Store.

Purchases of and Changes in Inventories

The purchases of and changes in inventories represented the cost of sales for direct sales of goods. It increased by 39.6% to HK\$368.4 million in 1HFY2013 from HK\$263.9 million in 1HFY2012. The percentage of increase was approximately in line with the increase in sales of goods for direct sales.

Employee Benefit Expense

Employee benefit expense increased to HK\$282.8 million in 1HFY2013 from HK\$263.9 million in 1HFY2012. This increase was primarily due to the increase in wages and salaries, retirement benefit costs and other employee benefits as a result of recognising a full-period operation of Lanzhou Store, Shanghai Shaanxi Road Branch Store, Beijing Liying Store and Mianyang Store acquired or opened in FY2012. In addition, the expansion of Shenyang Jianqiao Road Branch Store in April 2012 and the newly opened Yancheng Store and Xi'an Store in December 2012 also contributed to the increase of employee benefit expense in the Current Period.

Depreciation and Amortisation

Depreciation and amortisation expense increased from HK\$141.1 million in 1HFY2012 to HK\$154.7 million in 1HFY2013. This increase was primarily due to a result of recognising a full-period operation of Mianyang Store opened in FY2012, the conversion of Lanzhou Store and Beijing Liying Store from managed stores to self-owned stores in November 2011 and January 2012 respectively, the expansion of Shenyang Jianqiao Road Branch Store in April 2012 and the newly opened Yancheng Store and Xi'an Store in December 2012.

Operating Lease Rental Expense

Operating lease rental expense increased to HK\$493.1 million in 1HFY2013 from HK\$415.1 million in 1HFY2012, primarily due to recognising a full-period operation of Mianyang Store opened in December 2011, the expansion of Shenyang Jianqiao Road Branch Store in April 2012, the conversion of Lanzhou Store and Beijing Liying Store from managed stores to self-owned stores in November 2011 and January 2012 respectively and the newly opened Yancheng Store and Xi'an Store in December 2012.

Other Operating Expenses, Net

Other operating expenses increased to HK\$399.5 million in 1HFY2013 from HK\$282.6 million in 1HFY2012. The increase in other operating expenses was primarily due to recognising a full-period operation of Lanzhou Store, Shanghai Shaanxi Road Branch Store, Beijing Liying Store and Mianyang Store acquired or opened in FY2012. Moreover, the increase was also due to the expansion of Shenyang Jianqiao Road Branch Store in April 2012 and the newly opened Yancheng Store and Xi'an Store in December 2012.

With regard to the increase in selling, promotion, advertising and related expenses from HK\$54.5 million in 1HFY2012 to HK\$125.8 million in 1HFY2013, that was mainly due to increased promotional expenses in connection with promotion of our newly opened stores and more intense promotion activities. An increase in other tax expenses from HK\$70.4 million in 1HFY2012 to HK\$90.6 million in 1HFY2013 was mainly due to the increase of consumption tax arising from sales of gold related products.

Operating Profit

Operating profit was HK\$422.2 million in 1HFY2013 compared with HK\$436.7 million in 1HFY2012. Operating profit, excluding other losses/gains and changes in fair value of investment properties, increased by approximately 4.4% to HK\$407.7 million from HK\$390.7 million in the same period of Previous Year.

Income Tax Expense

Income tax expense of the Group was HK\$103.1 million in 1HFY2013 compared with HK\$124.5 million in 1HFY2012. The effective tax rate of the Group in 1HFY2013 was 23.7%.

Profit for the Period

As a result of the reasons mentioned above, profit for the period was HK\$331.6 million compared with HK\$330.0 million in the same period of Previous Year. Profit for the period, excluding other losses/gains and changes in fair value of investment properties, increased by approximately 11.6% to HK\$317.0 million from HK\$284.0 million in the same period of Previous Year.

Liquidity and Financial Resources

Cash and fixed deposits of the Group amounted to HK\$4,683.1 million as at 31 December 2012 (30 June 2012: HK\$3,621.0 million).

The Group's borrowings from banks as at 31 December 2012 was HK\$697.9 million (30 June 2012: HK\$1,007.7 million) of which HK\$668.8 million (30 June 2012: HK\$682.9 million) was secured by pledge of assets.

Management Discussion & Analysis

The capital commitment of the Group as at 31 December 2012 were HK\$125.5 million, of which HK\$125.1 million were contracted but not provided for in the statement of financial position. For the contractual payment of HK\$125.1 million, approximately HK\$103.8 million was related to the acquisition of building ownership right, land use right and right of use of the equipment and facility room, the outer wall, the facilities, the electrical and mechanical systems for certain exclusive and common-use areas of a building, located in Shenyang City.

Pledge of Assets

As at 31 December 2012, investment properties of HK\$1,887.5 million (30 June 2012: HK\$1,792.7 million) of the Group were pledged as securities for bank borrowings of HK\$668.8 million (30 June 2012: HK\$682.9 million).

Treasury Policies

The Group mainly operates in Mainland China with most of the transactions denominated in Renminbi. The Group is exposed to foreign exchange translation risk, arising from the exposure of Hong Kong dollars against Renminbi. The Group has not used any forward contracts to hedge its foreign exchange risk. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 December 2012.

Report on Review of Interim Financial Information



羅兵咸永道

TO THE BOARD OF DIRECTORS OF NEW WORLD DEPARTMENT STORE CHINA LIMITED

(incorporated in Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 18 to 39, which comprises the condensed consolidated statement of financial position of New World Department Store China Limited (the “Company”) and its subsidiaries (together, the “Group”) as at 31 December 2012 and the related condensed consolidated income statement and condensed consolidated statements of comprehensive income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 February 2013

Condensed Consolidated Income Statement

For the six months ended 31 December 2012

	Notes	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
Revenue	3	2,028,611	1,695,062
Other income	4	77,535	62,391
Other (losses)/gains, net	5	(32,193)	46,006
Changes in fair value of investment properties		46,778	–
Purchases of and changes in inventories		(368,405)	(263,944)
Employee benefit expense	6	(282,823)	(263,940)
Depreciation and amortisation		(154,737)	(141,054)
Operating lease rental expense		(493,072)	(415,143)
Other operating expenses, net	7	(399,456)	(282,632)
Operating profit		422,238	436,746
Finance income		40,831	24,415
Finance costs		(28,389)	(6,572)
Finance income, net	8	12,442	17,843
Profit before income tax		434,680	454,589
Income tax expense	9	(103,066)	(124,541)
Profit for the period		331,614	330,048
Attributable to equity holders of the Company		331,614	330,048
Dividend	10	165,242	165,242
Earnings per share for profit attributable to the equity holders of the Company during the period (expressed in HK\$ per share)			
– Basic and diluted	11	0.20	0.20

The notes on pages 23 to 39 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2012

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
Profit for the period	331,614	330,048
Revaluation of property upon reclassification from property, plant and equipment to investment properties	89,177	–
– Deferred tax thereof	(22,294)	–
Translation differences	157,189	55,632
Other comprehensive income for the period, net of tax	224,072	55,632
Total comprehensive income for the period	555,686	385,680
Total comprehensive income attributable to equity holders of the Company	555,686	385,680

The notes on pages 23 to 39 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

As at 31 December 2012

	Notes	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		2,236,400	2,266,553
Investment properties	13	2,224,827	1,996,639
Land use rights		887,333	903,284
Goodwill		1,316,285	1,284,182
Other non-current assets	14	469,274	457,828
Long-term prepaid rent and rental deposits		401,737	339,632
Deferred income tax assets		150,869	159,640
		7,686,725	7,407,758
Current assets			
Inventories		167,316	158,772
Debtors	15	118,093	59,589
Prepayments, deposits and other receivables		737,887	552,305
Amounts due from fellow subsidiaries	16	4,040	2,054
Amounts due from related companies	16	992	–
Fixed deposits		1,642,379	378,099
Cash and cash equivalents		3,040,705	3,242,919
		5,711,412	4,393,738
Total assets		13,398,137	11,801,496
Equity			
Share capital	17	168,615	168,615
Reserves	18	6,057,412	5,666,189
Interim dividend	10	165,242	–
Proposed dividend		–	138,264
		6,391,269	5,973,068
Liabilities			
Non-current liabilities			
Long-term borrowings	19	648,179	998,617
Accruals	20	614,321	640,100
Deferred income tax liabilities		526,290	466,711
		1,788,790	2,105,428
Current liabilities			
Creditors, accruals and other payables	20	5,083,706	3,622,636
Amounts due to fellow subsidiaries	16	7,101	4,721
Amounts due to related companies	16	30,482	28,268
Current portion of long-term borrowings	19	49,750	9,098
Tax payable		47,039	58,277
		5,218,078	3,723,000
Total liabilities		7,006,868	5,828,428
Total equity and liabilities		13,398,137	11,801,496
Net current assets		493,334	670,738
Total assets less current liabilities		8,180,059	8,078,496

The notes on pages 23 to 39 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2012

	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2011	168,615	2,398,250	1,990	391,588	187,361	54,395	397,955	1,972,274	5,572,428
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	330,048	330,048
Other comprehensive income									
Translation differences	-	-	-	-	-	-	55,632	-	55,632
Total comprehensive income for the period ended 31 December 2011	-	-	-	-	-	-	55,632	330,048	385,680
Transactions with owners									
Share-based payments	-	-	-	-	-	2,282	-	-	2,282
Lapse of share options	-	-	-	-	-	(4,432)	-	4,432	-
Dividend relating to the year ended 30 June 2011	-	-	-	-	-	-	-	(126,461)	(126,461)
Transfer to statutory reserve	-	-	-	-	26,127	-	-	(26,127)	-
Total transactions with owners	-	-	-	-	26,127	(2,150)	-	(148,156)	(124,179)
At 31 December 2011 – Unaudited	168,615	2,398,250	1,990	391,588	213,488	52,245	453,587	2,154,166	5,833,929

	Share capital HK\$'000	Share premium HK\$'000	Property revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2012	168,615	2,398,250	11,588	391,588	237,009	46,930	469,585	2,249,503	5,973,068
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	331,614	331,614
Other comprehensive income									
Revaluation of property upon reclassification from property, plant and equipment to investment properties	-	-	89,177	-	-	-	-	-	89,177
– Deferred tax thereof	-	-	(22,294)	-	-	-	-	-	(22,294)
Translation differences	-	-	-	-	-	-	157,189	-	157,189
Total comprehensive income for the period ended 31 December 2012	-	-	66,883	-	-	-	157,189	331,614	555,686
Transactions with owners									
Share-based payments	-	-	-	-	-	779	-	-	779
Lapse of share options	-	-	-	-	-	(4,178)	-	4,178	-
Dividend relating to the year ended 30 June 2012	-	-	-	-	-	-	-	(138,264)	(138,264)
Transfer to statutory reserve	-	-	-	-	24,357	-	-	(24,357)	-
Total transactions with owners	-	-	-	-	24,357	(3,399)	-	(158,443)	(137,485)
At 31 December 2012 – Unaudited	168,615	2,398,250	78,471	391,588	261,366	43,531	626,774	2,422,674	6,391,269

The notes on pages 23 to 39 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2012

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
Net cash from operating activities	1,529,071	1,314,579
Net cash used in investing activities	(1,321,887)	(574,233)
Net cash (used in)/from financing activities	(493,512)	164,258
Effect of foreign exchange rate changes	84,114	31,592
Net (decrease)/increase in cash and cash equivalents	(202,214)	936,196
Cash and cash equivalents, at 1 July	3,242,919	2,947,574
Cash and cash equivalents, at 31 December	3,040,705	3,883,770

The notes on pages 23 to 39 are an integral part of this condensed consolidated financial information.

Notes to the Condensed Consolidated Financial Information

1 GENERAL INFORMATION

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

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

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

This condensed consolidated financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated financial information has been approved for issue by the board of directors on 26 February 2013.

2 BASIS OF PREPARATION

This condensed consolidated financial information of the Company for the six months ended 31 December 2012 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

This condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2012, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2012, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

For the six months ended 31 December 2012, the Group has adopted the following amendment to existing standard which is mandatory for the accounting period beginning on 1 July 2012:

HKAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
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The adoption of this amendment to existing standard does not have any effect on the results and financial position of the Group.

2 BASIS OF PREPARATION (CONTINUED)

The following new or revised standards, amendments to existing standards and interpretations are mandatory for the accounting periods beginning on or after 1 January 2013 which the Group has not early adopted:

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures
HKFRS 9	Financial Instruments
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurements
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Associates and Joint ventures
HKAS 32 (Amendment)	Financial instruments: Presentation-Offsetting Financial Assets and Financial Liabilities
HK(IFRIC)-Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

The Group is in the process of making an assessment of the impact of these new or revised standards, amendments to existing standards and interpretations on its result of operation and financial position.

3 REVENUE AND SEGMENT INFORMATION

	Unaudited	Unaudited
	Six months ended	Six months ended
	31 December	31 December
	2012	2011
	HK\$'000	HK\$'000
Commission income from concessionaire sales	1,331,066	1,194,966
Sales of goods – direct sales	436,323	316,114
Management fees	13,996	16,022
Rental income	247,226	167,960
	2,028,611	1,695,062

The income from concessionaire sales is analysed as follows:

	Unaudited	Unaudited
	Six months ended	Six months ended
	31 December	31 December
	2012	2011
	HK\$'000	HK\$'000
Gross revenue from concessionaire sales	7,487,713	6,485,410
Commission income from concessionaire sales	1,331,066	1,194,966

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

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

All revenue is generated in Mainland China and all significant operating assets are in Mainland China.

Notes to the Condensed Consolidated Financial Information

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

Six months ended 31 December 2012

	Department store HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Segment revenue	1,971,569	57,042	2,028,611
Segment results	336,362	46,240	382,602
Changes in fair value of investment properties	-	46,778	46,778
Unallocated corporate expenses			(7,142)
Operating profit			422,238
Finance income			40,831
Finance costs			(28,389)
Finance income, net			12,442
Profit before income tax			434,680
Income tax expense			(103,066)
Profit for the period			331,614

Six months ended 31 December 2011

Segment revenue	1,669,269	25,793	1,695,062
Segment results	422,348	22,685	445,033
Unallocated corporate expenses			(8,287)
Operating profit			436,746
Finance income			24,415
Finance costs			(6,572)
Finance income, net			17,843
Profit before income tax			454,589
Income tax expense			(124,541)
Profit for the period			330,048

3 REVENUE AND SEGMENT INFORMATION (Continued)**As at 31 December 2012**

	Department store HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Segment assets	10,269,631	2,964,806	13,234,437
Deferred income tax assets			150,869
Corporate assets:			
Cash and cash equivalents			12,831
Total assets			13,398,137
Six months ended 31 December 2012			
Additions to non-current assets (Note)	104,389	3,596	107,985
Depreciation and amortisation	154,457	280	154,737

As at 30 June 2012

Segment assets	8,981,227	2,648,213	11,629,440
Deferred income tax assets			159,640
Corporate assets:			
Cash and cash equivalents			12,361
Others			55
Total assets			11,801,496

Six months ended 31 December 2011

Additions to non-current assets (Note)	416,334	2,094,823	2,511,157
Depreciation and amortisation	141,054	–	141,054

Note:

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

Notes to the Condensed Consolidated Financial Information

4 OTHER INCOME

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
Government grants	9,758	3,894
Income from suppliers	29,996	23,975
Write-back of other payables	19,136	24,146
Sundries	18,645	10,376
	77,535	62,391

5 OTHER (LOSSES)/GAINS, NET

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
Loss on disposal of property, plant and equipment	(32,193)	(1,093)
Gain on disposal of assets held for sale (Note)	-	47,099
	(32,193)	46,006

Note:

For the period ended 31 December 2011, the amount represented gain on disposal of entire equity interest in Focus Smart Limited, a wholly-owned subsidiary of the Group, which is also the owner of certain portion of a property and land use right situated in Wuxi City.

6 EMPLOYEE BENEFIT EXPENSE

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
Wages, salaries and other benefits	252,284	235,918
Retirement benefit costs – defined contribution plans	29,827	26,073
Share-based payments	712	1,949
	282,823	263,940

7 OTHER OPERATING EXPENSES, NET

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
	Water and electricity	91,180
Selling, promotion, advertising and related expenses	125,769	54,450
Cleaning, repairs and maintenance	41,408	32,950
Auditor's remuneration	3,611	2,791
Share-based payments	67	333
Net exchange losses	8,141	2,087
Other tax expenses	90,570	70,403
Others	38,710	14,831
	399,456	282,632

8 FINANCE INCOME, NET

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
	Interest income on bank deposits	40,831
Interest on bank loans		
– Wholly repayable within five years	(19,207)	(6,572)
– Not wholly repayable within five years	(9,182)	–
	12,442	17,843

9 INCOME TAX EXPENSE

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

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
Current income tax		
– Mainland China taxation	82,151	102,551
Over-provision in prior years	(18,966)	(1,090)
Deferred income tax		
– Deferred taxation on undistributed retained earnings	4,333	5,541
– Other temporary differences	35,548	17,539
	103,066	124,541

Taxation has been provided at the appropriate tax rates prevailing in the tax jurisdictions in which the members of the Group operate. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong for the periods ended 31 December 2011 and 2012.

Subsidiaries of the Group in Mainland China are subject to corporate income tax at a rate of 25% (2011: 25%).

10 DIVIDEND

	Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
Interim dividend of HK\$0.098 (2011: HK\$0.098) per share	165,242	165,242

11 EARNINGS PER SHARE

(a) Basic

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

	Unaudited Six months ended 31 December 2012	Unaudited 2011
Profit attributable to the equity holders of the Company (HK\$'000)	331,614	330,048
Weighted average number of ordinary shares in issue (shares in thousands)	1,686,145	1,686,145
Basic earnings per share (HK\$ per share)	0.20	0.20

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue to assume conversion of all dilutive potential ordinary shares.

During the six months ended 31 December 2011 and 2012, shares issuable upon exercise of the share options are the only dilutive ordinary shares. There was no potential dilutive effect from the share options.

12 CAPITAL EXPENDITURE

For the six months ended 31 December 2012, the Group has additions of property, plant and equipment and investment properties of HK\$104,389,000 and HK\$3,596,000 respectively (2011: HK\$188,205,000 and HK\$1,792,555,000 respectively). The Group has disposed of property, plant and equipment with net book amount of HK\$32,689,000 (2011: HK\$3,543,000).

13 INVESTMENT PROPERTIES

Investment property is initially measured at its cost, including related transaction costs. After initial recognition, investment property is carried at fair value. Changes in fair value are recognised in the income statement.

In August 2012, certain portion of a building of approximately HK\$70,694,000 and land use right of approximately HK\$56,618,000 located in Tianjin City have been transferred to investment properties at fair value due to the change of use.

As at 31 December 2012, the investment properties were valued on a market value basis by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer.

As at 31 December 2012, an investment property of HK\$1,887,500,000 is pledged to secure bank borrowings the Group (Note 19).

14 OTHER NON-CURRENT ASSETS

Balance as at 31 December 2012 represents the following transaction:

On 4 October 2010, Shenyang New World Department Store Ltd. ("Shenyang Co") entered into agreements with Shenyang New World Hotel Co., Ltd. ("SYNWH"), a wholly-owned subsidiary of New World China Land Limited ("NWCL") and a fellow subsidiary of the Company. Shenyang Co agreed to acquire the building ownership right, land use right of certain exclusive and common-use areas of the building, located in Shenyang City, and right of use of certain areas of the equipment and facility room, the outer wall, the facilities, the electrical and mechanical systems, for a consideration of approximately RMB456,534,000 which is subject to the terms of the agreements for further adjustments. As at 31 December 2012, the Group has made progress payment of approximately HK\$446,162,000 (30 June 2012: HK\$435,280,000) and paid direct costs of approximately HK\$23,112,000 (30 June 2012: HK\$22,548,000) in connection with such acquisition. As at 31 December 2012, the capital commitment in relation to this acquisition is approximately HK\$103,762,000 (30 June 2012: HK\$101,231,000) (Note 21).

15 DEBTORS

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Trade receivables	118,093	59,589

The Group grants credit terms within 30 days in majority, based on the invoice dates.

Aging analysis of the debtors is as follows:

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Within period for		
0 – 30 days	114,154	57,058
31 – 60 days	3,205	603
61 – 90 days	199	–
Over 90 days	535	1,928
	118,093	59,589

The carrying amounts of debtors approximate their fair values. The debtors are denominated in Renminbi.

16 AMOUNTS DUE FROM/(TO) FELLOW SUBSIDIARIES AND RELATED COMPANIES

The balances with fellow subsidiaries and related companies are unsecured, interest free, repayable on demand and denominated in Renminbi. The carrying amounts of amounts due from/(to) fellow subsidiaries and related companies approximate their fair values.

17 SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each		
At 30 June 2012 (audited) and 31 December 2012 (unaudited)	10,000,000	1,000,000
Ordinary shares of HK\$0.1 each, issued and fully paid:		
At 30 June 2012 (audited) and 31 December 2012 (unaudited)	1,686,145	168,615

Share option scheme

The Company's share option scheme was adopted on 12 June 2007. The board of directors may, at their discretion, granted options to any eligible participants (as defined in the share option scheme), to subscribe for shares in the Company.

Movement of the number of share options granted and their related exercise prices during the period are as follows:

Date of grant	Exercise price per share HK\$	Unaudited Number of options '000								Unaudited No. of share options exercisable '000
		At 1 July 2011	Granted during the period	Lapsed during the period	At 31 December 2011	At 1 July 2012	Granted during the period	Lapsed during the period	At 31 December 2012	At 31 December 2012
27 November 2007 (Note i)	8.660	16,469	-	(1,224)	15,245	13,583	-	(1,144)	12,439	9,951
25 March 2008 (Note ii)	8.440	3,524	-	(444)	3,080	2,529	-	(280)	2,249	1,799
		19,993	-	(1,668)	18,325	16,112	-	(1,424)	14,688	11,750
Weighted average exercise price of each category (HK\$)		8.621	-	8.601	8.623	8.625	-	8.617	8.626	8.626

- (i) The share options granted on 27 November 2007 were divided into 5 tranches and are exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012, respectively, to 26 November 2013.
- (ii) The share options granted on 25 March 2008 were divided into 5 tranches and are exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013, respectively, to 24 March 2014.

Notes to the Condensed Consolidated Financial Information

18 RESERVES

	Share premium HK\$'000	Property revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2011	2,398,250	1,990	391,588	187,361	54,395	397,955	1,972,274	5,403,813
Share-based payments	-	-	-	-	2,282	-	-	2,282
Lapse of share options	-	-	-	-	(4,432)	-	4,432	-
Transfer to statutory reserve	-	-	-	26,127	-	-	(26,127)	-
Dividend relating to the year ended 30 June 2011	-	-	-	-	-	-	(126,461)	(126,461)
Profit for the period	-	-	-	-	-	-	330,048	330,048
Translation differences	-	-	-	-	-	55,632	-	55,632
	2,398,250	1,990	391,588	213,488	52,245	453,587	2,154,166	5,665,314
Interim dividend (Note 10)	-	-	-	-	-	-	(165,242)	(165,242)
At 31 December 2011 – Unaudited	2,398,250	1,990	391,588	213,488	52,245	453,587	1,988,924	5,500,072

	Share premium HK\$'000	Property revaluation reserve HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
At 1 July 2012	2,398,250	11,588	391,588	237,009	46,930	469,585	2,249,503	5,804,453
Revaluation of property upon reclassification from property, plant and equipment to investment properties	-	89,177	-	-	-	-	-	89,177
– Deferred tax thereof	-	(22,294)	-	-	-	-	-	(22,294)
Share-based payments	-	-	-	-	779	-	-	779
Lapse of share options	-	-	-	-	(4,178)	-	4,178	-
Transfer to statutory reserve	-	-	-	24,357	-	-	(24,357)	-
Dividend relating to the year ended 30 June 2012	-	-	-	-	-	-	(138,264)	(138,264)
Profit for the period	-	-	-	-	-	-	331,614	331,614
Translation differences	-	-	-	-	-	157,189	-	157,189
	2,398,250	78,471	391,588	261,366	43,531	626,774	2,422,674	6,222,654
Interim dividend (Note 10)	-	-	-	-	-	-	(165,242)	(165,242)
At 31 December 2012 – Unaudited	2,398,250	78,471	391,588	261,366	43,531	626,774	2,257,432	6,057,412

19 LONG-TERM BORROWINGS

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Non-current	648,179	998,617
Current	49,750	9,098
	697,929	1,007,715

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Bank loans		
Secured	668,750	682,927
Unsecured	29,179	324,788
	697,929	1,007,715

The effective interest rates of borrowings are analysed as follows:

	Unaudited As at 31 December 2012	Audited As at 30 June 2012
Hong Kong dollars	3.97%	2.77%
Renminbi	5.90%	6.43%

Notes to the Condensed Consolidated Financial Information

19 LONG-TERM BORROWINGS *(Continued)*

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

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Hong Kong dollars	29,179	324,788
Renminbi	668,750	682,927
	697,929	1,007,715

The bank loans are repayable as follows:

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Within one year	49,750	9,098
In the second year	110,679	148,249
In the third to fifth year	262,500	472,319
After the fifth year	275,000	378,049
	697,929	1,007,715

As at 31 December 2012, the bank loan of HK\$668,750,000 is secured by an investment property of HK\$1,887,500,000.

Interest expense on borrowings for the six months ended 31 December 2012 was HK\$28,389,000 (2011: HK\$6,572,000).

20 CREDITORS, ACCRUALS AND OTHER PAYABLES

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Creditors	3,430,710	2,213,113
Accruals	2,267,317	2,049,623
Less: long-term rental accruals	(614,321)	(640,100)
	5,083,706	3,622,636

The Group normally receives credit terms of 60 to 90 days. The aging analysis of the creditors which are denominated in Renminbi, based on the invoice dates, is as follows:

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Within period for		
0 – 30 days	1,781,072	972,955
31 – 60 days	1,004,368	694,388
61 – 90 days	268,187	194,214
Over 90 days	377,083	351,556
	3,430,710	2,213,113

Creditors included amounts due to related companies of HK\$136,500,000 (30 June 2012: HK\$93,378,000) which was unsecured, interest free and repayable within 90 days.

The carrying amounts of creditors and other payables approximate their fair values.

21 CAPITAL COMMITMENT

Capital commitment in respect of property, plant and equipment, and land use rights of the Group at the end of the reporting period are as follows:

	Unaudited As at 31 December 2012 HK\$'000	Audited As at 30 June 2012 HK\$'000
Contracted but not provided for	125,076	119,785
Authorised but not contracted for	464	2,690
	125,540	122,475

22 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to those disclosed in other sections of the financial information, the following significant related party transactions have been entered into by the Group in the normal course of its business during the period:

		Unaudited Six months ended 31 December 2012 HK\$'000	Unaudited 2011 HK\$'000
	Notes		
Fellow subsidiaries			
Operating lease rental expenses	(i)	(50,637)	(48,923)
Building management expenses	(ii)	(13,188)	(7,495)
Reimbursement of shopping vouchers	(iii)	2,905	2,155
Sale of goods, prepaid shopping cards and vouchers	(iv)	2,655	3,830
Deposit paid for the purchase of building and land use right	(v)	-	(101,231)
Related companies			
Concessionaire commissions	(vi)	62,706	50,514
Operating lease rental expenses	(i)	(143,317)	(127,086)
Building management expenses	(ii)	(11,677)	(11,480)
Sale of goods, prepaid shopping cards and vouchers	(iv)	32,611	7,942
Rebates on prepaid shopping cards and vouchers	(vii)	246	135

Notes:

- (i) The operating lease rental expenses are charged in accordance with respective tenancy agreements.
- (ii) The building management expenses are charged at fixed monthly amounts in accordance with respective contracts.
- (iii) The reimbursement of shopping vouchers is charged in accordance with respective agreements with NWCL or its subsidiaries and Chow Tai Fook Jewellery Group Limited or its subsidiaries ("CTF Jewellery Group").
- (iv) This represents the amounts received in respect of the sales of goods, prepaid shopping cards and vouchers issued by the Group to the subsidiaries of New World Development Company Limited ("NWD") (except the Group) and CTF Jewellery Group.
- (v) This represents deposit paid for the purchase of building and land use right as described in Note 14.
- (vi) The income is charged in accordance with concessionaire counter agreements with CTF Jewellery Group. The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.
- (vii) This represents rebates offered by the CTF Jewellery Group in respect of the sales of prepaid shopping cards and vouchers issued jointly by the Group and the CTF Jewellery Group.

22 RELATED PARTY TRANSACTIONS *(Continued)***(b) Key management compensation**

	Unaudited Six months ended 31 December	Unaudited
	2012	2011
	HK\$'000	HK\$'000
Basic salaries, housing allowances, other allowances and other benefits in kind	6,871	6,917
Retirement benefit costs – defined contribution plans	505	512
Share-based payments	227	632
	7,603	8,061

23 EVENTS AFTER THE REPORTING PERIOD

On 8 February 2013, Shenyang Trendy Property Company Limited (“Shenyang Trendy”), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with SYNWH. Pursuant to the cooperation agreement, Shenyang Trendy and SYNWH agreed to cooperate in a redevelopment project. Shenyang Trendy agreed to surrender to the local government authority the land and building which it owns and where Shenyang Nanjing Street Branch Store is situated (“the Building”) for a compensation of RMB250,012,000. Shenyang Trendy agreed to make contribution of approximately RMB527,060,000 (subject to further adjustments) to SYNWH for the related costs of demolition of the Building and design, construction and payment of any relevant land grant premium of the lower ground level 1 to upper ground level 5 of the redeveloped building of which an expected floor area of approximately 26,353 sq.m. will be attributable to Shenyang Trendy.

24 ULTIMATE HOLDING COMPANY

The Directors regard NWD, a company incorporated in Hong Kong, as being the ultimate holding company of the Group.

25 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current period's presentation.

Corporate Citizenship

Corporate social responsibility has been an important part of NWDS' corporate culture, and the Group strives to give back to society through community services and environmental protection activities. On the other hand, the Group recognizes employees as vital assets in supporting its development in the long run, and therefore, allocates plenty of resources on the areas of employee welfare and staff training.

COMMUNITY AND CHARITABLE ACTIVITIES

Médecins Sans Frontières Day 2012

In July 2012, NWDS became the key sponsor and the top corporate fundraiser for "MSF Day" organized by Médecins Sans Frontières ("MSF") for six consecutive years. Together with New World Development, NWDS appealed for donation of one day's salary from their local and regional staff. With the enthusiastic support of the employees, about HK\$450,000 has been raised, in which NWDS staff has contributed HK\$400,000.

Stores in Northern China Region Show Enthusiasm in Caring the Community

In August 2012, Beijing Liying Store co-organized a book donation event with Wangjing.cn, in which all books gathered were sent to Hebei to set up a local children's library. Beijing New World Qianzi Department Store ("Beijing Qianzi Store") match-made the single elderly in September 2012 and provided one-on-one caring services. In the same month, Shenyang Jianqiao Road Branch Store held a large-scale animal protection event and the proceeds raised from the event were donated to the Society for the Prevention of Cruelty to Animals. Shenyang New World Department Store – Zhonghua Road Branch Store ("Shenyang Zhonghua Road Branch Store") called for a winter clothing donation and gave them away to bring warmth to the poor families living in the rural areas of Liaoning. During the Mid-autumn Festival and Double Ninth Festival in 2012, Shenyang Nanjing Street Branch Store visited local children welfare centres and senior homes together with seasonal gifts and blessings.

Stores in Central Western China Region Participate in Charitable Events

In August 2012, Wuhan New World Department Store ("Wuhan Store") took part in "Volunteer Recruitment for the Mass Transit System", a large charitable event co-organized by government, commercial organizations and media to render supports on subway operations and its customer service. Wuhan Xudong Branch Store co-organized a charity

sale with Red Cross Wuhan to raise money for a youth development fund. In December 2012, Kunming Store called for donation among staff to raise money for purchasing school supplies for students with mental disabilities. Wuhan Qiaokou Branch Store held a mini green lesson on animal protection to promote sustainable development.

Stores in South Eastern China Region Give back to Society

From July to September 2012, stores in Shanghai initiated a blood donation event, in which many of the employees expressed their selfless support to those in need. In view of the Group's commitment to care for the community, stores in Shanghai and Ningbo formed small volunteer groups to visit elderly centres during the Mid-autumn Festival and the National Day. They brought moon cakes and had an enjoyable time with the elderly. In October 2012, Nanjing New World Department Store ("Nanjing Store") called for a clothing donation and gave necessities away to people living in the Qinghai-Tibet Plateau before the arrival of winter.

ENVIRONMENTAL PROTECTION ACTIVITIES

Advocate Water Resource Conservation

NWDS held a nationwide "Beauty of Water" Photography Contest in September 2012, so as to tie in with the 2012 sustainability commitment of "water conservation". The activity received enthusiastic response from amateur photographers and customers. Around 22,000 entries were received and over 130,000 people took part in the voting. Furthermore, the Group launched the "Office and Home Water Conservation Ideas" Collection Contest in September 2012 to gather employees' suggestions on how to preserve our water resources. The contest has received over 180 entries, showing employees' awareness and commitment on water conservation issues.

Promote Resource Recycling

As a continuation of the Group's green mission from "Green Mid-autumn Festival – Moon Cake Box Recycling Campaign" held in 2011, the Group re-launched the recycling campaign at all stores during Mid-autumn Festival in 2012 to promote resource recycling. The campaign gained keen support from customers and employees, and collected a total of about 5,800 moon cake boxes. Each store also held various resource recycling programs, for instance, Wuhan New World Trendy Plaza ("Wuhan Trendy Plaza") collected empty cosmetic bottles from customers for recycling in August 2012, which customers were given small gifts in exchange

Corporate Citizenship



for their bottles. Stores across district also launched recycling programs for used batteries.

Reduce Waste and Promote Waste Recycling

In view of the aggravating solid waste problems, during the period under review, the Group has organized a wide range of programs to promote waste reduction and recycling. In addition to picking up litters in public places and reducing the use of disposable tableware in restaurants, many featured activities were held at stores including environmental-friendly lantern creation contest in Mid-autumn Festival, children's peel painting workshop, wastepaper-art competition and recycled bag making competition, etc.

Advocate Exchange of Unused Items

To encourage the public to exchange unused items, our stores has been organizing item replacement and exchange events during the period under review. These programs aimed to convey any unused items to those with genuine need and reduce wastage. In August and December 2012, Tianjin Store organized the "Children's Flea Market" and "Caring Green Library" to provide a platform for customers to trade-in unused items. Also, customers were encouraged to donate their books to local children in need. In October 2012, Wuhan Wuchang Branch Store also held a large trade fair to promote everyday environmental protection.

CARE FOR STAFF

Focus on Training and Encourage Innovation

The Group has always placed focus on staff training and welcomed innovative ideas. In order to enhance the comprehensive management capabilities of our staff from various stores across country, the "Retail Operations Management Certificate Course" officially commenced in July 2012. During the period under review, the Group successfully held the third to fifth intakes of "Business Innovation Reward Scheme" with themes on "market", "quality" and "talents" respectively. With the active participation of our employees, the Group has received more than 1,300 proposals. In August 2012, the Group held "The Second Marketing and Visual Merchandising Case Competition" in Shanghai. A number of outstanding projects were selected and recognized. In addition, stores have organized various trainings including overseas study tours, front-line skills training workshops to improve staff performance.

Multi-perspective Evaluation to Boost Morale

To give customers a pleasant shopping experience and create a relaxed work environment for employees, the "Give-a-Smile" Campaign was launched at all stores in September 2012. Staff members casted their votes to elect the "Smiling Stars" of the front and back offices and the winners were commended. At store level, contests relating to customer service, cashier skills and industry expertise were organized from time to time to constantly review employees' service standards and motivate them to excel further with a proactive manner.

Better Welfare and Balanced Physical and Mental Development

During the period under review, as an initiative to take care of employees' physical and mental development, stores have organized a wide range of sports and recreational activities and further improved staff benefits. Other than special staff activities, such as Halloween dress-up contest, dessert cooking classes and classic pop concert, stores also organized sports games to help employees ease their stress at work and allow them to showcase their talents. In terms of staff welfare, activities like staff sales and nail and pedicures seminars were held, coupled with the set-up of a staff library and gift certificates distribution during festive seasons, these initiatives aim to further enhance their sense of belonging to the Group.

HONOURS

During the period under review, the Group has received a number of awards from renowned organizations for its outstanding performance on marketing, profitability and corporate communications.

"Asia's 200 Best Under A Billion"

The Group was accredited as "Asia's 200 Best Under A Billion" by *Forbes* for the fifth consecutive year. *Forbes* editors screened 200 high-performers out of a universe of 15,000 Asia-Pacific listed companies based on their performance on sales growth, earnings growth and return on equity. The repeated honour has shown the recognition from international media and other parties for the Group's sound performance.

“Citation for Excellence in Mainland Marketing” in “HKMA/TVB Awards for Marketing Excellence 2012”

In October 2012, the Group has been awarded “Citation for Excellence in Mainland Marketing” in the “HKMA/TVB Awards for Marketing Excellence 2012” once again for its “Super Stars’ Memorable Collections Exhibition” marketing campaign. The Group co-organized the exhibition with Ponte 16 Resort, Macau and US Julien’s Auctions for the first time in 2011. The exhibition displayed nearly 100 precious items of international superstars in stores across five major cities in China and has successfully become the talk of the town.

Merit Award in “The 8th China Best Brand Building Case Award”

The Group’s rebranding program garnered Merit Award in “The 8th China Best Brand Building Case Award” in October 2012. In 2011, the rebranding program has already been given the “Citation for Excellence in Mainland Marketing” in the “HKMA/TVB Awards for Marketing Excellence”, and “2011-2012 China Outstanding Marketing Award” by *Economic Observer*. Therefore, this is the third award presented to this same program of the Group.

Galaxy Awards, LACP Vision Awards and ARC Awards

FY2011 Annual Report for New World Department Store received several international annual report awards:

Competition	Category	Award
2012 Galaxy Awards	Copywriting: Annual Reports	Gold Award
LACP 2011 Vision Awards	Annual Reports: Retail Industry	Silver Award
2012 ARC Awards	Overall Presentation of Annual Reports: Retail – Department Stores and Convenience Stores	Silver Award
	Illustrations: Retail – Department Stores and Convenience Stores	Honours Award

“Top 20 Best Corporate Case Study of China”

In the first “Best Chinese Corporate University” rankings released in November 2012, New World Department Store Management Institute garnered “Top 20 Best Corporate Case Study of China” with its “Professional Train-the-trainer” training program.

Numerous Awards for Stores

Northern China Region

Anshan Store received its honor as “2011 Trust Entity” from Anshan Consumer Association in October 2012. In November 2012, Dalian Store was rated as “2011 Grade 2A Labour Protection Regulations Compliance Entity” by Dalian Ministry of Human Resources and Social Security. In the same month, Shenyang Nanjing Street Branch Store was awarded the title of “Trustworthy and Outstanding Entity” in the second corresponding award in Liaoning. Furthermore, Beijing Trendy Store was awarded the 5th Anniversary Cup of “111” Rescue Project by the local community in December 2012.

Central Western China Region

In June 2012, Chongqing Store was honored “Advanced Working Class Organization” by the local Communist Youth League. Chongqing Spiritual Civilization Office and Women’s Association co-named 15 departments/concessionaires of Chongqing Store as “Civilized Heroine” in August 2012. In the same month, Wuhan Store was awarded the honorary title of “2011 Wuhan Harmonious Enterprise” by Wuhan Federation of Trade Unions. In December 2012, Chengdu New World Department Store (“Chengdu Store”) was selected as “2012 Trendy Store of Fabulous Fashion Award” by a number of business chambers and media.

South Eastern China Region

In July 2012, Shanghai Public Security Commission recognized Shanghai Qibao Branch Store as “2011 Shanghai’s Safety Entity”. Meanwhile, Hong Kong New World Department Store - Shanghai Pujian Branch Store (“Shanghai Pujian Branch Store”) was granted the medal of “Vanguard Workers of Pudong New District”. Ningbo New World Department Store (“Ningbo Store”) won the “Most Effective Advertisement Award” from a large-scale advertising award and the “Most Powerful Advertisement Award” from *Ningbo Evening News* in September and November 2012 respectively. Shanghai Shaanxi Road Branch Store was honored “Shanghai’s Quality Unit of Commercial Services” in November 2011. In December 2012, Shanghai Wujiaochang Branch Store garnered the award of “Advanced Team of Innovative Vanguard Workers” from local trade unions.

Other Information



INTERIM DIVIDEND

The board of directors (the “Directors” or “Board”) of New World Department Store China Limited (the “Company”, or together with its subsidiaries, the “Group”) has resolved to declare an interim dividend of HK\$0.098 per share (2011: HK\$0.098 per share) for the six months ended 31 December 2012 to shareholders whose names appear in the register of members of the Company on 17 April 2013. It is expected that the interim dividend will be paid on or about 16 May 2013.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 12 April 2013 to Wednesday, 17 April 2013, both days inclusive, during which period no transfer of share of the Company will be registered. In order to establish entitlements to the interim dividend, all transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer agent of the Company in Hong Kong, Tricor Investor Services Limited of 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Thursday, 11 April 2013.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) was established in accordance with requirements of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The Audit Committee consists of the four independent non-executive Directors. The Audit Committee has reviewed the unaudited condensed consolidated financial information and the interim report for the six months ended 31 December 2012 and discussed the financial related matters with the management. The unaudited interim results of the Group for the six months ended 31 December 2012 have been reviewed by the Company’s auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the time being in force during the six months ended 31 December 2012, except code provision E.1.2 and A.6.7.

Code provision E.1.2 and A.6.7 provide, among other things, that the chairman of the board and non-executive Director should attend annual general meeting. Dr. Cheng Kar-shun, Henry, the chairman of the Board and non-executive Director, was not able to attend the annual general meeting of the Company held on 20 November 2012 (the “Meeting”) owing to other commitment in the PRC. Mr. Cheng Chi-kong, Adrian, who took the chair of the Meeting, together with other members of the Board who attended the Meeting, were of sufficient calibre for answering questions at the Meeting.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding securities transactions by the Directors. Upon the Company’s specific enquiry of each Director, all Directors confirmed that they had complied with the required standard set out in the Model Code and the code of conduct regarding Directors’ securities transactions adopted by the Company during the six months ended 31 December 2012.

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

As at 31 December 2012, total number of employees for the Group was 7,071 (2011: 6,935). 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 framework of the Group’s salary and incentives.

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

ACQUISITION AND DISPOSAL

On 8 February 2013, Shenyang Trendy Property Company Limited ("Shenyang Trendy"), a company established in the PRC and an indirect wholly-owned subsidiary of the Company, entered into a cooperation agreement with Shenyang New World Hotel Co., Ltd. ("SYNWH"), a company established in the PRC and an indirect wholly-owned subsidiary of New World China Land Limited. Pursuant to the cooperation agreement, Shenyang Trendy and SYNWH agreed to cooperate in a redevelopment project. Shenyang Trendy agreed to surrender to the local government authority the land and building which it owns and where Shenyang Nanjing Street Branch Store is situated ("the Building") for a compensation of RMB250,012,000. Shenyang Trendy agreed to make contribution of approximately RMB527,060,000 (subject to further adjustments) to SYNWH for the related costs of demolition of the Building and design, construction and payment of any relevant land grant premium of the lower ground level 1 to upper ground level 5 of the redeveloped building of which an expected floor area of approximately 26,353 sq.m. will be attributable to Shenyang Trendy.

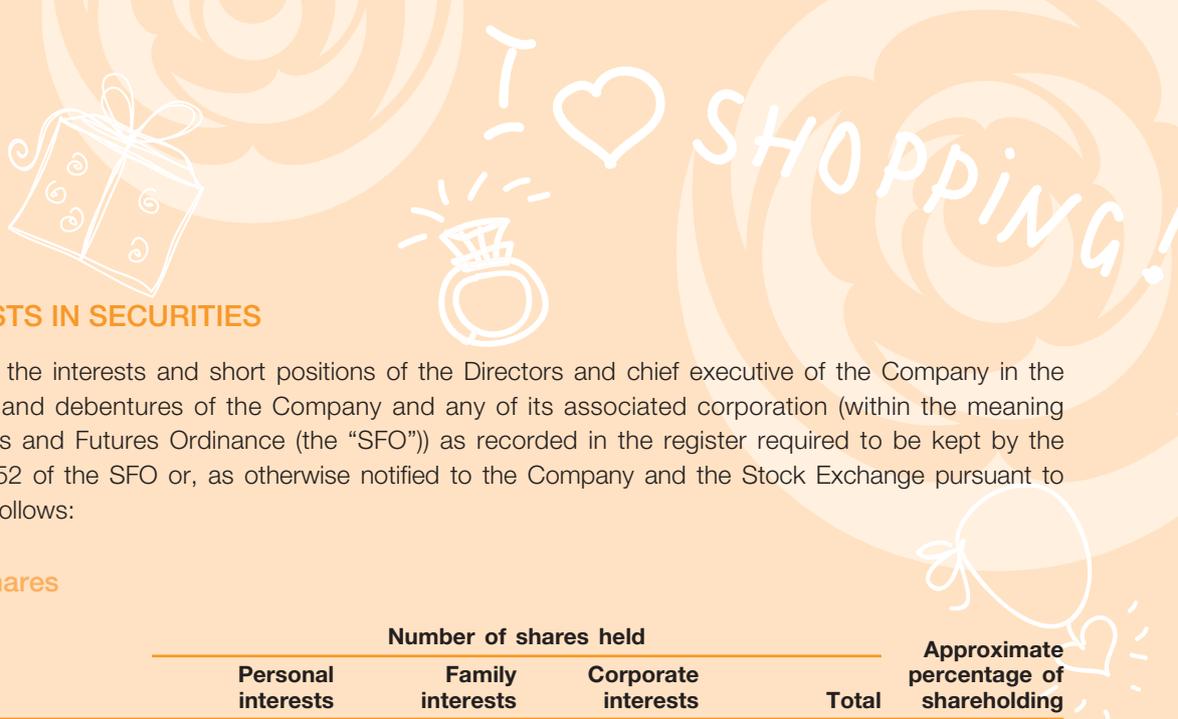
PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its listed securities during the six months ended 31 December 2012. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the six months ended 31 December 2012.

UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Directors since the date of the Company's Annual Report 2012 is set out below:

Ms. Ngan Man-ying, Lynda was re-designated as non-executive Director in December 2012.



DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2012, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or, as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

(a) Long positions in shares

	Number of shares held			Total	Approximate percentage of shareholding
	Personal interests	Family interests	Corporate interests		
Mega Choice Holdings Limited					
(in liquidation)					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	–	–	420,585,070 ⁽¹⁾	420,585,070	34.61
New World China Land Limited					
(Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	29,985,826	4,387,500	117,610,200 ⁽²⁾	151,983,526	1.75
New World Development Company Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	–	450,000	–	450,000	0.01
NWS Holdings Limited					
(Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	18,349,571	–	12,000,000 ⁽²⁾	30,349,571	0.83

Notes:

- (1) These shares are beneficially owned by certain companies wholly-owned by Dr. Cheng Kar-shun, Henry.
- (2) These shares are beneficially owned by a company wholly-owned by Dr. Cheng Kar-shun, Henry.



DIRECTORS' INTERESTS IN SECURITIES (continued)**(b) Long positions in underlying shares — share options***i. The Company*

Under the share option scheme of the Company, the undermentioned Directors have personal interests in share options to subscribe for shares of the Company. Certain details of the share options of the Company held by them during the six months ended 31 December 2012 were as follows:

Name	Date of grant	Exercisable period (Notes)	Number of share options held				Balance as at 31 December 2012	Exercise price per share HK\$
			Balance as at 1 July 2012	Granted during the period	Exercised during the period	Lapsed during the period		
Dr. Cheng Kar-shun, Henry	27 November 2007	(1)	1,000,000	–	–	–	1,000,000	8.660
Mr. Au Tak-cheong	27 November 2007	(1)	250,000	–	–	–	250,000	8.660
Ms. Ngan Man-ying, Lynda	27 November 2007	(1)	500,000	–	–	–	500,000	8.660
Mr. Cheng Chi-kong, Adrian	27 November 2007	(1)	500,000	–	–	–	500,000	8.660
Mr. Cheung Fai-yet, Philip	27 November 2007	(1)	1,500,000	–	–	–	1,500,000	8.660
	25 March 2008	(2)	500,000	–	–	–	500,000	8.440
Mr. Lin Tsai-tan, David	27 November 2007	(1 & 4)	459,000	–	–	(459,000)	–	8.660
	25 March 2008	(2 & 4)	230,000	–	–	(230,000)	–	8.440
Mr. Wong Kwok-kan, Kenneth	27 November 2007	(1)	501,000	–	–	–	501,000	8.660
	25 March 2008	(2)	250,000	–	–	–	250,000	8.440
Mr. Cheong Ying-chew, Henry	27 November 2007	(1)	250,000	–	–	–	250,000	8.660
Mr. Chan Yiu-tong, Ivan	27 November 2007	(1)	250,000	–	–	–	250,000	8.660
Mr. Tong Hang-chan, Peter	27 November 2007	(1)	250,000	–	–	–	250,000	8.660
Mr. Yu Chun-fai	27 November 2007	(1)	250,000	–	–	–	250,000	8.660
			6,690,000	–	–	(689,000)	6,001,000	

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Divided into 5 tranches exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013 respectively to 24 March 2014, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (3) The cash consideration paid by each Director for each grant of the share options is HK\$1.00.
- (4) Mr. Lin Tsai-tan, David resigned with effect from 1 August 2012, any unexercised share options held by him lapsed with effect from 1 November 2012.



DIRECTORS' INTERESTS IN SECURITIES (continued)

(b) Long positions in underlying shares — share options (continued)

ii. New World China Land Limited

Under the share option scheme of a fellow subsidiary, New World China Land Limited (“NWCL”), the undermentioned Directors have personal interests in share options to subscribe for shares of NWCL. Certain details of the share options of NWCL held by them during the six months ended 31 December 2012 were as follows:

Name	Date of grant	Exercisable period (Notes)	Number of share options held				Balance as at 31 December 2012	Exercise price per share HK\$
			Balance as at 1 July 2012	Granted during the period	Exercised during the period	Lapsed during the period		
Dr. Cheng Kar-shun, Henry	29 December 2008	(1)	1,860,826	–	(1,860,826)	–	–	1.290
	18 January 2011	(2)	2,077,922	–	–	–	2,077,922	3.036
Mr. Cheng Chi-kong, Adrian	29 December 2008	(3)	350,425	–	–	–	350,425	1.290
	18 January 2011	(2)	1,558,442	–	–	–	1,558,442	3.036
Ms. Ngan Man-ying, Lynda	29 December 2008	(4)	177,234	–	(176,000)	–	1,234	1.290
	18 January 2011	(2)	1,038,961	–	–	–	1,038,961	3.036
			7,063,810	–	(2,036,826)	–	5,026,984	

Notes:

- (1) Divided into 4 tranches exercisable from 30 January 2009, 30 January 2010, 30 January 2011 and 30 January 2012 respectively to 29 January 2013.
- (2) Divided into 5 tranches exercisable from 19 February 2011, 19 February 2012, 19 February 2013, 19 February 2014 and 19 February 2015 respectively to 18 February 2016.
- (3) Divided into 2 tranches exercisable from 30 January 2011 and 30 January 2012 respectively to 29 January 2013.
- (4) Exercisable from 30 January 2012 to 29 January 2013.
- (5) The cash consideration paid by each Director for each grant of the share options is HK\$10.00.



DIRECTORS' INTERESTS IN SECURITIES (continued)**(b) Long positions in underlying shares — share options** (continued)*iii. New World Development Company Limited*

Under the share option scheme of the holding company, New World Development Company Limited (“NWD”), the undermentioned Directors have personal interests in share options to subscribe for shares of NWD. Certain details of the share options of NWD held by them during the six months ended 31 December 2012 were as follows:

Name	Date of grant	Exercisable period (Note)	Number of share options held					Balance as at 31 December 2012	Exercise price per share ⁽²⁾ HK\$
			Balance as at 1 July 2012	Granted during the period	Adjusted during the period ⁽²⁾	Exercised during the period	Lapsed during the period		
Dr. Cheng Kar-shun, Henry	19 March 2012	(1)	10,001,320	–	5,575	–	–	10,006,895	9.764
Mr. Cheng Chi-kong, Adrian	19 March 2012	(1)	3,500,462	–	1,951	–	–	3,502,413	9.764
Mr. Au Tak-cheong	19 March 2012	(1)	2,500,330	–	1,393	–	–	2,501,723	9.764
			16,002,112	–	8,919	–	–	16,011,031	

Notes:

- (1) Divided into 4 tranches exercisable from 19 March 2012, 19 March 2013, 19 March 2014 and 19 March 2015 respectively to 18 March 2016.
- (2) NWD declared final dividend for the year ended 30 June 2012 in scrip form (with cash option) during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK\$9.769 to HK\$9.764 on 31 December 2012.
- (3) The cash consideration paid by each Director for grant of the share options is HK\$10.00.

DIRECTORS' INTERESTS IN SECURITIES (continued)**(b) Long positions in underlying shares — share options** (continued)*iv. NWS Holdings Limited*

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited ("NWSH"), the undermentioned Director has personal interests in share options to subscribe for shares of NWSH. Certain details of the share options of NWSH held by him during the six months ended 31 December 2012 were as follows:

Name	Date of grant	Exercisable period (Note)	Number of share options held				Balance as at 31 December 2012	Exercise price per share HK\$
			Balance as at 1 July 2012	Granted during the period	Exercised during the period	Lapsed during the period		
Dr. Cheng Kar-shun, Henry	21 August 2007	(1)	4,580,773	–	(4,580,773)	–	–	10.609
			4,580,773	–	(4,580,773)	–	–	

Notes:

- (1) 40% of the share options are exercisable from 21 August 2008 to 20 August 2012 while the remaining 60% of the share options are divided into 3 tranches exercisable from 21 August 2009, 21 August 2010 and 21 August 2011 respectively to 20 August 2012.
- (2) The cash consideration paid by the Director for grant of the share options is HK\$10.00.

Save as disclosed above, as at 31 December 2012, none of the Directors and chief executive of the Company or any of their respective associates had any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporation (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.

SHARE OPTION MOVEMENTS OF OTHER ELIGIBLE PARTICIPANTS

The Company

Date of grant	Exercisable period (Notes)	Number of share options				Balance as at 31 December 2012	Exercise price per share HK\$
		Balance as at 1 July 2012	Granted during the period	Exercised during the period	Lapsed during the period		
27 November 2007	(1)	7,873,000	–	–	(685,000)	7,188,000	8.660
25 March 2008	(2)	1,549,000	–	–	(50,000)	1,499,000	8.440
		9,422,000	–	–	(735,000)	8,687,000	

Notes:

- (1) Divided into 5 tranches exercisable from 27 November 2008, 27 November 2009, 27 November 2010, 27 November 2011 and 27 November 2012 respectively to 26 November 2013, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (2) Divided into 5 tranches exercisable from 25 March 2009, 25 March 2010, 25 March 2011, 25 March 2012 and 25 March 2013 respectively to 24 March 2014, provided that the maximum number of share options that can be exercised during each anniversary year is 20% of the total number of share options granted together with any unexercised share options carried forward from the previous anniversary years.
- (3) The cash consideration paid by each participant for each grant of the share options is HK\$1.00.



SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2012, the following persons (not being the Directors or chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company as were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Number of shares held			Approximate percentage of shareholding (direct or indirect)
	Beneficial interests	Corporate interests	Total	
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	–	1,218,900,000	1,218,900,000	72.29
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	–	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	–	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook (Holding) Limited ("CTFH") ⁽⁴⁾	–	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook Enterprises Limited ("CTF") ⁽⁵⁾	–	1,218,900,000	1,218,900,000	72.29
New World Development Company Limited	1,218,900,000	–	1,218,900,000	72.29

Notes:

- (1) CYTFH holds 48.98% direct interest in CTFC and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFC.
- (2) CYTFH-II holds 46.65% direct interest in CTFC and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFC.
- (3) CTFC holds 74.07% direct interest in CTFH and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTFH.
- (4) CTFH holds 100% direct interest in CTF and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by CTF.
- (5) CTF together with its subsidiaries have interests in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by NWD.

Save as disclosed above, the Directors are not aware of any person (not being the Directors or chief executive of the Company) who, as at 31 December 2012, had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.



Corporate Information

BOARD OF DIRECTORS

Non-executive Directors

Dr. Cheng Kar-shun, Henry (*Chairman*)
Mr. Au Tak-cheong
Ms. Ngan Man-ying, Lynda

Executive Directors

Mr. Cheng Chi-kong, Adrian
Mr. Cheung Fai-yet, Philip (*Managing Director*)
Mr. Wong Kwok-kan, Kenneth

Independent Non-executive Directors

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

COMPANY SECRETARY

Miss Wu Yuk-kwai, Catherine

AUDITOR

PricewaterhouseCoopers

SOLICITORS

Eversheds
Woo, Kwan, Lee & Lo

PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor
Royal Bank House
24 Shedden Road
George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER AGENT

Tricor Investor Services Limited
26th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL BANKERS

Bank of Communications Co., Ltd.
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited

STOCK CODE

Hong Kong Stock Exchange 825

INVESTOR INFORMATION

For more information about the Group, please contact the Corporate Affairs Department of New World Department Store China Limited at:
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WEBSITE

www.nwds.com.hk



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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VIP Website: www.nwds-vip.com
e-Shopping: www.enwds.com

