



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 the retail flagship of New World Development Company Limited, which owns 72% shares of the Group. As one of the largest owners and operators of department stores in Mainland China, the Group was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited in 2007. After decades of hard work, the Group has been widely recognized as a retailer of quality merchandise and a symbol of quality living.

SECURING STRATEGIC Footholds: OUR NETWORK

To establish ourselves as a leading department store operator in Mainland China, the Group has been proactively expanding our store network across the country. As at 31 December 2013, we operated and managed 39 self-owned stores and four managed stores in Mainland China with a total of gross floor area of approximately 1,630,790 square meters, including 32 "New World" branded department stores, 10 "Ba Li Chun Tian" (巴黎春天) branded department stores in Shanghai and one "Shanghai Hongxin Trendy Plaza" (上海泓鑫時尚廣場) shopping mall in Shanghai, covering 21 major cities in Mainland China, including Wuhan, Shenyang, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou, Changsha, Chongqing, Chengdu, Anshan, Nanjing, Zhengzhou, Mianyang, Yancheng, Xi'an, Yanjiao and Yantai.

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 Galleries" target people of all ages and both genders, with 20% to 30% of the store operating area being reserved for complementary facilities, such as supermarkets, restaurants, fitness centers, beauty salons, children's playgrounds, to satisfy people from all walks of life. "Fashion Galleries" are positioned as "Trendy" department stores with the elements of "Characters" and "Taste", emphasizing "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 and consultancy fees.

EFFICIENT MANAGEMENT: OUR ORGANIZATIONAL STRUCTURE

For organizational structure, the Group adopts an efficient three-tier management structure which comprises central management, regional management and local management. Operation-wise, we divide our national store network into three operating regions and nine operating districts that leverage a central pool of administrative support in human resources, finance and corporate communications to enable higher level of flexibility on resource deployment.

PROFESSIONALISM FROM TOP TO BOTTOM: OUR PEOPLE

As at 31 December 2013, the Group employed 6,645 people, with the majority being local recruits. Well-trained and motivated, the whole crew is united under the leadership of a management team with over two-decade relevant experience in pursuit of our vision and mission.



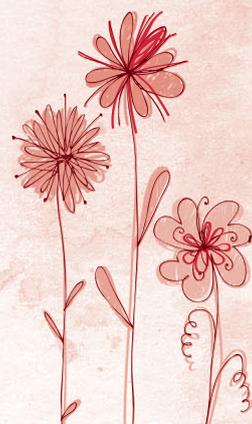


ANNIVERSARY

Seizing the business opportunities aroused from the open door policy and economic reforms of Mainland China, New World Group established New World Department Store in 1993 which opened its first store in Wuhan the following year to storm into China's retail market. Over the past two decades, through employing diligent management and innovative marketing promotions, New World Department Store has become one of the largest department store operators in Mainland China. We will continue to keep up the good work and concurrently, undertaking corporate social responsibilities in a proactive manner to build a brighter future collectively.

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Financial Highlights



* Operating profit excluding other loss and changes in fair value of investment properties



Six months ended 31 December

Financial Ratios

	2013	2012
Revenue growth	4.8%	19.7%
Commission income rate	17.7%	17.8%
Rental income growth	30.5%	47.1%

Profit for the period: HK\$349,944 thousand

Six months ended 31 December

	2013 HK\$'000	2012 HK\$'000
Operating Result		
Revenue	2,125,287	2,028,611
Representing:		
Commission income from concessionaire sales	1,351,399	1,331,066
Sales of goods – direct sales	410,328	436,323
Management and consultancy fees	41,042	13,966
Rental income	322,518	247,226
Operating profit	460,359	422,238
Operating profit excluding other loss and changes in fair value of investment properties	453,828	407,653
Profit for the period	349,944	331,614
Profit for the period excluding other loss and changes in fair value of investment properties and its related income tax expense	345,525	301,666

As at 31 December 2013 HK\$'000	As at 30 June 2013 HK\$'000
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Financial Position		
Fixed deposits, cash and cash equivalents	3,171,102	2,959,470
Total assets	14,783,366	12,834,265
Total liabilities	7,874,176	6,208,609
Total equity	6,909,190	6,625,656

Chairman's Statement

In 2013, in response to global economic uncertainties, the Chinese government took a series of measures to stabilize growth and accelerate the reform agenda, thus China's economy started to show signs of recovery. Benefiting from the policies relating to economic transformation and new urbanization, the total retail sales of consumer goods climbed steadily and has become the key driver of economic growth. On the other hand, the rapid emergence of e-commerce and customers' growing preferences on experiential consumption such as entertainment and services have posed challenges to retailers and catalyzed the transformation of department store sector. During the period under review, a number of retailers were acquired or restructured, indicating that the consumer market is undergoing an intensifying competition and elimination.

During the period under review, the Group's "rebranding program" launched in 2009 was near completion. The Group has categorized stores into "Fashion Galleries" – thematic department stores with a focus on clothing and accessories, and "Living Galleries" – one-stop shopping department stores, through the restructuring of its merchandise mix and introduction of more in-store complementary facilities such as restaurants and entertainment. The Group now adopts a hybrid operation model which has brought a sustainable and steady growth to its business ever since its implementation. To cope with the challenging operating environment, the Group continued to exercise effective cost control on one hand; on the other hand, riding on the 20th anniversary, the Group launched a new private label, introduced O2O marketing model, promoted cross-industry collaboration and further expanded our footholds to the fast-growing third- and fourth-tier cities, paving the way for the Group's long-term development.

For the six months ended on 31 December 2013, revenue of the Group amounted to HK\$2,125.3 million, increased by 4.8% over the same period of Previous Year. Profit for the period was HK\$349.9 million. Excluding other loss and changes in fair value of investment properties and its related income tax expenses, profit for the period increased from HK\$301.7 million over the same period of Previous Year to HK\$345.5 million, representing an increase of approximately 14.5%. Earnings per share was HK\$0.21. The Board of Directors resolved to distribute an interim dividend of 9.4 HK cents per share.

Thanks to the government's extended efforts on fostering urban and rural development in recent years, the upgraded transportation network in third- and fourth-tier cities has engined an economic take-off. In view of this, the Group has penetrated into these cities in a proactive manner and carried through its expansion strategies of "radiation city" and "multiple presences within a single city" to gradually increase the number of self-owned stores and managed stores in addition to the existing store network through leasing, acquisition and provision of store management services. During the period under review, the Group completed two acquisitions, namely, Shanghai Hongxin Trendy Plaza and Shanghai Wujiaochang Branch Store which took place in July and late-November 2013 respectively, reinforcing the Group's leading position in Shanghai. In addition, the Group entered Yantai City, Shandong Province and established Yantai Store, a "Living Gallery" with a GFA of approximately 55,000 sq.m. in December 2013. As at 31 December 2013, the Group operated and managed 39 self-owned stores and four managed stores, with a total GFA of approximately 1,630,790 sq.m.

Taking a consumer-driven approach, the Group consistently optimizes its merchandise mix. Other than carrying out special maintenance on category killers and bringing in new international brands, the Group also introduced a private label, LOL, featuring a tasteful lifestyle attitude during the period under review. All LOL premiums are sourced from all over the world. They do not only add distinction to the merchandise portfolio, but also enlarge the Group's differentiation advantages,



so as to improve the gross profit margin of goods from direct sales. Currently, the four LOL specialty stores residing in New World Department Stores and Shanghai K11 have earned positive market feedbacks and achieved remarkable sales performance since their openings. Therefore, the Group will accelerate the development of LOL with the aim to increase the number of LOL specialty stores to over 20 by FY2015.

The Group acknowledges that technology has brought revolutionary changes to our daily lives. Hence, in this era of mobile communications, the Group actively explores new media channels and leverages online platforms including social entertainment portals, video sharing websites, Weibo and WeChat for promotional purposes. Furthermore, during the period under review, the Group made a remarkable move towards O2O through the collaboration with Tencent's Tenpay to launch NWDS "T-VIP Card", a "3-in-1" card that merges membership card, bonus point card and prepaid card together, making the Group the first department store chain in Mainland China to put this technology in use. Concurrently, the Group gradually strengthened its in-store Wi-Fi infrastructures while digital walls and touchscreen directories will be installed to provide customers with a more convenient shopping experience.

The Group has always been committed in promoting corporate sustainable development. At our 20th anniversary, the Group rolled out multiple sustainable community projects to give back to society. For community services, in addition to sponsoring the "MSF Day" for the seventh consecutive year as the top corporate fundraiser, the Group also kicked off the "@Dream Program", a large-scale nationwide sustainable community project, to help about 5,000 under-resourced children pursue their dreams through a series of activities under the themes of music, learning, sports and soul.

For environmental protection, the Group has organized the "Green Mid-Autumn Festival – Moon Cake Box Recycling Campaign" for three consecutive years and started carbon auditing at some of our offices. For staff benefits and development, on top of the comprehensive on-the-job training provided by NWDS Management Academy, the Group held the year-long "Caring Our Staff" campaign to appreciate employees' contribution to the Group over the years and boost employee

morale. To encourage employees' participation in volunteer work, NWDS Volunteer Team was established in April 2013. During the period under review, about 150 volunteer activities were organized with over 3,500 service hours in total. The Group and our employees have donated a total of approximately HK\$3.82 million, which was a 223% jump compared with the same period in Previous Year, demonstrating the dedication of NWDS family to caring for the community.

Looking forward, the global economy is expected to enter a mild recovery track and an economic transformation is inevitable in Mainland China. In the Third Plenary Session of the Eighteenth Communist Party of China Central Committee and the Central Economic Work Conference, the government has clearly ushered that the expansion of domestic consumption will become a leading driver of China's economic growth and the government will exert extended effort to incubate new consumption hotspots. Therefore, China's consumer market is expected to maintain a moderate growth in 2014. The Group will grasp every opportunity and adopt the innovative "Something New Everyday" operating philosophy to further extend our footholds in third- and fourth-tier cities through the expansion strategies of "radiation city" and "multiple presences within a single city". The Group aims to increase the total GFA to approximately two million sq.m. by FY2016.

On behalf of the Board of Directors, I wish to thank our shareholders, customers and business partners for their continuous support to the Group. I would also like to express my heartfelt appreciation to all fellow staff members for their dedicated efforts and contribution during the period. China's consumer market has ample room for development, and I am confident that with the commitment of the management and our staff, the Group will offer the most diversified shopping experience to customers.

Dr. Cheng Kar-shun, Henry
Chairman

Hong Kong, 25 February 2014



Milestones

2013

JULY

- Completed the acquisition of the property and operating rights of Shanghai Hongxin Trendy Plaza with a GFA of approximately 43,000 sq.m., further expanding the Group's presence in Shanghai
- Launched the "@Dream Sustainable Development Program", the largest nationwide sustainable community project in the Group's history, to help about 5,000 under-resourced children in Mainland China and Hong Kong pursue their dreams
- Became the key sponsor of the "MSF Day" for the seventh consecutive year
- FY2012 Annual Report garnered the Gold Award in the "Cover Photo / Design" category and the Bronze Award in the "Interior Design" category in "Retail: Convenience & Department Store" sector in the 2013 ARC Awards
- FY2012 Annual Report received the Bronze Award in the category of "Consumer Services" in the LACP 2012 Vision Awards Annual Report Competition

AUGUST

- Echoing the "@Sports – Hope Walkathon" theme of the "@Dream Program", the Group organized the "New Life • New World" children fundraising walkathon concurrently in four cities, namely Beijing, Shanghai, Zhengzhou and Mianyang to raise money for under-resourced children

SEPTEMBER

- Launched the nationwide "@Soul – Distant Calls" spare cell phone acquisition campaign to help left-behind children in Qinghai stay in touch with their parents
- Organized the nationwide environmental protection activity, "Green Mid-Autumn Festival – Moon Cake Box Recycling Campaign", for the third consecutive year to promote low-carbon and green lifestyle
- Garnered the "Top 500 Asia Brand Award" and the honor of "Top 10 (Industry) Most Investment Value Brand in China" in the "8th Asia Brand Ceremony"

OCTOBER

- Co-launched NWDS "T-VIP Card" with Tencent's Tenpay and became the first department store chain in Mainland China to put this technology in use



- “@Music – Rainbow Orchestra” staged an interim performance publicly at Shanghai Shaanxi Road Branch Store to demonstrate the results from the hard work of the under-resourced students
- FY2012 Annual Report won the Bronze Award in the category of “Copywriting: Annual Reports – Asia” in the 2013 Galaxy Awards
- Hong Kong office was awarded the Certificate of Participation and “CarbonSmart Low-Carbon Commitment Partner” certificate in the “CarbonSmart Programme”

NOVEMBER

- Completed the acquisition of Shanghai Wujiaochang Branch Store with a GFA of approximately 44,000 sq.m. and converted it from a managed store into a self-owned store, further strengthening the Group’s development edge in Shanghai
- Organized the “@Soul – Santa Claus is Coming” activity to help make migrant children’s Christmas wishes come true

DECEMBER

- Grandly opened a “Living Gallery” with a GFA of approximately 55,000 sq.m. in Yantai City, Shandong Province
- Joined hands with the global entertainment giant, Warner Bros., to introduce Tom & Jerry themed festive decorations and activities to stores across the country
- Hong Kong office garnered the UNMDG’s “Better World Company” Label and the “Green Office” Label from the World Green Organization
- NWDS Management Academy was accredited as the “China’s Best Corporate University” and garnered “The Award for Social Responsibility of China Corporate University” while its “Project Feipeng – Core Talents Nurturing Plan” won the honor of “Top 20 China Corporate Training Program”

2014

JANUARY

- NWDS’ revamped website was glamorously launched, supporting all mobile devices and creating a brand new browsing experience
- Garnered the “2013 China Charity – Group Award” in the “2013 China Charity Festival” while its “@Dream Program” won the honor of the “2013 Best Charity Project”



Business Review

The Group's revenue increased by 4.8% from HK\$2,028.6 million for the six months ended 31 December 2012 (or "1HFY2013" or "the same period of Previous Year") to HK\$2,125.3 million for the six months ended 31 December 2013 (or "1HFY2014" or "the Current Period"). Profit for the Current Period, excluding other loss and changes in fair value of investment properties and its related income tax expenses, increased by approximately 14.5% to HK\$345.5 million from HK\$301.7 million of the same period of Previous Year.

BUSINESS NETWORK

In 1HFY2014, the Group operated 43 department stores, with a total gross floor area ("GFA") of about 1,630,790 square meters (sq.m.) and a total operating floor area ("OFA") of about 1,319,200 sq.m. Located in three operating regions, namely Northern China, South Eastern China and Central Western China, the stores covered 21 major cities in Mainland China. These included Wuhan, Shenyang, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou,

Changsha, Chongqing, Chengdu, Anshan, Nanjing, Zhengzhou, Mianyang, Yancheng, Xi'an, Yanjiao, and Yantai with 39 self-owned stores and four managed stores.

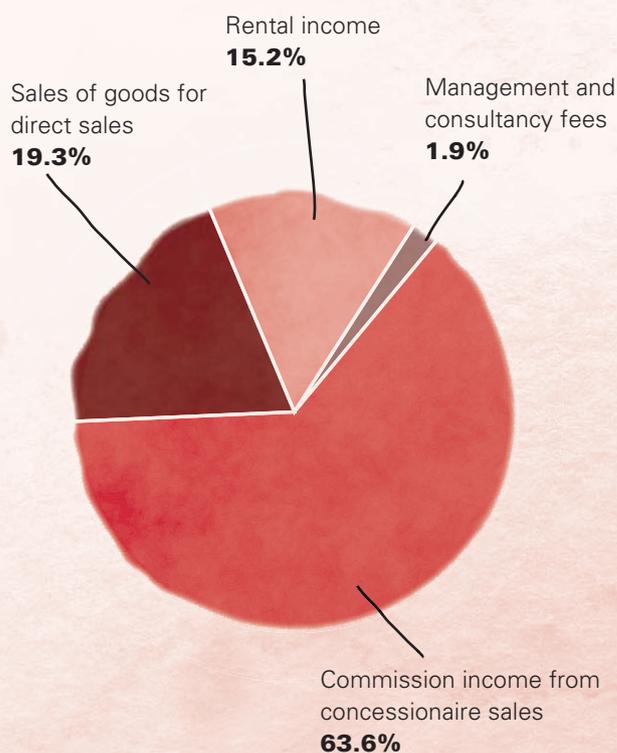
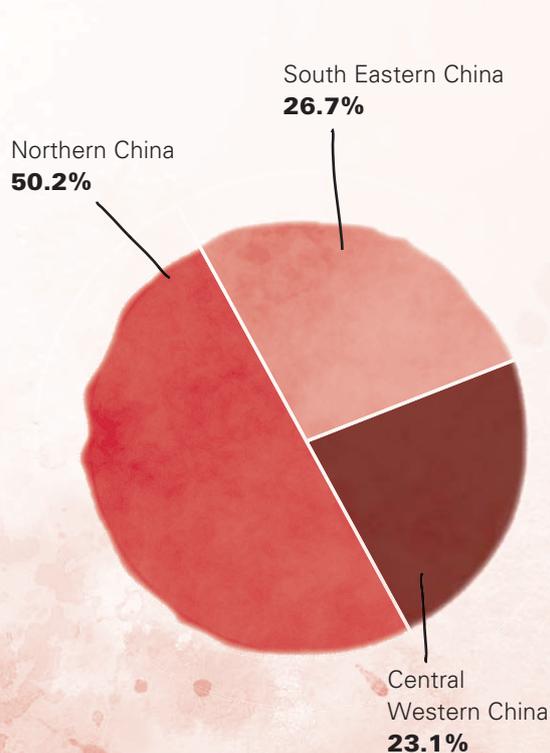
REVENUE CONTRIBUTION

By Region

The Northern China Region contributed the most to the Group's revenue during the period under review, accounting for 50.2% of revenue, followed by the South Eastern China Region and the Central Western China Region, accounting for 26.7% and 23.1% respectively.

By Segment

Commission income from concessionaire sales was the major source of income, accounting for 63.6% of revenue. Sales of goods for direct sales and rental income accounted for 19.3% and 15.2% respectively. Management and consultancy fees accounted for 1.9%.



STORE NETWORK DEVELOPMENT

During the period under review, the Group completed the acquisition of Shanghai Hongxin Trendy Plaza and Hong Kong New World Department Store-Shanghai Wujiaochang Branch Store ("Shanghai Wujiaochang Branch Store"), which further strengthened its market position in Shanghai. In addition, the Group continued to expand its business scale in the Northern China Region. A new self-owned store in Yantai City, Shandong Province, Yantai New World Department Store ("Yantai Store"), was set up.

As at 31 December 2013, the Group's total GFA was approximately 1,630,790 sq.m., representing an increase of 9.5% year-on-year. Self-owned stores accounted for 1,493,590 sq.m., which marked a 10.8% growth year-on-year.

OPERATIONS STRATEGIES

During the period under review, the rapid emergence of e-commerce and changes in consumer behavior posed challenges to traditional retailers. To meet customers' growing need for experiential consumption, the Group has been implementing a forward-looking "rebranding program" to revamp our merchandise mix and enrich our in-store complementary facilities in a responsive manner. To celebrate the Group's 20th anniversary, the operating philosophy of "Something New Everyday" was introduced along with a number of revolutionary measures, such as strengthening private label business, fostering cross-industry collaboration and adopting O2O (Online-to-Offline) marketing model. All of these initiatives have further reinforced and created competitive edge for the Group's business development in the long run.

"Rebranding Program" Heading to Harvest

The Group's "rebranding program" has come to its final stage since its launch in 2009 and has brought a sustainable and steady growth for our business over the years. As at 31 December 2013, taking the newly opened stores into account, about 95% of the total GFA was operating under the rebranded image.

Introducing Private Labels to Improve Gross Profit Margin

The Group set up its first LOL (Love • Original • Life) speciality store in Hong Kong New World Department Store-Shanghai Pujian Branch Store ("Shanghai Pujian Branch Store") in FY2013. During the period under review, three more LOL speciality stores were opened in Shanghai K11, Beijing New World Department Store ("Beijing Store") and Wuhan New World Department Store ("Wuhan Store") respectively to offer trendy and unique private label products procured and sold directly by the Group to increase the gross profit margin of goods from direct sales. The inventory risk is relatively low due to the non-seasonal properties of these merchandises.

Optimizing Merchandise Mix to Enhance Differentiation Advantages

As usual, females continue to be the dominated customer group in the consumer market, therefore the Group continued to carefully maintain the female-oriented category killers, including ladies' formal wear, young ladies' fashion, ladies' footwear, etc. In view of customers' growing consciousness on work-life balance, outdoor recreation merchandises have become a new engine of sales growth. During the period under review, Wuhan New World Trendy Plaza ("Wuhan Trendy Plaza") introduced numerous sports and casual wear brands, such as New Balance, Levi's and Giordano, into the store while Shanghai Pujian Branch Store upgraded its sports area by setting up the first adidas concept store in the district and revamping Nike and FILA concessionaire counters. In addition, a number of stores continued to carry out business revamp by adjusting their merchandise mix and sales area in accordance with their domestic consumer markets to cater for the local needs. Targeting at the middle- and high-end consumers, Shanghai Pujian Branch Store brought in more internationally renowned brands, namely Tissot, Mido, Max Factor, etc. to elevate store's profile and ticket price, further expanding the Group's differentiation advantages.



BUSINESS REVIEW

Strengthening Strategic Partnership with Suppliers

Suppliers have always been the vital business partners to the Group. During the period under review, the Group continued to consolidate and optimize the “Head Office – Region – Store” three-tier supplier management system to maintain partnerships with brands by tiers. Through adopting the “Strategic Brand Management Approach”, the Group broadened and deepened the collaboration with core brands to seek greater synergies proactively. On the other hand, the Group facilitated the sharing of suppliers’ resources among stores to drive the overall cost on brand maintenance down. To enhance the Group’s merchandising capabilities in order to draw more renowned brands into our stores, a national merchandising team and a business planning and management team were set up as the central units to oversee and manage stores’ leasing and restructuring projects.

Hybrid Model to Boost Rental Income and Operating Efficiency

The Group has consistently adjusted the ratio of concessionaire and leasing business with the aim to achieve higher operating efficiency. During the period under review, in view of the thriving leasing market, the Group progressively expanded stores’ leasing area to capture stable rental income. Shenyang New World Department Store-Zhonghua Road Branch Store (“Shenyang Zhonghua Road Branch Store”), for instance, revamped its sixth floor from offering home furnishing and bedding products to catering area; Yancheng New World Department Store (“Yancheng Store”) opened a huge children’s playground on the third floor and carried out massive restructuring on its fourth and fifth floors to accommodate catering facilities. Enriched complementary facilities successfully increased foot traffic, lengthened customers’ duration of stay, and further stimulated merchandise sales.

Thorough Marketing Reforms to Create Surprises Everyday

Riding on the Group’s 20th anniversary in Year 2013, the Group revolutionarily launched a new marketing strategy called “Something New Everyday” and invited famous singer Jam Hsiao to perform NWDS theme song as the curtain raiser for the upcoming marketing activities, showcasing the Group’s dedication to deliver a brand new shopping and leisure experience to customers.

During the period under review, the Group achieved a number of cross-industry collaboration with industry leaders from different sectors to present customers a unique shopping experience. During the Christmas and New Year period, the Group launched its first cooperation with the global entertainment giant, Warner Bros., to introduce Tom & Jerry themed festive decorations and activities to the stores. Beijing New World Liying Department Store (“Beijing Liying Store”) invited Real Madrid Legends from Spain to stage a performance to showcase their football skills, resulting in over 2,000 onlookers on-site and a substantial sales increase. To foster our stores’ artistic and fashion ambience, Beijing Liying Store partnered with the Central Academy of Fine Arts to hold several art exhibitions and charity sales which attracted more than 3,500 visitors in total, while Changsha New World Trendy Plaza (“Changsha Trendy Plaza”) co-organized the “Style Hong Kong Show” with the Hong Kong Trade Development Council and transformed the store into a lifestyle hotspot. In addition, the Group launched “Enjoy Extraordinary Property Courtesy” shopping vouchers and “More Fortune” marketing campaign with New World China Land and Chow Tai Fook respectively, strengthening the partnerships with affiliated companies.

To consolidate stores’ resources and create influential promotional events on a national scale, the Group organized a series of themed collaborative activities during the period under review. Nationwide marketing activities such as “Tailored Feast for You” and “Clear Weather, New Year Mega Sales” were glamorously held in September and December 2013 respectively. The massive activities successfully generated sales of over RMB1 billion each. In November 2013, 10 NWDS “Ba Li Chun Tian” branded department stores in Shanghai jointly presented “Give Me Five – Non-stop Mega Sales”, an annual signature event that is most anticipated by Shanghai customers, and generated sales of about RMB240 million in total. Collaborative activities not only increase the popularity of the campaign, but also boost NWDS’ brand image, facilitate resource sharing and reduce inputs from individual store.

During the period under review, the Group often held themed marketing activities in traditional festivals and non-peak shopping seasons to incubate customers’ year-round consumption habit. Beijing Liying Store and

Yanjiao New World Department Store ("Yanjiao Store") presented the Double Seventh cosmetic sales event; Lanzhou New World Department Store ("Lanzhou Store") organized "Turkey Feast; Thanks Gifting" event on Thanksgiving Day and offered discounts, complimentary gifts and free donuts to customers; Wuhan Store and Anshan New World Department Store ("Anshan Store") held "Red Hot Tuesdays" weekly supermarket promotions and "Shoes Day" sales campaign on the 21st of every month to attract customers to shop on specific days.

During the period under review, the Group continued the merit tradition of organizing its signature events, such as "Non-stop Mega Sales" and "Stores Anniversaries", and incorporated many creative elements to spice up the activities. On its 15th anniversary, Beijing Store held a series of bustling activities in its "60-hour Non-stop Mega Sales", including the classic "Crazy Giveaway" and "Midnight Mobile Giveaway", as well as the firstly-introduced "Half Price on Winter's New Arrivals" and "Limited Offer: Seven Times Upgrade". In its "Five Golden Years" anniversary promotion, Beijing Liying Store paved a "Golden Avenue" outside the store and gave away gold for free upon purchase of a certain amount. The event marked the store's record-high single-day sales with 25% year-on-year growth. Furthermore, Lanzhou Store, Anshan Store and Wuhan New World Department Store-Hanyang Branch Store ("Wuhan Hanyang Branch Store") prepared mega-size birthday cakes on their anniversaries and created a long queue and heated atmosphere when sharing them with customers.

Adopting O2O Marketing Model, Opening up New Media Channels

During the period under review, the Group made a remarkable move towards O2O. In October 2013, the Group and Tencent's Tenpay jointly launched NWDS "T-VIP Card", making the Group the first department store chain to put this technology in use. "T-VIP Card"

integrates membership card, bonus point earning card and prepaid card into one, so that users can enjoy a truly convenient shopping experience without having to bring the physical card or cash along. The card is currently operational in Shanghai Pujian Branch Store and will be rolled out in other stores subsequently. In addition, the Group upgraded its traditional VIP card to "N-VIP" card in December 2013 to incorporate prepaid function and to enable VIP members to redeem gifts on the Internet and at in-store gift redemption vending machines.

The Group has actively extended new media channels and strived to leverage social entertainment portals, video sharing websites, Weibo and WeChat for promotional purposes. During the period under review, all stores set up their Weibo and WeChat accounts to facilitate online promotions and organized online activities like "Follow with Prizes" and "Share with Rewards" to recruit more followers. For example, forwarding official feeds on "Tailored Feast for You" activity page made users eligible to redeem gifts at our stores to draw online fans to visit our physical stores. As at 31 December 2013, the total number of NWDS' Weibo and WeChat fans reached about 5.8 million and 790,000 respectively. Furthermore, the Group gradually strengthened its in-store Wi-Fi infrastructures while digital walls and touchscreen directories will be installed to provide customers with a more convenient shopping environment.

Optimizing VIP Structure to Engage with High-End Customers

During the period under review, the Group optimized its existing VIP membership structure through VIP database enhancement to help thoroughly analyze their spending frequency, amount, satisfaction level, etc., in order to maintain the top-tier VIP members with special care. Harbin New World Department Store ("Harbin Store"), Beijing New World Trendy Department Store ("Beijing Trendy Store") and Beijing



BUSINESS REVIEW

Liying Store respectively organized Russian oil painting appreciation, wine tasting and salmon tasting events exclusively for Platinum VIP members to be in line with their privileged lifestyle. Hong Kong New World Department Store-Shanghai Shaanxi Road Branch Store ("Shanghai Shaanxi Road Branch Store") invited "Perfect House Wife Club" members and their children to English class and Halloween dress-up party to enjoy precious moments with families.

The Group proactively seeks collaboration opportunities with brands to organize co-branded VIP events in order to increase interaction with VIP members and raise their awareness on the respective brands, so as to boost its sales and create win-win situation for both parties. During the period under review, Harbin Store and Xi'an New World Department Store ("Xi'an Store") cooperated with Weekend By MaxMara and Herborist respectively to hold a branded catwalk show and a skincare workshop, both of which received positive feedbacks from our members. As at 31 December 2013, the number of VIP members in Mainland China exceeded 3.9 million, representing a growth of about 12% year-on-year.

EXPANSION STRATEGIES

The new urbanization has long been identified as the key factor of China's economic transformation and is considered as the major driving force for the future economic growth and the most powerful engine for boosting domestic consumption. The State Council of People's Republic of China published the *China's Urbanization Plan 2012-2020* in June 2013, revealing the government's dedication to push forward the new urbanization policy and accelerate the urbanization process in third- and fourth-tier cities. To be in line with the relevant policies, the Group has devised the forward-looking expansion strategies of "radiation city" and "multiple presences within a single city" in early years. In addition to seeking potential projects in core cities, including Beijing, Shanghai, Wuhan, Shenyang and Chengdu, to further strengthen our regional advantages, the Group has also actively extended our presence in third- and fourth-tier cities through providing store management services to speed up the expansion of our nationwide store network. Looking forward, the Group plans to increase the total GFA to approximately two million sq.m. by FY2016.

In terms of self-owned stores, the Group will continue to increase the number of stores by means of leasing and acquisition. The close relationship with leading property developers and our extensive business network enable us to enjoy competitive and long-term leasing agreements to alleviate operating cost. Besides, intensified industry competition gives rise to elimination. By leveraging our financial strength, the Group has the option to convert managed stores to self-owned stores through acquisition and source high-potential projects for acquisition to gain quick access to strategic locations.

During the period under review, the Group opened a new self-owned store in Yantai City, Shandong Province. Yantai Store is a large-scale "Living Gallery" that adopts a hybrid operation model with a GFA of approximately 55,000 sq.m. to cater for the needs of people from all walks of life. Furthermore, during the period under review, the Group completed two major acquisitions, namely, Shanghai Hongxin Trendy Plaza in July 2013 with a GFA of approximately 43,000 sq.m., and Shanghai Wujiaochang Branch Store in late-November 2013, and converted them to self-owned stores, further extending the Group's presence in Shanghai.

Shanghai 118 Project in Putuo District, Shanghai, with a GFA of approximately 62,600 sq.m., is also expected to commence operation in FY2015. Putuo District will be developed as the fourth largest sub-center in Shanghai with huge development potential. The new store is expected to create greater economies of scale for the Group in Shanghai. Striving to capture the development potential of Hunan Province where is considered as the economic center of Southern China, the Group plans to open another "Living Gallery" with a GFA of approximately 42,200 sq.m. in Hengyang City in FY2015, in addition to the existing Changsha Trendy Plaza.

In terms of managed stores, benefiting from the increasing supply of commercial properties in Mainland China and our decade-long experience in managing third-party department stores, many developers have attempted to recruit us into their premises with the provision of excellent collaborative terms as a means to elevate the attractiveness of their property projects. Regarding the location of managed stores, to act in

line with the policy directions of new urbanization and incubating new consumption hotspots, the Group plans to speed up our penetration into emerging cities through increasing the provision of store management services. Adopting this expansion strategy, the Group can bear no store start-up cost while receiving stable management fees at the same time.

In FY2015, the Group's Yantai Shopping Mall Project in Shandong Province is expected to commence operation, with a GFA of approximately 46,000 sq.m., offering a comprehensive shopping experience to local customers alongside with Yantai Store. In FY2016, the Group plans to open a managed store in Keqiao District, Shaoxing City, one of the most economically vibrant areas in Zhejiang Province, with a GFA of approximately 42,300 sq.m. In the same year, the Group will further expand our presence in the Northern China Region and plans to open a managed store with a GFA of approximately 40,000 sq.m. in Jiamusi City, the economic hub in the eastern part of Heilongjiang Province. Furthermore, the Group plans to open two managed stores in Xiangyang City and Xianning City, Hubei Province, with GFA of about 40,000 sq.m. and 25,000 sq.m. respectively, on top of our existing Wuhan store network. Both places are chosen as pilots of "Smart Cities" by the government and are believed to have great development potential. The Group also plans to open a managed store in Nanyang City, Henan Province, with a GFA of approximately 40,000 sq.m., to enlarge the scale advantage with Zhengzhou New World Department Store ("Zhengzhou Store").

In addition to increasing the number of stores, the Group is simultaneously expanding its operating area to present a more comfortable shopping environment to customers. The Phase II Expansion Project of Shenyang Nanjing Street Branch Store is expected to complete in FY2015, with a GFA of approximately 25,400 sq.m. while Shenyang Nanjing Street Branch Store Phase I is currently undergoing redevelopment and will re-open in FY2017, with a GFA of approximately 26,300 sq.m.

OUTLOOK

Despite the uncertain prospect of the global economy, China's economy started to show signs of recovery in the second half of 2013. In response to the external environment, the Chinese government clearly mapped out the route and directions for the national reforms in the Third Plenary Session of the Eighteenth Communist Party of China Central Committee. Besides indicating the needs for economic transformation, the government stressed that the expansion of domestic consumption will become a leading driver of China's economic growth and will exert extended efforts to incubate new consumption hotspots. According to the National Bureau of Statistics of China, the country's Gross Domestic Product ("GDP") maintained a stable growth of 7.7% year-on-year in 2013; the total retail sales of consumer goods exceeded RMB23,438 billion, reporting a real growth of 11.5% year-on-year; the per capita disposable income of urban households achieved a real growth of 7.0%, reflecting the steady development of the consumer market.

Looking forward to 2014, export and consumption growth are expected to improve further while the economy will grow steadily amid the accelerating economic transformation. With a basket of favorable factors, such as the expansion of China's economy, the doubling efforts of promoting new urbanization, the increasing urban and rural household income, the rising middle-class consumption and the unleashed purchasing power of baby-boomers, it is believed that the consumer market will further expand and provide a sustainable growth momentum to the retail industry.

Therefore, the Group is prudent but optimistic about the prospect of the industry and will leverage our innovative mindset to devise comprehensive development strategies in a responsive manner. At the same time, in order to grasp the opportunities arising from the state policy of new urbanization and new consumption hotspots, the Group will carry through the expansion strategies of "radiation city" and "multiple presences within a single city" to extend our presence in third-tier and fourth-tier cities surrounding our existing footholds, and reinforce our leading position in China's department store sector.



Management Discussion & Analysis

FINANCIAL REVIEW

Revenue

Revenue of the Group was HK\$2,125.3 million in 1HFY2014 representing an increase of 4.8% from HK\$2,028.6 million in 1HFY2013. The growth was primarily contributed from commission from concessionaire sales, management and consultancy fee income and rental income.

Gross sales revenue, comprising gross revenue from concessionaire sales, sales of goods for direct sales, management and consultancy fees, rental income and other income increased by 2.5% to HK\$8,465.4 million in 1HFY2014 from HK\$8,262.8 million in 1HFY2013. Gross revenue from concessionaire sales increased to HK\$7,621.5 million from HK\$7,487.7 million in the same period of Previous Year. Commission income rate was slightly declined from 17.8% in the same period of Previous Year to 17.7% 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 with lower commission rate. Sales of goods for direct sales was HK\$410.3 million in 1HFY2014 compared with HK\$436.3 million in 1HFY2013. Direct sales turnover mainly comprised of groceries, housewares and perishables (approximately 55.1%), cosmetic products (approximately 40.4%), ladieswear and menswear (approximately 2.7%), accessories, handbags and underwears (approximately 0.7%). Gross margin of direct sales was 14.9% compared to 15.6% in the same period of Previous Year. The drop was mainly due to the increase in sales contribution from supermarkets which had a lower margin. In 1HFY2014, ladieswear and accessories made up approximately 65.3% of gross revenue from concessionaire sales and sales of goods for direct sales. Menswear and accessories made up approximately 16.7% and sportswear, bread and snacks, electrical appliances, kidswear and personal care products largely made up the rest.

Management and consultancy fees was HK\$41.0 million in 1HFY2014 showing an increase by 192.9% from HK\$14.0 million in 1HFY2013. The increase was primarily due to the Group received fees for the provision of consultancy services for some new managed store projects which were at pre-opening stage in the Current Period.

Rental income increased by 30.5% to HK\$322.5 million in 1HFY2014 mainly due to increased leasing area from firstly, recognising a full-period operation of Yancheng Store and Xi'an Store opened in December 2012; secondly, the newly acquired Shanghai Hongxin Trendy Plaza in July 2013; thirdly, a more efficient use of the leasing area of the existing stores.

Other Income

Other income of the Group was HK\$70.0 million in 1HFY2014 compared with HK\$77.5 million of 1HFY2013. Other income in 1HFY2014 mainly comprised HK\$38.9 million of income from suppliers and HK\$16.1 million of government grants.

Other Loss

Loss on disposal of property, plant and equipment of the Group in the Current Period was HK\$1.9 million (1HFY2013: HK\$32.2 million).

Changes in Fair Value of Investment Properties

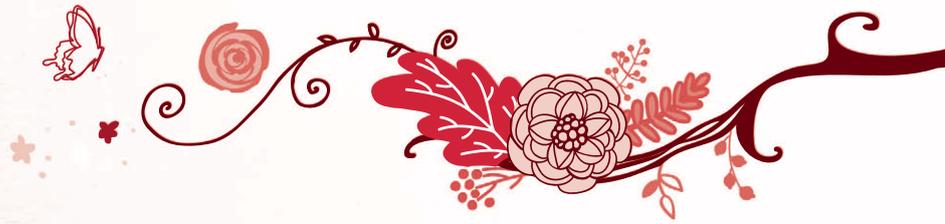
Changes in fair value of investment properties in the Current Period was HK\$8.4 million mainly related to the properties of Shanghai Hongxin Trendy Plaza and Tianjin New World Department Store ("Tianjin Store").

Purchases of and Changes in Inventories

The purchases of and changes in inventories represented the cost of sales for direct sales of goods. It decreased by 5.2% to HK\$349.4 million in 1HFY2014 from HK\$368.4 million in 1HFY2013. The percentage of decrease was approximately in line with the change in sales of goods for direct sales.

Employee Benefit Expense

Employee benefit expense increased to HK\$316.9 million in 1HFY2014 from HK\$282.8 million in 1HFY2013. 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 Yancheng Store and Xi'an Store opened in 1HFY2013 and the newly opened Yantai Store in December 2013. In addition, the newly acquired Shanghai Hongxin Trendy Plaza in July 2013 and the conversion of Shanghai Wujiachang Branch Store from a managed store to a self-owned store in November 2013 also contributed to the increase of employee benefit expense in the Current Period.



Depreciation and Amortisation

Depreciation and amortisation expense increased from HK\$154.7 million in 1HFY2013 to HK\$156.4 million in 1HFY2014. This increase was primarily due to a result of recognising a full-period operation of Yancheng Store and Xi'an Store opened in 1HFY2013.

Operating Lease Rental Expense

Operating lease rental expense decreased to HK\$488.8 million in 1HFY2014 from HK\$493.1 million in 1HFY2013. The operating lease rental expense to gross sale revenue ratio has been improved in the Current Period.

Other Operating Expenses, Net

Other operating expenses increased to HK\$429.9 million in 1HFY2014 from HK\$399.5 million in 1HFY2013. The increase in other operating expenses was primarily due to recognising a full-period operation of Yancheng Store and Xi'an Store opened in 1HFY2013. Moreover, the increase was also due to the newly acquired Shanghai Hongxin Trendy Plaza and Shanghai Wujiaochang Branch Store in July 2013 and November 2013 respectively and the newly opened Yantai Store in December 2013.

Through control of expenses, selling, promotion, advertising and related expenses decreased from HK\$125.8 million in 1HFY2013 to HK\$112.6 million in 1HFY2014. An increase in other tax expenses from HK\$90.6 million in 1HFY2013 to HK\$105.0 million in 1HFY2014 was mainly due to the increase of consumption tax arising from sales of gold related products.

Operating Profit

Operating profit was HK\$460.4 million in 1HFY2014 compared with HK\$422.2 million in 1HFY2013. Operating profit, excluding other loss and changes in fair value of investment properties, increased by approximately 11.3% to HK\$453.8 million from HK\$407.7 million in the same period of Previous Year.

Income Tax Expense

Income tax expense of the Group was HK\$123.0 million in 1HFY2014 compared with HK\$103.1 million in 1HFY2013. The effective tax rate of the Group in 1HFY2014 was 26.0%.

Profit for the Period

As a result of the reasons mentioned above, profit for the period was HK\$349.9 million compared with HK\$331.6 million in the same period of Previous Year. Profit for the period, excluding other loss and changes in fair value of investment properties and its related income tax expense, increased by approximately 14.5% to HK\$345.5 million from HK\$301.7 million in the same period of Previous Year.

Liquidity and Financial Resources

Cash and fixed deposits of the Group amounted to HK\$3,171.1 million as at 31 December 2013 (30 June 2013: HK\$2,959.5 million).

The Group's borrowings from banks as at 31 December 2013 was HK\$664.6 million (30 June 2013: HK\$659.3 million) of which HK\$641.2 million (30 June 2013: HK\$632.9 million) was secured by pledge of assets.

At 31 December 2013, the Group's current liabilities exceeded its current assets by HK\$1,429.7 million (30 June 2013: HK\$690.0 million). The Group will continue to monitor rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and its liabilities and commitments as and when they fall due.

The capital commitment of the Group as at 31 December 2013 was HK\$601.0 million, of which HK\$600.7 million was contracted but not provided for in the statement of financial position. For the contractual payment of HK\$600.7 million, approximately HK\$106.4 million was related to the acquisition of land and building located in Shenyang City and approximately HK\$405.4 million for the property redevelopment project in Shenyang City.

MANAGEMENT DISCUSSION & ANALYSIS

Pledge of Assets

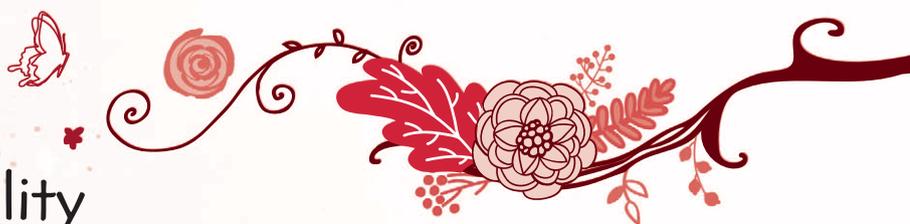
As at 31 December 2013, investment properties of HK\$1,944.6 million (30 June 2013: HK\$1,913.9 million) of the Group were pledged as securities for bank borrowings of HK\$641.2 million (30 June 2013: HK\$632.9 million).

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 2013.



Corporate Sustainability

The Group has always been devoted to corporate sustainability. Adhering to its sustainability policies, the Group has taken initiatives in promoting excellence in the aspects of community services, environmental protection, staff benefits and development, and operating practices, with the ultimate goals of helping the under-resourced groups as well as improving the livelihood of people in the community to help build a sustainable future.

In April 2013, the Group officially established the NWDS Volunteer Team, which has already recruited over 1,500 volunteers so far. During the period under review, the team organized nearly 150 volunteer activities, including visits, educational support and fundraising, contributing more than 3,500 service hours in total. To further widespread our sustainability belief, the Group set up “NWDS CSR” Weibo account in September 2013 and has attracted about 500,000 fans so far. Leveraging this online platform, the Group strives to encourage the public to participate in community services and volunteer activities.

COMMUNITY SERVICES

@Dream Program

Children are future pillars of the community. To foster the whole-person development of under-resourced children, the Group launched “@Dream Sustainable Development Program” (“@Dream Program”), a nationwide sustainable community project, in July 2013. Through a series of activities setting on the four major themes of music, learning, sports and soul, the Group helped under-resourced children pursue their dreams and develop a positive attitude toward life as well as raising public awareness on these children.

Since July 2013, the Group and Shanghai Fengxian Education Bureau have jointly launched the “@Music – Rainbow Orchestra” and provided a year-long musical instrument and vocal training to 300 children who newly migrated to the district with their parents. Specialized training featuring 12 types of musical instruments was provided to unleash children’s musical talents. The orchestra staged its interim performance at Shanghai Shaanxi Road Branch Store in October 2013, demonstrating the results of their hard work to the public.

In addition, the Group co-organized the “@Learning – Education Voyage” with the Bureau, offering year-long extra-curricular lessons on English, calligraphy,

drawing, handicrafts and scientific studies to about 200 under-resourced children in the district. Volunteers from Shanghai stores paid visits to the classes every two months to keep abreast of the students’ learning progress.

In July 2013, the Group jointly organized the “New Life • New World” children fundraising walkathon with the China Women’s Development Foundation and the Children’s Hope Foundation to echo the theme of the “@Sports – Hope Walkathon”. Children from Beijing, Shanghai, Zhengzhou and Mianyang were recruited to join the walkathons which were simultaneously held in the four cities in August 2013. Nearly 640 children, NWDS volunteers and the public participated in the walkathons, raising over RMB70,000 for the children in need.

From September to November 2013, the Group collaborated with the Red Cross Society of Qinghai and “My Soul Campaign” Charitable Society to launch the “@Soul – Distant Calls” charitable activity in which the Group appealed to the public to donate spare cell phones to our stores. The devices collected were then passed to the left-behind children in Qinghai to help bridge a communication channel with their parents. The event received massive support from the public that over 400 cell phones were collected and is expected to benefit 4,000 children.

CORPORATE SUSTAINABILITY

On Christmas Eve 2013, the Group and *Youth Daily* co-launched the “@Soul – Santa Claus is Coming” activity, where Christmas wishes of migrant children in Shanghai were published on the newspaper and displayed on the wish boards at our stores for public redemption. Santa Clauses impersonated by volunteers then delivered gifts to children to fulfill their wishes, giving a very warm Christmas to about 700 children.

MSF Day 2013

In July 2013, the Group became the key sponsor of “MSF Day” for the seventh consecutive year and encouraged our employees to donate their one-day salaries to support the global medical humanitarian work carried out by Médecins Sans Frontières (“MSF”). The response was impressive with a donation of HK\$450,000 being raised, making the Group the top corporate fundraiser again.

Stores Becoming a Charity Gateway

During the period under review, NWDS stores worked closely with various commercial or community organizations to hold charity bazaars at our premises. In August 2013, Chengdu New World Department Store (“Chengdu Store”) joined hands with New World China Land and Chow Tai Fook to present “Family Donation and Jumble Sale for Love” charity bazaar that raised over RMB100,000 for village improvement projects in the mountainous area of Bazhong City, Sichuan and to subsidize the medical treatment for Wang Jiao, a Sichuan girl diagnosed with leukemia. In October 2013, Harbin Store held an in-store charity sale to support children’s education with China Council of Lion Clubs, raising a total of RMB70,000 for Hope Primary School.

NWDS Volunteers Showing Care to the Elderly

During the period under review, NWDS Volunteer Team made visits to the elderly living alone and elderly homes to express their care to the seniors. Hong Kong New World Department Store-Shanghai Changning Branch Store (“Shanghai Changning Branch Store”), Ningbo New World Beilun Department Store (“Ningbo Beilun Store”) and Nanjing New World Department Store (“Nanjing Store”) also held various elderly caring activities during Mid-Autumn Festival in 2013 to deliver moon cakes and sweaters to the senior citizens. Besides, volunteers from Wuhan, Shanghai, Chengdu and Mianyang stores visited local nursing homes or the elderly living alone to spend time talking and playing games with them, so as to sweep away their loneliness with warm-hearted care.

ENVIRONMENTAL PROTECTION

Infusing Green Elements into Stores

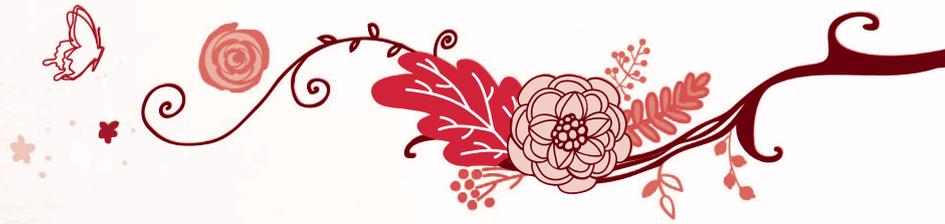
In December 2013, a nationwide green promotion campaign, “Clear Weather, Refreshing Stores”, was held. The Group created a green shopping environment by setting up nature experiential areas, displaying potted plants and building plant walls in its stores. During the period under review, numerous stores also held green activities to promote environmental protection. For instance, Wuhan New World Department Store-Xudong Branch Store (“Wuhan Xudong Branch Store”) presented a DIY recycle bag activity which children could design their unique recycle bags. Not only did it spread green message to children, it also appealed to parents and others to use recycle bags.

Nurturing Customers’ Waste Recycling Habit

In September 2013, the Group received overwhelming support from the public in the “Green Mid-Autumn Festival – Moon Cake Box Recycling Campaign” which has been organized for three consecutive years. All of the 3,500 moon cake boxes collected were transferred to recyclers and the proceeds raised were donated to local charitable organizations and schools, successfully promoting the idea of waste recycling. During the period under review, stores organized their own recycling activities as well. Wuhan New World Department Store-Wuchang Branch Store (“Wuhan Wuchang Branch Store”) and Wuhan New World Department Store-Qiaokou Branch Store (“Wuhan Qiaokou Branch Store”) held batteries and plastic bottles recycling campaigns to nurture customers’ waste recycling habit.

Volunteer Team Building a Green Community

During the period under review, our volunteers actively engaged in the community to further raise public awareness on environmental preservation. Volunteers of Chongqing New World Department Store (“Chongqing Store”) spread knowledge of environmental protection and energy saving, and demonstrated how to transform trash into beautiful ornaments in a local park, attracting a lot of onlookers. All stores in Wuhan jointly presented the “Beautiful New World • Walk Green – 2013 Walkathon”. Volunteers picked up garbage during hiking at East Lake in Wuhan to promote the ideas of environmental protection and green civilization.



STAFF BENEFITS AND DEVELOPMENT

Comprehensive Staff Training to Build a Winning Team

The Group has attached great importance to employees' whole-person development, therefore providing diversified training to staff at all levels to enhance their competitiveness and loyalty to the Group. In September 2013, NWDS Management Academy and Shanghai Jiao Tong University co-organized the fourth "Certificate Program of Further Studies in Retail Operation and Management" to escalate managerial staff's integrated management ability through tailor-made training programs. On the other hand, to help trainers better prepare for training work in future, the Group has arranged the "Professional Training Skill Enhancement" course to keep them abreast of the latest training techniques.

Enhancing Service Quality to Bring out the Best of Staff

In December 2013, the Group launched "Dedicated over 100% to Customers", a cross-year customer service campaign to encourage stores to improve their interior shopping environment, outlet ambience, featured services and VIP experience, so as to create a distinctive store image and provide excellent customer services to attract more customers. Furthermore, various skill contests, namely selling techniques, customer services, note counting, knowledge on the Group's business, etc., were held to elevate employees' work skills as well as commending outstanding employees for their performances.

Staff-caring Activities to Foster Total Well-being

The Group commenced the "Caring Our Staff" campaign in 2013 to promote mutual care among employees, creating a harmonious workplace. Numerous managers and staff members were elected as "Caring Role Models" to recognize their solicitous behavior to other colleagues. To strike a balance between employees' physical and mental development, a variety of staff activities were held, such as sports day, outing, singing contest and reading session, which fostered friendly relationships among staff and unleashed their potentials in non-work-related aspects.

GROUP HONORS

During the period under review, the Group garnered a number of awards from renowned organizations for its outstanding performances in the aspects of community services, environmental protection, talent development, etc.

Annual Report Honors

The Group's Annual Report for FY2012 received a number of international awards, in recognition of our excellent performance in investor relations and marketing communications.

Competition	Category	Award
LACP 2012 Vision Awards Annual Report Competition	Consumer Services	Bronze Award
2013 ARC Awards	Cover Photo/ Design: Retail – Convenience & Department Store	Gold Award
	Interior Design: Retail – Convenience & Department Store	Bronze Award
2013 Galaxy Awards	Copywriting: Annual Reports – Asia	Bronze Award

Top 500 Asia Brand Award

In the "8th Asia Brand Ceremony" held in September 2013, the Group garnered the "Top 500 Asia Brand Award" and the honor of "Top 10 (Industry) Most Investment Value Brand in China", in recognition of its brand value.

CORPORATE SUSTAINABILITY

Recognitions in “CarbonSmart Programme” and “Green Office Awards Labelling Scheme”

The Group’s Hong Kong office was presented the Certificate of Participation and “CarbonSmart Low-Carbon Commitment Partner” certificate under the “CarbonSmart Programme” in October 2013; and was granted the “Green Office” Label and the UNMDG’s “Better World Company” Label under the Green Office Awards Labelling Scheme organized by the World Green Organization in December 2013. These recognitions have demonstrated the Group’s determination in shaping a green office through the implementation of comprehensive energy saving and waste reduction measures.

China’s Best Corporate University

NWDS Management Academy was accredited as “China’s Best Corporate University” and garnered “The Award for Social Responsibility of China Corporate University” in the award ceremony of “Top List of Corporate University” in December 2013 while its “Project Feipeng – Core Talents Nurturing Plan” won the honor of “Top 20 China Corporate Training Program”.

2013 China Charity

In January 2014, the Group garnered the “2013 China Charity – Group Award” in the “2013 China Charity Festival” while its “@Dream Program” won the honor of “2013 Best Charity Project”.

Regions Win Numerous Honors and Awards

Northern China Region

In August 2013, Beijing Liying Store was awarded the “Outstanding Contribution Enterprise Award” in the Promotion Campaign of Beijing Shopping Festival by Beijing Municipal Commission of Commerce and Beijing Municipal Commission of Tourism Development. Lanzhou Store was accredited the title of “Leading Enterprise of Service Sector in Chengguan District” by Chengguan District Committee of Lanzhou Municipal in October 2013. In November 2013, Shenyang Zhonghua Road Branch Store and Shenyang New World Department Store-Jianqiao

Road Branch Store (“Shenyang Jianqiao Road Branch Store”) both won the award of “2013 Annual Brand” presented by *LiaoShen Evening News* at its annual ceremony. In December 2013, Tianjin Store garnered the “Award of 2012 Tianjin Advanced Enterprises with Foreign Investment” from Tianjin Municipal People’s Government while Xi’an Store was accredited as a “Demonstration Unit on Consumer Rights”.

Central Western China Region

In July 2013, Chongqing Store has been named a “Leading Party Organization 2012–2013” by the local Communist Youth League for two consecutive years and the store was also recognized as an exemplary store in the “No Fake Goods in Chongqing” event in September. Wuhan Wuchang Branch Store and Wuhan Store were accredited as the municipal’s “2012 Advanced Entity in Union Affairs” respectively in September and November 2013. In addition, Wuhan Wuchang Branch Store was elected as an “Outstanding Shopping Mall” and “Outstanding Floor” in the “2012 Business Integrity and Quality Service” activity in December.

South Eastern China Region

In August 2013, Ningbo Beilun Store was accredited as the “Top 10 Enterprise” at 2013 Ningbo (Beilun) Shopping Festival. Shanghai Shaanxi Road Branch Store was awarded the honorable certificate of “Most Popular Shopping Mall in Putuo District” at 2013 Shanghai Shopping Festival in November 2013. Hong Kong New World Department Store-Shanghai Huaihai Branch Store (“Shanghai Huaihai Branch Store”) garnered the title of “2013 Advanced Entity in Safe Operation” and “The Most Popular Award” in Huangpu District’s Marketing Campaign respectively in November and December 2013.

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 22 to 46, 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 2013 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, 25 February 2014

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Condensed Consolidated Income Statement

For the six months ended 31 December 2013

	Notes	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Revenue	4	2,125,287	2,028,611
Other income	5	69,963	77,535
Other loss	6	(1,916)	(32,193)
Changes in fair value of investment properties		8,447	46,778
Purchases of and changes in inventories		(349,391)	(368,405)
Employee benefit expense	7	(316,910)	(282,823)
Depreciation and amortisation		(156,352)	(154,737)
Operating lease rental expense		(488,846)	(493,072)
Other operating expenses, net	8	(429,923)	(399,456)
Operating profit		460,359	422,238
Finance income		25,645	40,831
Finance costs		(13,106)	(28,389)
Finance income, net	9	12,539	12,442
Profit before income tax		472,898	434,680
Income tax expense	10	(122,954)	(103,066)
Profit for the period		349,944	331,614
Attributable to equity holders of the Company		349,944	331,614
Dividend	11	158,498	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	12	0.21	0.20

The notes on pages 28 to 46 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 December 2013

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Profit for the period	349,944	331,614
Other comprehensive income		
<i>Item that will not be reclassified to profit and loss</i>		
Revaluation of property upon reclassification from property, plant and equipment to investment properties	–	89,177
– Deferred tax thereof	–	(22,294)
	–	66,883
<i>Item that may be reclassified subsequently to profit and loss</i>		
Translation differences	88,715	157,189
Other comprehensive income for the period, net of tax	88,715	224,072
Total comprehensive income for the period	438,659	555,686
Total comprehensive income attributable to equity holders of the Company	438,659	555,686

The notes on pages 28 to 46 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Financial Position

As at 31 December 2013

	Notes	Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		2,053,134	2,036,213
Investment properties	14	4,398,795	2,431,611
Land use rights		620,125	622,831
Goodwill		1,917,973	1,332,947
Other non-current assets	15	799,333	1,965,009
Long-term prepaid rent and rental deposits		513,123	488,231
Deferred income tax assets		150,927	141,463
		10,453,410	9,018,305

Current assets			
Inventories		186,340	152,269
Debtors	16	152,940	98,365
Prepayments, deposits and other receivables		807,105	605,098
Amounts due from fellow subsidiaries	17	12,469	455
Amounts due from related companies	17	–	303
Fixed deposits		244,339	485,518
Cash and cash equivalents		2,926,763	2,473,952
		4,329,956	3,815,960

Total assets		14,783,366	12,834,265

Equity			
Share capital	18	168,615	168,615
Reserves	19	6,582,077	6,301,916
Interim dividend	11	158,498	–
Proposed dividend		–	155,125
		6,909,190	6,625,656

Liabilities			
Non-current liabilities			
Long-term borrowings	20	602,564	608,993
Accruals	21	652,174	581,942
Deferred income tax liabilities		859,740	511,751
		2,114,478	1,702,686

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

		Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
	Notes		
<hr/>			
Current liabilities			
Creditors, accruals and other payables	21	5,497,499	4,292,484
Amounts due to fellow subsidiaries	17	3,389	8,766
Amounts due to related companies	17	79,371	14,131
Current portion of long-term borrowings	20	62,057	50,304
Tax payable		117,382	140,238
		5,759,698	4,505,923
<hr/>			
Total liabilities		7,874,176	6,208,609
<hr/>			
Total equity and liabilities		14,783,366	12,834,265
<hr/>			
Net current liabilities		(1,429,742)	(689,963)
<hr/>			
Total assets less current liabilities		9,023,668	8,328,342
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The notes on pages 28 to 46 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 December 2013

	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
	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 2013	168,615	2,398,250	83,803	391,588	303,399	41,048	711,125	2,527,828	6,625,656
Comprehensive income									
Profit for the period	-	-	-	-	-	-	-	349,944	349,944
Translation differences	-	-	-	-	-	-	88,715	-	88,715
Total comprehensive income for the period ended 31 December 2013	-	-	-	-	-	-	88,715	349,944	438,659
Transactions with owners									
Lapse of share options	-	-	-	-	-	(35,323)	-	35,323	-
Dividend relating to the year ended 30 June 2013	-	-	-	-	-	-	-	(155,125)	(155,125)
Transfer to statutory reserve	-	-	-	-	25,633	-	-	(25,633)	-
Total transactions with owners	-	-	-	-	25,633	(35,323)	-	(145,435)	(155,125)
At 31 December 2013 – Unaudited	168,615	2,398,250	83,803	391,588	329,032	5,725	799,840	2,732,337	6,909,190

The notes on pages 28 to 46 are an integral part of this condensed consolidated financial information.

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 December 2013

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Net cash from operating activities	1,280,830	1,529,071
Net cash used in investing activities	(662,706)	(1,321,887)
Net cash used in financing activities	(177,673)	(493,512)
Effect of foreign exchange rate changes	12,360	84,114
Net increase/(decrease) in cash and cash equivalents	452,811	(202,214)
Cash and cash equivalents, at 1 July	2,473,952	3,242,919
Cash and cash equivalents, at 31 December	2,926,763	3,040,705

The notes on pages 28 to 46 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 25 February 2014.

2 BASIS OF PREPARATION

This condensed consolidated financial information of the Company for the six months ended 31 December 2013 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.

This condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

At 31 December 2013, the Group’s current liabilities exceeded its current assets by HK\$1,429,742,000 (30 June 2013: HK\$689,963,000). Taking into account the cash flows from operating activities, ability to generate additional financing and its asset backing, the Group has a reasonable expectation that it has adequate resources to meet its liabilities and commitments as and when they fall due and to continue in operational existence for the foreseeable future. Accordingly, it continues to adopt the going concern basis in preparing the condensed consolidated financial information.

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2013, 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 2013, the Group has adopted the following new or revised standards, amendments to existing standards and interpretation which are mandatory for the accounting period beginning on 1 July 2013:

HKFRS 1 (Amendment)	Government Loans
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
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
HKAS 19 (Revised 2011)	Employee Benefits
HKAS 27 (Revised 2011)	Separate Financial Statements
HKAS 28 (Revised 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine
Annual Improvements Project	Annual Improvements 2009-2011 Cycle

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

2 BASIS OF PREPARATION (continued)

The adoption of the new or revised standards, amendments to existing standards and interpretation does not have any effect on the results and financial position of the Group except for certain disclosures in respect of HKFRS 12 and HKFRS 13.

The following new or revised standards, amendments to existing standards and interpretation are mandatory for the accounting periods beginning on or after 1 January 2014 which the Group has not early adopted:

HKFRS 9	Financial Instruments
HKFRS 7 and HKFRS 9 (Amendments)	Financial Instruments: Disclosures – Mandatory Effective Date of HKFRS 9 and Transition Disclosures
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (Revised 2011)	Investment Entities
HKAS 19 (Amendment)	Employee Benefits: Defined Benefit Plans – Employees Contributions
HKAS 32 (Amendment)	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Recoverable Amount Disclosures for Non-financial Assets
HKAS 39 (Amendment)	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC) – Int 21	Levies
Annual Improvements Project	Annual Improvements 2010-2012 Cycle
Annual Improvements Project	Annual Improvements 2011-2013 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 interpretation on its result of operation and financial position.

3 FINANCIAL RISK MANAGEMENT

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

This condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 30 June 2013.

There have been no changes in the financial risk management policies since the last financial year end date as at 30 June 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 REVENUE AND SEGMENT INFORMATION

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Commission income from concessionaire sales	1,351,399	1,331,066
Sales of goods – direct sales	410,328	436,323
Management and consultancy fees	41,042	13,996
Rental income	322,518	247,226
	2,125,287	2,028,611

The income from concessionaire sales is analysed as follows:

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Gross revenue from concessionaire sales	7,621,511	7,487,713
Commission income from concessionaire sales	1,351,399	1,331,066

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 results. The measurement of segment operating results excludes the effect of other loss, 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 of the Group are in Mainland China.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 REVENUE AND SEGMENT INFORMATION (continued)
Six months ended 31 December 2013

	Department store HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Segment revenue	2,030,974	94,313	2,125,287
Segment results	378,612	82,243	460,855
Other loss	(1,916)	–	(1,916)
Changes in fair value of investment properties	–	8,447	8,447
Unallocated corporate expenses			(7,027)
Operating profit			460,359
Finance income			25,645
Finance costs			(13,106)
Finance income, net			12,539
Profit before income tax			472,898
Income tax expense			(122,954)
Profit for the period			349,944
Six months ended 31 December 2012			
Segment revenue	1,971,569	57,042	2,028,611
Segment results	368,555	46,240	414,795
Other loss	(32,193)	–	(32,193)
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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

4 REVENUE AND SEGMENT INFORMATION (continued)

As at 31 December 2013

	Department store HK\$'000	Property investment HK\$'000	Consolidated HK\$'000
Segment assets	9,450,221	5,179,855	14,630,076
Deferred income tax assets			150,927
Corporate assets:			
Cash and cash equivalents			2,363
Total assets			14,783,366

Six months ended 31 December 2013

Additions to non-current assets (Note)	832,987	645,726	1,478,713
Depreciation and amortisation	155,952	400	156,352

As at 30 June 2013

Segment assets	8,122,060	4,566,680	12,688,740
Deferred income tax assets			141,463
Corporate assets:			
Cash and cash equivalents			4,037
Others			25
Total assets			12,834,265

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

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

5 OTHER INCOME

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Government grants	16,119	9,758
Income from suppliers	38,861	49,132
Sundries	14,983	18,645
	69,963	77,535

6 OTHER LOSS

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Loss on disposal of property, plant and equipment	1,916	32,193

7 EMPLOYEE BENEFIT EXPENSE

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Wages, salaries and other benefits	283,561	252,284
Retirement benefit costs – defined contribution plans	33,349	29,827
Share-based payments	–	712
	316,910	282,823

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

8 OTHER OPERATING EXPENSES, NET

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Water and electricity	95,731	91,180
Selling, promotion, advertising and related expenses	112,621	125,769
Cleaning, repairs and maintenance	44,274	41,408
Auditor's remuneration	3,810	3,611
Share-based payments	–	67
Net exchange losses	4,783	8,141
Other tax expenses	105,040	90,570
Others	63,664	38,710
	429,923	399,456

9 FINANCE INCOME, NET

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Interest income on bank deposits	25,645	40,831
Interest on bank loans		
– wholly repayable within five years	(12,511)	(19,207)
– not wholly repayable within five years	(7,246)	(9,182)
	(19,757)	(28,389)
Less: amount capitalised	6,651	–
	(13,106)	(28,389)
	12,539	12,442

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 INCOME TAX EXPENSE

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

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Current income tax		
– Mainland China taxation	88,704	82,151
Over-provision in prior years	(58)	(18,966)
Deferred income tax		
– Deferred taxation on undistributed retained earnings	3,797	4,333
– Other temporary differences	30,511	35,548
	122,954	103,066

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 2012 and 2013.

Subsidiaries of the Group in Mainland China are subject to corporate income tax at a rate of 25% (2012: 25%).

11 DIVIDEND

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Interim dividend of HK\$0.094 (2012: HK\$0.098) per share	158,498	165,242

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 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 2013	Unaudited 2012
Profit attributable to the equity holders of the Company (HK\$'000)	349,944	331,614
Weighted average number of ordinary shares in issue (shares in thousands)	1,686,145	1,686,145
Basic earnings per share (HK\$ per share)	0.21	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 2012 and 2013, shares issuable upon exercise of the share options are the only dilutive ordinary shares. There was no potential dilutive effect from the share options.

13 CAPITAL EXPENDITURE

For the six months ended 31 December 2013, the Group has additions of property, plant and equipment and investment properties of HK\$138,432,000 and HK\$1,904,921,000 respectively (2012: HK\$104,389,000 and HK\$3,596,000 respectively). The Group has disposed of property, plant and equipment with net book amount of HK\$2,204,000 (2012: HK\$32,689,000).

14 INVESTMENT PROPERTIES

As at 31 December 2013, the investment properties were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professional valuer. Valuations were based on market approach, where appropriate, by reference to the income approach.

As at 31 December 2013, an investment property of HK\$1,944,649,000 (30 June 2013: HK\$1,913,924,000) was pledged to secure certain bank borrowings of the Group (Note 20).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

15 OTHER NON-CURRENT ASSETS

Balance as at 31 December 2013 represents the following transactions:

- (a) On 4 October 2010, Shenyang New World Department Store Ltd. ("Shenyang Co"), a wholly-owned subsidiary of the Company, 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 2013, the balance in connection with this acquisition was approximately HK\$481,307,000 (30 June 2013: HK\$475,214,000).
- (b) On 8 February 2013, Shenyang Trendy Property Company Limited ("Shenyang Trendy"), a 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 property redevelopment project in Shenyang City. Shenyang Trendy agreed to surrender to the local government authority the land and building where Shenyang Nanjing Street Branch Store was situated for a compensation of RMB250,012,000 and to make contribution of RMB527,060,000 (subject to further adjustments) to SYNWH for the related costs of demolition of the existing building and design, construction and payment of any relevant land grant premium of certain portion of the redeveloped building. As at 31 December 2013, the balance in connection with this transaction was approximately HK\$318,026,000 (30 June 2013: HK\$222,074,000).

Balance as at 30 June 2013 also included the following transaction:

On 27 May 2013, New World Department Stores Investment (China) Co., Ltd. ("NWDSI"), a wholly-owned subsidiary of the Company, entered into an agreement with independent third parties to acquire the entire equity interest in Shanghai Hongxin Properties Company Limited ("Hongxin Co"), a limited liability company incorporated in the PRC, for a gross consideration of RMB1,250,000,000 (subject to further adjustments). As at 30 June 2013, the Group has made payment of approximately HK\$1,217,088,000 and recognised progress payable of approximately HK\$50,633,000 in connection with such acquisition. The acquisition was completed on 30 July 2013.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

16 DEBTORS

	Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Trade receivables	152,940	98,365

The Group grants credit terms within 30 days in majority.

Aging analysis of the debtors, based on the invoice dates, is as follows:

	Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Within period for		
0-30 days	107,623	78,098
31-60 days	13,994	1,728
61-90 days	8,915	821
Over 90 days	22,408	17,718
	152,940	98,365

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

17 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.

18 SHARE CAPITAL

	Number of shares '000	Nominal value HK\$'000
Authorised:		
Ordinary shares of HK\$0.1 each		
At 30 June 2013 (audited) and 31 December 2013 (unaudited)	10,000,000	1,000,000
Ordinary shares of HK\$0.1 each, issued and fully paid:		
At 30 June 2013 (audited) and 31 December 2013 (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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

18 SHARE CAPITAL (continued)

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 2012	Granted during the period	Lapsed during the period	At 31 December 2012	At 1 July 2013	Granted during the period	Lapsed during the period	At 31 December 2013	At 31 December 2013
27 November 2007 (Note i)	8.660	13,583	-	(1,144)	12,439	11,768	-	(11,768)	-	-
25 March 2008 (Note ii)	8.440	2,529	-	(280)	2,249	2,060	-	-	2,060	2,060
		16,112	-	(1,424)	14,688	13,828	-	(11,768)	2,060	2,060
Weighted average exercise price of each category (HK\$)		8.625	-	8.617	8.626	8.627	-	8.660	8.440	8.440

- (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

19 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 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	-
Dividend relating to the year ended 30 June 2012	-	-	-	-	-	-	(138,264)	(138,264)
Transfer to statutory reserve	-	-	-	24,357	-	-	(24,357)	-
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 11)	-	-	-	-	-	-	(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
	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 2013	2,398,250	83,803	391,588	303,399	41,048	711,125	2,527,828	6,457,041
Lapse of share options	-	-	-	-	(35,323)	-	35,323	-
Dividend relating to the year ended 30 June 2013	-	-	-	-	-	-	(155,125)	(155,125)
Transfer to statutory reserve	-	-	-	25,633	-	-	(25,633)	-
Profit for the period	-	-	-	-	-	-	349,944	349,944
Translation differences	-	-	-	-	-	88,715	-	88,715
	2,398,250	83,803	391,588	329,032	5,725	799,840	2,732,337	6,740,575
Interim dividend (Note 11)	-	-	-	-	-	-	(158,498)	(158,498)
At 31 December 2013 – Unaudited	2,398,250	83,803	391,588	329,032	5,725	799,840	2,573,839	6,582,077

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 LONG-TERM BORROWINGS

	Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Non-current	602,564	608,993
Current	62,057	50,304
	664,621	659,297

	Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Bank loans		
Secured	641,025	632,911
Unsecured	23,596	26,386
	664,621	659,297

The effective interest rates of borrowings are analysed as follows:

	Unaudited As at 31 December 2013	Audited As at 30 June 2013
Hong Kong dollars	3.45%	2.79%
Renminbi	5.90%	5.90%

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

	Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Hong Kong dollars	23,596	26,386
Renminbi	641,025	632,911
	664,621	659,297

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

20 LONG-TERM BORROWINGS (continued)

The bank loans are repayable as follows:

	Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Within one year	62,057	50,304
In the second year	89,744	108,993
In the third to fifth year	269,231	265,823
After the fifth year	243,589	234,177
	664,621	659,297

As at 31 December 2013, the bank loan of HK\$641,025,000 (30 June 2013: HK\$632,911,000) is secured by an investment property of HK\$1,944,649,000 (30 June 2013: HK\$1,913,924,000).

21 CREDITORS, ACCRUALS AND OTHER PAYABLES

	Unaudited As at 31 December 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Creditors	3,500,654	2,698,485
Accruals	2,649,019	2,175,941
Less: long-term rental accruals	(652,174)	(581,942)
	5,497,499	4,292,484

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 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Within period for		
0-30 days	1,784,447	1,114,797
31-60 days	1,043,973	971,181
61-90 days	279,609	213,937
Over 90 days	392,625	398,570
	3,500,654	2,698,485

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 CREDITORS, ACCRUALS AND OTHER PAYABLES (continued)

Creditors included amounts due to related companies of HK\$133,500,000 (30 June 2013: HK\$108,903,000) which were unsecured, interest free and repayable within 90 days.

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

22 BUSINESS COMBINATION

(a) On 27 May 2013, NWDSI entered into an agreement with independent third parties to acquire the entire equity interest in Hongxin Co, for a gross consideration of RMB1,250,000,000 (subject to further adjustments). Hongxin Co owns and operates a shopping mall in Shanghai. The acquisition was completed on 30 July 2013.

The acquired business contributed revenue of HK\$37,420,000 and net profit of HK\$32,085,000 to the Group for the period from 1 August 2013 to 31 December 2013. If the acquisition had occurred on 1 July 2013, Group's revenue would have been HK\$2,130,756,000; profit for the period would have been HK\$353,795,000. These amounts have been calculated using the Group's accounting policies.

Details of net assets acquired and goodwill were as follows:

	HK\$'000
Purchase consideration	
– Cash (Note)	1,582,278
Fair value of net assets acquired – shown as below	(1,573,966)
Goodwill	8,312

As at the date of this condensed consolidated financial information, the Group has not finalised the fair value assessments for net assets acquired from the acquisition. The relevant fair value of net assets acquired stated is on a provisional basis. The assets and liabilities arising from the acquisition were as follows:

	HK\$'000
Investment property	1,898,734
Cash and cash equivalents	28,467
Creditors, accruals and other payables	(28,467)
Deferred income tax liabilities	(324,768)
Net assets acquired	1,573,966

Analysis of the net cash outflow from the acquisition:

	HK\$'000
Purchase consideration settled in cash	(1,582,278)
Cash and cash equivalents in a subsidiary acquired	28,467
Net cash outflow from the acquisition of a subsidiary	(1,553,811)

Goodwill can be attributable to the anticipated profitability of the acquired business.

Note:

HK\$683,544,000 of cash paid represented the repayment of outstanding bank borrowings of Hongxin Co immediately prior to acquisition.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

22 BUSINESS COMBINATION (continued)

- (b) In November 2013, Shenyang Co acquired the entire equity interest in Shanghai New World Huizi Department Store Co., Ltd. ("Shanghai Huizi Co"), a limited liability company incorporated in the PRC from independent third parties, for an aggregate consideration of RMB280,000,000 (equivalent to approximately HK\$354,430,000).

The acquired business contributed revenue of HK\$52,809,000 and net profit of HK\$24,631,000 to the Group for the period from 27 November 2013 to 31 December 2013. If the acquisition had occurred on 1 July 2013, Group's revenue would have been HK\$2,210,630,000; profit for the period would have been HK\$362,419,000. These amounts have been calculated using the Group's accounting policies.

Details of net liabilities acquired and goodwill were as follows:

	HK\$'000
Purchase consideration	
– Cash	354,430
Fair value of net liabilities acquired – shown as below	198,005
Goodwill	552,435

As at the date of this condensed consolidated financial information, the Group has not finalised the fair value assessments for net liabilities acquired from the acquisition. The relevant fair value of net liabilities acquired stated is on a provisional basis. The assets and liabilities arising from the acquisition were as follows:

	HK\$'000
Property, plant and equipment	14,726
Inventories	5,806
Debtors	2,108
Prepayment, deposits and other receivables	43,805
Deferred income tax assets	28,852
Cash and cash equivalents	4,542
Creditors, accruals and other payables	(297,844)
Net liabilities acquired	(198,005)

Analysis of the net cash outflow from the acquisition:

	HK\$'000
Purchase consideration settled in cash	(354,430)
Cash and cash equivalents in a subsidiary acquired	4,542
Net cash outflow from the acquisition of a subsidiary	(349,888)

Goodwill can be attributable to the anticipated profitability of the acquired business.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 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 2013 HK\$'000	Audited As at 30 June 2013 HK\$'000
Contracted but not provided for	600,695	692,018
Authorised but not contracted for	282	–
	600,977	692,018

As at 30 June 2013, NWDSI committed to acquire the entire equity interest in Hongxin Co. The capital commitment in relation to the acquisition, contracted but not provided for, was approximately HK\$314,557,000.

24 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 2013 HK\$'000	Unaudited 2012 HK\$'000
Fellow subsidiaries			
Operating lease rental expenses	(i)	(32,051)	(50,637)
Building management expenses	(ii)	(15,375)	(13,188)
Reimbursement of shopping vouchers	(iii)	23,917	2,905
Sale of goods, prepaid shopping cards and vouchers	(iv)	1,960	2,655
Deposit paid for the purchase of building and land use right	(v)	(135,144)	–
Related companies			
Concessionaire commissions	(vi)	63,405	62,706
Operating lease rental expenses	(i)	(133,018)	(143,317)
Building management expenses	(ii)	(13,719)	(11,677)
Sale of goods, prepaid shopping cards and vouchers	(iv)	7,007	32,611
Rebates on prepaid shopping cards and vouchers	(vii)	106	246
Other service fee expenses	(viii)	(1)	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

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, a related company of the Company, 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 during the period for the purchase of building and land use right as described in Note 15.
- (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.
- (viii) This represents insurance services provided by the companies owned by Mr. Doo, an associate of certain Directors.

(b) Related party balances

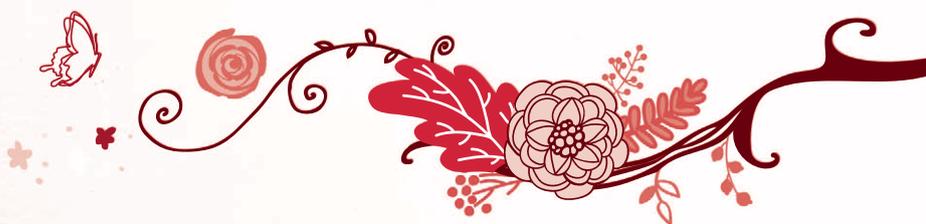
The details for balances with related parties are disclosed in Notes 17 and 21 to this condensed consolidated financial information.

(c) Key management compensation

	Unaudited Six months ended 31 December 2013 HK\$'000	Unaudited 2012 HK\$'000
Basic salaries, housing allowances, other allowances and other benefits in kind	7,499	6,871
Retirement benefit costs – defined contribution plans	506	505
Share-based payments	–	227
	8,005	7,603

25 ULTIMATE HOLDING COMPANY

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



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\$0.094 per share (2012: HK\$0.098 per share) for the six months ended 31 December 2013 to shareholders whose names appear in the register of members of the Company on 14 April 2014. It is expected that the interim dividend will be paid on or about 16 May 2014.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 11 April 2014 to Monday, 14 April 2014, 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, 10 April 2014.

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 2013 and discussed the financial related matters with the management. The unaudited interim results of the Group for the six months ended 31 December 2013 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.

* Address will be changed to Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong with effect from 31 March 2014.

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 2013.

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 2013.

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

As at 31 December 2013, total number of employees of the Group was 6,645 (2012: 7,071). 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.

OTHER INFORMATION

ACQUISITION AND DISPOSAL

On 27 May 2013, NWDSI entered into an agreement with independent third parties to acquire the entire equity interest in Hongxin Co, for a gross consideration of RMB1,250.0 million (subject to further adjustments) which includes RMB540.0 million of cash paid for the repayment of a principal amount of the outstanding bank borrowings of Hongxin Co. Hongxin Co owns and operates a shopping mall in Shanghai. The acquisition was completed on 30 July 2013.

In November 2013, Shenyang Co acquired 100% of the equity interest in Shanghai Huizi Co for a consideration of RMB280.0 million from independent third parties. Shanghai Huizi Co is a limited liability company incorporated in the PRC and is engaged in the operations of a department store in Shanghai.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its listed securities during the six months ended 31 December 2013. 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 2013.

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 2013 is set out below:

Mr. Yu Chun-fai resigned as an independent non-executive director of Jun Yang Solar Power Investments Limited, being a listed public company in Hong Kong, with effect from 2 October 2013.



DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2013, 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

	Capacity	Nature of interest	Number of shares held	Total	Approximate percentage of shareholding (direct or indirect)
New World China Land Limited (Ordinary shares of HK\$0.10 each)					
Dr. Cheng Kar-shun, Henry	Beneficial owner	Personal interest	29,985,826	151,983,526	1.75
	Interest of spouse	Family interest	4,387,500		
	Controlled corporation	Corporate interest	117,610,200 ⁽¹⁾		
New World Development Company Limited (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	Interest of spouse	Family interest	450,000	450,000	0.01
NWS Holdings Limited (Ordinary shares of HK\$1.00 each)					
Dr. Cheng Kar-shun, Henry	Beneficial owner	Personal interest	18,349,571	30,349,571	0.82
	Controlled corporation	Corporate interest	12,000,000 ⁽¹⁾		

Note:

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

OTHER INFORMATION

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 2013 were as follows:

Name	Date of grant	Exercisable period (Notes)	Number of share options held				Balance as at 31 December 2013	Exercise price per share HK\$
			Balance as at 1 July 2013	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 25 March 2008	(1) (2)	1,500,000 500,000	- -	- -	(1,500,000) -	- 500,000	8.660 8.440
Mr. Wong Kwok-kan, Kenneth	27 November 2007 25 March 2008	(1) (2)	501,000 250,000	- -	- -	(501,000) -	- 250,000	8.660 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
			6,001,000	-	-	(5,251,000)	750,000	

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.



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 2013 were as follows:

Name	Date of grant	Exercisable period (Notes)	Number of share options held				Balance as at 31 December 2013	Exercise price per share HK\$
			Balance as at 1 July 2013	Granted during the period	Exercised during the period	Lapsed during the period		
Dr. Cheng Kar-shun, Henry	18 January 2011	(1)	2,077,922	-	-	-	2,077,922	3.036
Mr. Cheng Chi-kong, Adrian	18 January 2011	(2)	935,066	-	-	-	935,066	3.036
Ms. Ngan Man-ying, Lynda	18 January 2011	(1)	1,038,961	-	-	-	1,038,961	3.036
			4,051,949	-	-	-	4,051,949	

Notes:

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

OTHER INFORMATION

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 2013 were as follows:

Name	Date of grant	Exercisable period (Notes)	Number of share options held				Balance as at 31 December 2013	Exercise price per share HK\$
			Balance as at 1 July 2013	Granted during the period	Exercised during the period	Lapsed during the period		
Dr. Cheng Kar-shun, Henry	19 March 2012	(1)	10,014,956	-	-	-	10,014,956	9.756
Mr. Cheng Chi-kong, Adrian	19 March 2012	(1)	3,505,234	-	-	-	3,505,234	9.756
Mr. Au Tak-cheong	19 March 2012	(1)	2,203,496	-	-	-	2,203,496	9.756
			15,723,686	-	-	-	15,723,686	

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) The cash consideration paid by each Director for grant of the share options is HK\$10.00.

Save as disclosed above, as at 31 December 2013, 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 2013	Exercise price per share HK\$
		Balance as at 1 July 2013	Granted during the period	Exercised during the period	Lapsed during the period		
27 November 2007	(1)	6,517,000	–	–	(6,517,000)	–	8.660
25 March 2008	(2)	1,310,000	–	–	–	1,310,000	8.440
		7,827,000	–	–	(6,517,000)	1,310,000	

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.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2013, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in the shares of the Company

Name	Capacity	Nature of interest	Number of shares held	Total	Approximate percentage of shareholding (direct or indirect)
Cheng Yu Tung Family (Holdings) Limited ("CYTFH") ⁽¹⁾	Controlled corporation	Corporate interest	1,218,900,000	1,218,900,000	72.29
Cheng Yu Tung Family (Holdings II) Limited ("CYTFH-II") ⁽²⁾	Controlled corporation	Corporate Interest	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook Capital Limited ("CTFC") ⁽³⁾	Controlled corporation	Corporate interest	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook (Holding) Limited ("CTFH") ⁽⁴⁾	Controlled corporation	Corporate interest	1,218,900,000	1,218,900,000	72.29
Chow Tai Fook Enterprises Limited ("CTF") ⁽⁵⁾	Controlled corporation	Corporate interest	1,218,900,000	1,218,900,000	72.29
New World Development Company Limited ("NWD")	Beneficial owner	-	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 78.58% 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 interest in more than one-third of the issued shares of NWD and is accordingly deemed to have an interest in the shares of the Company interested by or deemed to be interested by NWD.



OTHER PERSONS' INTERESTS IN SECURITIES

As at 31 December 2013, the interests or short positions of persons (other than the Directors or chief executive or substantial shareholders (as defined in the Listing Rules) of the Company) in the shares and underlying shares of the Company as recorded in the register as required to be kept by the Company under section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name	Capacity	Nature of interest	Number of shares held	Total	Approximate percentage of shareholding (direct or indirect)
GMT Capital Corp	Controlled corporation	Corporate interest	85,117,000	85,117,000	5.05

Save as disclosed above, the Directors are not aware of any person (other than the Directors or chief executive of the Company) who, as at 31 December 2013, 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 by the Company 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

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Cayman Islands

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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
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Causeway Bay, Hong Kong

Tel: (852) 2753 3988

Fax: (852) 2318 0884

e-mail: nwdscad@nwds.com.hk

WEBSITE

www.nwds.com.hk

[#] Address will be changed to Level 22, Hopewell Centre,
183 Queen's Road East, Hong Kong with effect from
31 March 2014.





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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