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)

(Hong Kong Stock Code: 825)

時新尚個生性活

Enriching Lives Enhancing Character

INTERIM REPORT 2016/2017

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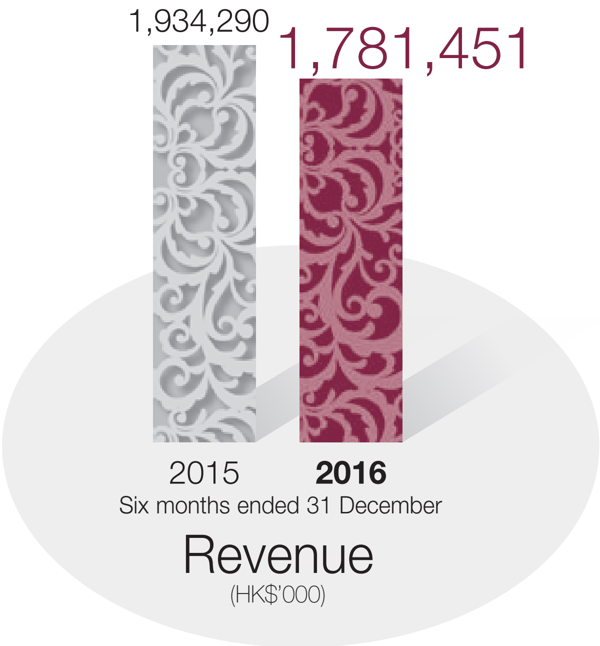
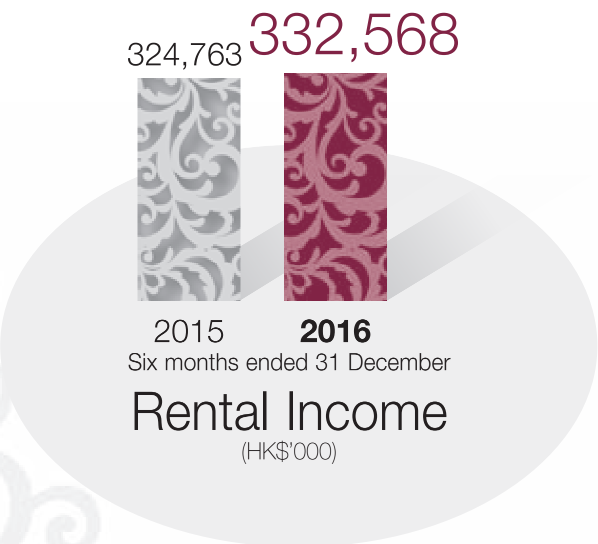
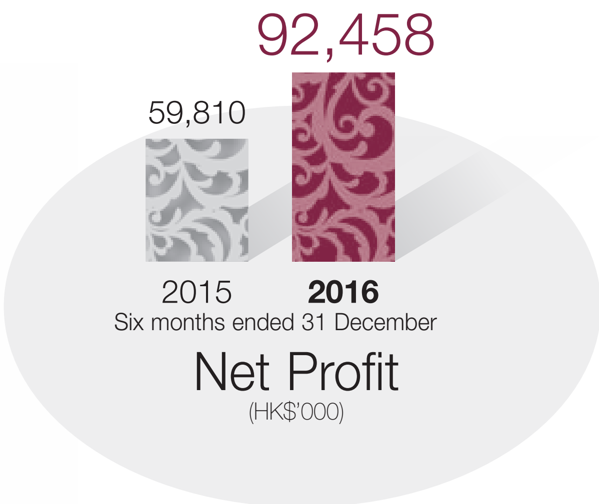
FINANCIAL HIGHLIGHTS







FINANCIAL HIGHLIGHTS

Profit for the period: HK$92,458 thousand

	Six months ended 31 December 2016 HK$'000	2015 HK$'000
Operating Result		
Revenue	**1,781,451**	1,934,290
Representing:		
Commission income from concessionaire sales	**890,069**	1,060,105
Sales of goods – direct sales	**551,030**	514,739
Rental income	**332,568**	324,763
Management and consultancy fees	**7,784**	34,683
Operating profit	**156,190**	137,658
Profit for the period ("Net profit")	**92,458**	59,810

	As at 31 December 2016 HK$'000	As at 30 June 2016 HK$'000
Financial Position		
Fixed deposits, cash and cash equivalents	**1,877,583**	1,202,678
Total assets	**11,924,835**	11,711,839
Total liabilities	**6,198,869**	5,799,004
Total equity	**5,725,966**	5,912,835
Net cash position	**649,026**	207,026

	2016	2015
Financial Ratios		
Merchandise gross margin	**18.1%**	18.2%
Operating profit growth	**13.5%**	-52.7%
Net profit growth	**54.6%**	-71.0%

CHAIRMAN'S STATEMENT

While the global economy endured a bumpy ride in 2016, the Chinese economy remained slow but steady and the GDP growth rate maintained at the level of 6.7%. The physical retail sector has shown signs of rebound since the autumn/winter season of 2016, uplifting the growth of total retail sales of consumer goods gently to 10.4% year on year.

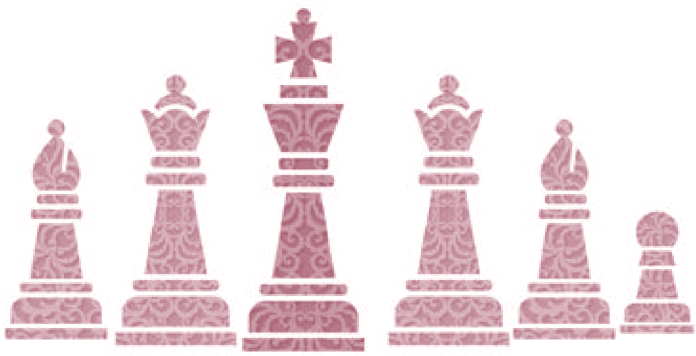
Against the backdrop of consumption upgrade and new consumption patterns, the Group's new management team strives to foster a consumer-centric business revamp and management innovation to create a premium and refined shopping experience for customers. During the period under review, the Group vigorously improved its operational efficiency, merchandise mix, marketing campaigns and staff motivation initiatives, all of which brought visible improvement in concessionaire sales. Concurrently, the Group made strong efforts to optimize its business structures and introduced more projects relating to experiential consumption such as food and beverage, entertainment and services to enlarge the proportion of sales of goods for direct sales and rental income so as to optimize the Group's revenue structure. Regarding cost control, the Group rationalized and optimized its management structure during the period under review. It also actively made use of a variety of highly efficient yet low cost methods – such as cross-industry collaboration with banks and technology firms, O2O marketing and deep collaboration with brands – to improve its overall operational efficiency.

For the six months ended 31 December 2016, the Group's net profit significantly increased by approximately 54.6% to HK$92.5 million from HK$59.8 million in the same period of Previous Year. Earnings per share increased by 25.0% to HK$0.05 from the same period of Previous Year.

During the period under review, the Group maintained a prudent and robust business development strategy. We opened a managed store with a total GFA of about 27,000 sq.m. in Yibin City, Sichuan Province. As at 31 December 2016, the Group operated and managed 37 self-owned stores and five managed stores in 22 major cities in Mainland China, with a total GFA of about 1,646,880 sq.m.

For our management structure, the Group rationalized and adjusted the organizational structure of the headquarters and the regions during the period under review. We also perfected our performance assessment system and set up nine functional committees to make collective decisions, ensuring prompt and effective implementation and execution of the Group's strategies. To motivate our staff, the Group boldly introduced the innovative Amoeba operating model and launched the store manager incentive fund, the regional manager incentive fund and the CEO award, etc. to enhance the proactiveness and sense of achievement amongst our people, as well as to cultivate a workforce with positive, changes-embracing and breakthroughs-seeking mindset.

In terms of operational innovation, the Group implemented the "One Store, One Strategy" to manage our stores with a capitalized approach during the period under review, empowering each store with a higher degree of autonomy, clearly-defined market positioning and elevated operating standard, which came together to facilitate the creation of unique operating characteristics for each store. Beijing Store, for example, built a trendy shopping venue "Cat Street" to attract cat-lovers. Zhengzhou Store incorporated a cultural street zone "7 Temple Street" to provide handicraft offerings, while a chic street zone "New Territories 88" was set up in Nanjing Store to cater for young consumers. Furthermore, we



CHAIRMAN'S STATEMENT

continued to optimize our in-store merchandise mix by expediting the brand renewal rate, further enriching popular categories such as children's goods, sports items and cosmetics. We also promoted deep collaboration with concessionaire counters and brands to improve their operating capabilities.

On the front of marketing innovation, the Group augmented the leading efforts at the headquarters on the implementation of inter-store marketing campaigns, resulting in visible sales growths in the campaigns involved. Besides, the Group employed innovative cross-industry collaboration to achieve efficient yet low-cost marketing. For example, we worked with more than 20 banks in China to launch the "Nationwide Bank Thanksgiving Day" and co-organized the "New World & ffan.com 11-day Crazy Shopping Festival" with the e-commerce platform ffan.com. Both initiatives successfully increased foot traffic and sales. In September 2016, the Group launched the novel CMF customer relationship management system to finely categorize customers into three groups, namely "Customers – Members – Fans", for tiered management. Consumption data would be systematically stored and analyzed. After the system went live, there were more than 60,000 new registration of the basic level "Customers" that month.

To further differentiate our merchandise mix, the Group further developed the business of two private labels – LOL Concept Shop and n+ Natural Taste Plus – to provide sophisticated, quality-seeking customers with a premium and personalized selection of merchandise. During the period under review, LOL positioned its stores as silver, gold or black labels to offer products that match the consumption power of their respective customers. n+ Natural Taste Plus, the high-end bakery brand of the Group, made its presence in two Shanghai "Ba Li Chun Tian" branded stores and plans to adjust its product portfolio and introduce the upgraded version n+ Lifestyle – an integrated cross-industry multi-brand store. On top of the above, the Group's distribution business of high-end fashion brands continued to perform with improvements in their revenue and profitability, demonstrating a good momentum of growth during the period under review.

In addition to crafting a refined shopping experience for customers, the Group also dedicated our efforts on creating values for the environment and society at large. During the period under review, the Group published our third standalone sustainability report, *NWDS Sustainability Report 2016*, which presented our FY2016 sustainability initiatives in detail including the introduction of "Green Office Policy", resulting in a year-on-year reduction of 7.8% in the annual average carbon intensity. The Group is honored to receive wide recognition on our sustainability reports in recent years. Our FY2015 and FY2016 reports garnered eight awards and honors during the period under review, including the Gold Award in the category of "Retailing – Multi-line Retail" in the LACP 2015 Vision Awards Annual Report Competition with full score in most of the judging criteria, which is a testimony to our forefront position in the industry in the field of sustainable development.

Looking ahead into 2017, the market forecasts the Chinese economy to remain at the bottom; the GDP growth rate is estimated at 6.5%. Despite the long list of uncertainties, total retail sales of consumer goods and the consumer price index are both posing for gradual growth while consumption will continue to stay on top of the economic growth engines "Troika" in 2017. Therefore, the Group remains cautiously optimistic about the prospects of our business. In the light of consumption upgrade in China, the Group will uphold the "Artisanal spirit" in practicing the "NWDS' Theory of Happiness" and refocus on the core of retailing to devote ourselves to catering customers' preferences and emotional experiences. The Group will also make new attempts in online-offline integration and strive to explore new cooperation models with merchants, so that we could fine-tune our business strategy in a timely manner to keep abreast of customer needs. At the same time, the Group will continue to carry forward the expansion strategies of "multiple presences within a single city" and "radiation city" to seek long-term and steady business growth in major footholds in Shanghai region, Beijing region and South Western region.

On behalf of the Board, I would like to take this opportunity to express my gratitude to all shareholders, customers, business partners and our staff. Your support has enabled the Group to continue to innovate and improve on our journey of development. Going forward, we will work harder to achieve even better performance to reward the trust you place on us.

Dr. Cheng Kar-shun, Henry
Chairman

Hong Kong,
21 February 2017

MILESTONES

2016

JULY

- Organized the first nationwide inter-store marketing campaign led by the headquarters, "630 Your Happiest Day in the Year", driving growth in sales and foot traffic

- FY2015 Annual Report and Sustainability Report garnered 11 awards and honors, including the Annual Report's winning of the Platinum Award in the category of "Best Report Cover", in the LACP 2015 Vision Awards Annual Report Competition

- Hong Kong Office received its first "Energywi$e Certificate" in the "Energywi$e Certificate" scheme under "Hong Kong Green Organisation Certification", which well-recognizes its environmental protection achievements

AUGUST

- Organized the "Nationwide Bank Thanksgiving Day" with more than 20 banks in China to provide respective bank card users with special shopping offers and received close to 400,000 visitors in the three-day campaign

- Launched the "Chief Experience Officer" project to conduct face-to-face interviews with customers to gain insights into their needs and experience with an aim to improve service quality and interviewed more than 7,000 customers

- The Group's annual reports received recognition from the International ARC Awards for the ninth consecutive year while FY2015 Annual Report garnered three awards

SEPTEMBER

- Co-organized the "9.9 Chow Tai Fook Brand Day" with Chow Tai Fook and debuted a collection of Disney accessories, breaking the historical high in single-day sales

- Launched the new CMF customer relationship management system. Using over 40 NWDS' WeChat accounts as mobile registration terminals, there were over 60,000 new "Customers" registration during the month

- Opened Yibin Store in Sichuan Province, which introduces over 100 local and international trendy brands and incorporates the city's largest children's zone

- The Group's private label, n+ Natural Taste Plus, made presence in Shanghai Baoshan Branch Store, which is well-received by the market

- Organized the 6th "Green Mid-Autumn Festival – Moon Cake Box Recycling Campaign" to collect excessive moon cake boxes and moon cakes from customers, which were then given away to charitable organizations, extending care and love to the communities

MILESTONES

OCTOBER

- The Group's annual reports received recognition from the Galaxy Awards for the seventh consecutive year while FY2015 Sustainability Report garnered its very first Galaxy Award

- Recognized as "Family-Friendly Employer" by Family Council of Home Affairs Bureau for the third time in a row, and earned its first honor of "Special Mention (Gold)"

NOVEMBER

- During the "Double 11" shopping festival, many stores joined forces with e-commerce platform ffan.com to launch the "New World & ffan.com 11-day Crazy Shopping Festival" and realized a significant increase in foot traffic and sales through O2O cross-industry collaboration

- All "Ba Li Chun Tian" branded stores in Shanghai organized the "8th Non-stop Happiness Mega Sales" which comprises flash sales and appealing discount offers at stores, online collaboration with ffan.com and mplife.com as well as the distribution of "Happiness Gift Vouchers" on WeChat, further realizing O2O marketing

DECEMBER

- Realizing the innovative "One Store, One Strategy" to promote capitalized store management, Beijing Store introduced a cat-themed children's zone, realizing a novel operations model that well-incorporates commercial and thematic elements

- Introduced the joint venture food and beverage label "Peter's Meadow" to Shanghai Pujian Branch Store to introduce an in-trend dining model of serving store-cut and store-prepared premium imported steak

- Hong Kong Office garnered "Corporate Citizenship Logo" in the categories of "Enterprise" and "Volunteer" respectively in the "Hong Kong Outstanding Corporate Citizenship Award" organized by Hong Kong Productivity Council for the second consecutive year

- Received recognition from international finance magazine *The Asset* for the third consecutive year and garnered the Gold Award in the category of "Corporate Governance, Social Responsibility, Environmental Responsibility and Investor Relations" in "The Asset Corporate Awards 2016"

BUSINESS REVIEW

New World Department Store China Limited and its subsidiaries' (together, the "Group") revenue for the six months ended 31 December 2016 (or "1HFY2017" or the "Current Period") was HK$1,781.5 million (For the six months ended 31 December 2015 (or "1HFY2016" or the "same period of Previous Year"): HK$1,934.3 million). The decrease was mainly due to the devaluation of Renminbi ("RMB") against Hong Kong dollars ("HK$") in the Current Period. In RMB terms, revenue of the Group was RMB1,549.9 million in 1HFY2017 (1HFY2016: RMB1,586.1 million). Profit for the period significantly increased by approximately 54.6% to HK$92.5 million from HK$59.8 million in the same period of Previous Year.

BUSINESS NETWORK

During the period under review, the Group carried through its "radiation city" expansion strategy to expand its foothold in Sichuan Province by opening a brand new managed store, Yibin New World Department Store in Yibin City. With a total gross floor area ("GFA") of about 27,000 square meters ("sq.m."), the store is a trendy lifestyle store where customers can enjoy shopping, recreation and entertainment under one roof.

As at 31 December 2016, the Group operated 40 department stores and two shopping malls, with a total GFA of about 1,646,880 sq.m. Located in three operating regions, namely Northern China, Eastern China and Central Western China, the stores covered 22 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, Yantai and Yibin with 37 self-owned stores and five managed stores.

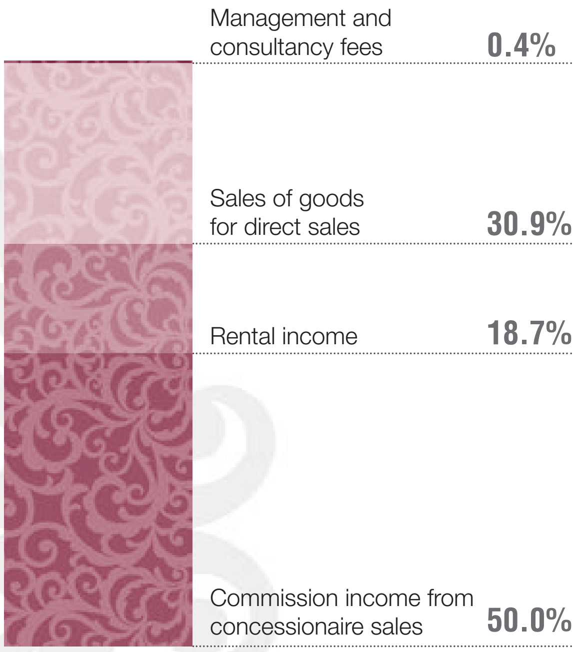
REVENUE CONTRIBUTION

By Region

The Northern China Region contributed the most to the Group's revenue during the period under review, accounting for 46.1% of revenue, followed by the Eastern China Region and the Central Western China Region, accounting for 33.5% and 20.4%, respectively.

By Segment

Commission income from concessionaire sales was the major source of income, accounting for 50.0% of revenue. Sales of goods for direct sales and rental income accounted for 30.9% and 18.7% respectively. Management and consultancy fees accounted for 0.4%.



OPERATIONS STRATEGIES

Optimizing Management Structure and Inspiring Staff to Innovate

To effectively energize the organization and to put the efficiency of all departments to full play, the Group rationalized and adjusted the organizational structure of the headquarters and the regions during the period under review. It clarified the roles and responsibilities of its staff, formulated a comprehensive performance assessment system, and set up nine functional committees to make collective decisions which would be employed to ensure prompt and effective implementation and execution of the Group's strategies, which in turn, helped lift NWDS' overall operational efficiency and competitiveness. In terms of staff training, the Group boldly introduced the innovative Amoeba operating model to transform the training department, NWDS Management Academy, from a mere cost center to a market-driven and profit-making center. It will also attempt to develop externally in hopes to amplify its influence in the industry. In addition, the Group rolled out staff incentives such as the store manager incentive fund, the regional manager incentive fund and the CEO award with an aim to better recognize and inspire business innovation, improve the proactiveness and job satisfaction of its staff and nurture a workforce with positive, changes-embracing, breakthroughs-seeking mindset.

Implementing the Capitalized Store Management to Construct Operating Characteristics

In response to the economic growth and the rise of the "new consumption generation" in China, the Group strengthened its efforts on brand acquisition, and product and service quality enhancement with an aim to provide "happiness-inducing" services catering consumers' social, interactive and experiential needs and to position NWDS as a new style physical retailer that can address and satisfy the demands of upgraded consumption. During the period under review, the Group put the "One Store, One Strategy" into practice to manage its stores with a capitalized approach – customizing operations strategies for each store according to its growth potentials, business model, operating conditions and other factors, so that each store can be empowered with a higher degree of autonomy, clearly-defined market positioning and elevated operating standard to better respond to and meet the requirements of local customers. When formulating the "One Store, One Strategy", the Group also supported and encouraged stores to innovate in the aspects of business structure, product categories and collaboration model with concessionaire counters to craft their own operating characteristics. During the period under review, Nanjing New World Department Store ("Nanjing Store") successfully remodeled its relatively old premise with little traffic into a thematic street zone and repositioned itself as a "Trendy Mini Mall". The street zone fuses spotlight elements such as shopping, recreation, artistic creation, lifestyle and culture, as well as fine food and successfully brings a significant growth in foot traffic. As a highly replicable model, Nanjing Store's "New Territories 88" would be helpful for other stores to replicate and to achieve the goal of constructing themed interior designs in the future. On the other hand, Beijing New World Department Store ("Beijing Store") built a cat-themed children's zone during the period under review. By combining a children's activity area, a performance venue and cat-themed restaurants, the new zone realizes a novel operations model that well incorporates commercial and thematic elements.

Improving the Operating Capabilities of Concessionaire Counters and Optimizing Merchandise Mix

In addition to the setting of stores' overall operations strategies, the Group also places high importance on enhancing the operating capabilities of each concessionaire counter by encouraging stores to co-organize in-depth "brand day" campaigns with strategic brands. During the period under review, the Group and Chow Tai Fook joined forces and organized the "9.9 Chow Tai Fook Brand Day". During the campaign period, a collection of Disney accessories made its debut and its single-day sales broke historical high, generating coverage from over 100 media outlets across the country. Meanwhile, the Group actively responded to consumer needs and continued to optimize in-store merchandise mix, expediting the annual brand renewal rate at around 30%. Popular categories such as children's

BUSINESS REVIEW

goods, sports items and cosmetics were enriched accordingly. During the period under review, Beijing Store became one of the department stores with the biggest selection of cosmetics and skincare products in the city and the preferred shopping hot spot for beauty lovers.

Expanding Experiential Business such as Food and Beverage to Boost Rental Income

On the front of business structure innovation, the Group continued to add in-store recreational facilities such as food and beverage, children's education and fitness centers during the period under review. Brands such as Hai Di Lao Hot Pot, the Michelin-nominated Hong Kong style restaurant Madam Goose, RYB Education Institution, Heng Yoga were introduced. The Group also operated two joint venture food and beverage labels, namely "Peter's Meadow" and "Aza Aza!". As a result, the proportion of rental projects was increased to about 22% of the total GFA.

Introducing "Chief Experience Officer" Project to Raise the Bar of Consumer-centric Services

Since the launch of the "Chief Experience Officer" project in August 2016, the Group has been conducting face-to-face interviews and exchanges with customers to gain insights into their specific needs and experience with an aim to provide better customer services. Over 7,000 customers were invited to these interviews. Based on the conclusion drawn from the collected information, the Group will focus on improving the quality and accessibility of services that are critical to customer experience in the future. These include improving salespersons' product knowledge, expanding the scope of use of group-buying cards, promoting smart and unified POS, accepting more quick-pay methods and offering one-stop goods refund and exchange, etc.

Adopting Market-oriented Positioning and Development to Create Quality Brands with Unique Character

To elevate brand character and uniqueness, the Group has been actively engaged in establishing private labels in recent years, which further enhanced the proportion of sales of goods for direct sales. During the period under review, both LOL (Love • Original • Life) Concept Shop ("LOL") and n+ Natural Taste Plus, two private labels targeting middle-class consumers achieved different degrees of growth. LOL opened two new stores, bringing the total to 11. Amongst them, the Shanghai Joy City Store is the first outlet operating outside of the New World Group establishment. LOL implemented categorized management for all its stores, positioning them as silver, gold or black labels to offer products that match the consumption power of their customers. To improve the brand's market presence and its interaction with customers, LOL actively operated its WeChat account and hosted an array of experiential marketing campaigns and enriched Workshop academy courses. Two VIP cards, namely the LOL Silver Card and the LOL Gold Card, were also launched. As a result, the VIP revisiting rate was as high as 95%. During the period under review, LOL's same store sales recorded double digit growth. As the high-end bakery brand of the Group, n+ Natural Taste Plus made its presence in two Shanghai "Ba Li Chun Tian" branded stores and had been well-received by consumers. In the future, n+ Natural Taste Plus will continue to adjust its product portfolio with plans to introduce new product lines such as light meals, cakes and souvenirs. An upgrade to n+ Lifestyle – an integrated cross-industry multi-brand store that combines on-trend elements such as café, light meals, boutique retail and IP peripheral merchandise – is also under consideration. On the other hand, the Group's distribution business of high-end fashion brands continued to perform with improvements in their revenue and profitability, demonstrating a good momentum of growth during the period under review.

MARKETING STRATEGIES

Employing Cross-industry and O2O Collaboration to Achieve Efficient yet Low-cost Marketing

Marketing campaigns are important means to drive sales in the retail industry. During the period under review, the Group revamped its marketing strategies by augmenting the leading efforts at the headquarters, deploying O2O all-channel marketing as well as fostering cross-industry collaboration. As a result, regionwide and nationwide inter-store marketing campaigns such as "630 Your Happiest Day in the Year", "8th Non-stop Happiness Mega Sales", "Double 11" and "Double 12", etc. all recorded sales growth. Amongst these, "630 Your Happiest Day in the Year" was the first marketing campaign spearheaded by the headquarters of the Group during the period under review. By systematically rationalizing the sales targets, campaign contents and execution from early on, stores involved achieved the impressive result of a 55% year-on-year sales growth and a 9% year-on-year foot traffic growth while the New Year's Eve campaigns kick-started 2017 with a year-on-year sales growth of 21.6%, successfully strengthening the collaborative rapport and efficiency amongst the headquarters, stores, suppliers and business partners in marketing campaigns.

Cross-industry collaboration is the new norm in the new retail era. Indeed, the Group is at the forefront of the industry. For instance, during the "Double 11" campaign period, the Group collaborated with the e-commerce platform ffan.com, implemented O2O marketing to divert online customers to physical stores and fostered a year-on-year foot traffic growth of 24%. In addition to seeking cross-industry collaboration to generate synergy, the Group also made good use of its own online resources, including its WeChat and Weibo fans of close to four million, to enhance interaction with its customers. As a result, the effectiveness of O2O marketing gradually manifested. During the "8th Non-stop Happiness Mega Sales" campaign period, all "Ba Li Chun Tian" branded stores in Shanghai rolled out a red-packet snatching game called "Heated Challenge" on WeChat. The game attracted 60,000 visits, successfully became a hot online topic and accelerated the speed of fans acquisition. On the offline front, sales grew hand-in-hand with foot traffic at stores. Furthermore, the Group rolled out the "2017 Blessing for You" H5 interactive game in the New Year's Eve campaign, in which fans across the country could snatch red packets by listening to New Year wishes in different dialects. During the campaign period, the red packets redemption rate at stores was up to 35%. On top of actively establishing online outreach and acquiring digital members, the Group also placed high importance on the management and dissemination of its marketing contents. During the period under review, a total of 34 articles were published which gained reposting by close to 150 media outlets and generated over ten million exposures.

Introducing a Novel Customer Relationship Management System to Speed Up the Acquisition of Members and Fans

To further implement targeted marketing, the Group stepped up its efforts on accelerating the progress of membership digitization during the period under review. A new CMF customer relationship management system was launched to finely group customers into three categories, namely "Customers – Members – Fans". By capturing and using real customer data relating to their personal, activity, brand and transaction attributes, the Group could precisely analyze consumer behaviors for targeted marketing to boost members' visiting frequency and transaction rates. In mid-September 2016, the CMF customer relationship management system went live and the user interfaces of more than 40 WeChat accounts operated by NWDS' stores across the country were standardized at the same time – users only need to scan a QR code or follow any WeChat account of NWDS' stores to enter the system, then key in a mainland cell phone number to register as the basic member level "Customers". Due to the opening-up of WeChat mobile registration terminals, the simple registration process and no spending requirements for registration, the number of registered "Customers" and WeChat fans gave traction to each

BUSINESS REVIEW

other and surged after the CMF customer relationship management system went live. There were more than 60,000 new "Customers" registered on the system that month, representing a year-on-year growth of almost 30% while the number of new WeChat fans exceeded 100,000.

Upon any purchase, registered "Customers" would be automatically upgraded to the "Members" level. They could review their bonus points balance and enjoy various member-only privileges with their electronic membership cards. During the period under review, the Group's "Members" could enjoy "Happiness Gift Vouchers" which could be used as cash in all stores. The initiative successfully increased members' revisiting rate to 81%. Going forward, the Group will continue to make strong efforts in promoting the CMF customer relationship management system by further increasing its registration channels for its "Customers". The Group will then encourage "Customers" to spend and upgrade to "Members" by giving away electronic coupons and enabling online bonus-point-to-coupon redemption. The Group will also organize members' annual reward activities as a common marketing practice to drive foot traffic and transactions at stores.

EXPANSION STRATEGIES

Carrying on "Radiation City" Strategy for Robust Business Expansion

Despite the mild rebound in China's physical retail industry by the end of 2016, the market expects the Chinese economy to linger at the bottom in 2017. Therefore, the Group will maintain a prudent and robust business development strategy and is committed to innovating and improving its operations, marketing and human resources management, etc., with the full implementation of the "One Store, One Strategy" so as to provide mainland consumers with the most fitted product and service mix in a great shopping ambience. During the period under review, the Group tapped into Yibin City of Sichuan Province and opened a managed store with a total GFA of about 27,000 sq.m. Over 100 local and international trendy brands, such as ZARA, H&M, G2000, Chow Tai Fook and Lao Miao Jewelry were introduced. Incorporating the city's largest children's product category with a rich merchandise and service portfolio, the store has been locals' favorite since its opening.

Carrying through the expansion strategy of "radiation city", the Group will ride on its footholds in Shanghai region, Beijing region, and South Western region to tap into adjacent areas to generate greater synergy. When identifying new projects in markets with development potentials, the Group will conduct an objective and comprehensive evaluation before deciding on the business district and the operating model. At present, the Group has four pipeline projects. The first one is the Jingmen Project in Hubei Province near Wuhan – an anchor department store with a total GFA of about 35,000 sq.m. in a commercial complex of 120,000 sq.m. The second one is the Chongqing Tongliang Project, a managed store with a total GFA of about 26,200 sq.m., which will be a themed department store that locates in a 120,000 square-meter commercial complex. The third and fourth ones are the Shenyang Nanjing Street Branch Store Phase I Redevelopment Project and the Shenyang Nanjing Street Branch Store Phase II Project respectively. Upon the completion of these two projects, they will combine to form a large-scale department store with a total GFA close to 52,000 sq.m.

BUSINESS REVIEW

OUTLOOK

2016 was a year of upheaval for international politics. "Black Swan" events such as the victorious Brexit referendum and the election of Donald Trump as the United States president in the second half of the year caused significant fluctuations in the global financial market. The US dollar hit its 13-year high while other currencies dropped relatively, which dampened international trade and led the world economy into a deep adjustment phase. The market expects 2017 to be a year filled with uncertainties. With general elections to be carried out in the Netherlands, France and Germany, and the imminent activation of Brexit in the United Kingdom, the pace of Europe's economic recovery could be affected. Furthermore, the protectionist policies of the Trump administration could possibly add variants to global economy, trade and politics.

Despite the instabilities in international politics and the global economy, the Chinese government has rolled out policies to ease credit and to stimulate the economy effectively. As a result, China's GDP growth held relatively steady at 6.7% in 2016. Under the premise of slowed down external trade and decelerated investment, consumption has become the critical pillar of the Chinese economy, contributing more than 60% in the "Troika", and has unquestionably given a boost to the long-term growth of the retail industry. Furthermore, factors such as RMB depreciation and reduction in sales tax have narrowed the difference between local and foreign marked prices. As nationals' intention for consumption abroad weakens, domestic consumption power grows strong and provides a certain degree of impetus to the Chinese retail industry. The market expects consumption to maintain its top position in the "Troika" in 2017 and become the main locomotive to drive long-term economic growth in China. In addition, the economic structure in China has been gradually transforming towards consumption. As such, the Group remains cautiously optimistic about the prospects of the Chinese retail industry.

To capture the opportunities brought by consumption upgrade, the Group is committed to refocusing on the core of retailing, to listen attentively to the ideas and requirements of its consumers and to constantly deliver innovation and efficiency in its customer-centric offerings. Through merchandise upgrade and service optimization, the operational innovation of "One Store, One Strategy", and O2O targeted marketing, the Group envisions to carry forward the "NWDS' Theory of Happiness" to create an all-year-round, all-channel and all-direction new retail model to consolidate its leading position in the Chinese retail industry.

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

Revenue and Other Income

Revenue of the Group was HK$1,781.5 million in 1HFY2017 (1HFY2016: HK$1,934.3 million). The decrease was mainly due to the devaluation of RMB against HK$ in the Current Period. In RMB terms, revenue of the Group was RMB1,549.9 million in 1HFY2017 (1HFY2016: RMB1,586.1 million).

Gross sales revenue, as previously defined, was HK$6,189.8 million in 1HFY2017 (1HFY2016: HK$6,947.1 million). In RMB terms, gross sales revenue was RMB5,385.2 million in 1HFY2017 (1HFY2016: RMB5,696.7 million).

The Group's merchandise gross margin was 18.1% in the Current Period (1HFY2016: 18.2%). In 1HFY2017, ladieswear and accessories made up approximately 64.5% of gross revenue from concessionaire sales and sales of goods for direct sales. Menswear and accessories made up approximately 9.3% and sportswear, bread and snacks, electrical appliances, kidswear and personal care products largely made up the rest. Direct sales revenue in the Current Period mainly comprised sales of groceries, housewares and perishables (approximately 31.6%), cosmetic products (approximately 27.9%), ladieswear and menswear (approximately 32.9%), as well as accessories and miscellaneous items (approximately 7.6%).

Rental income increased by 2.4% to HK$332.6 million in 1HFY2017 from HK$324.8 million in 1HFY2016, mainly due to increased rentable area and improved tenant mix in the Current Period, which was partially offset by the reduced rentable area as a result of the closure of Beijing Shishang New World Department Store ("Beijing Shishang Store") and Ningbo New World Trendy Department Store ("Ningbo Trendy Store") in December 2015 and June 2016 respectively.

Management and consultancy fees was HK$7.8 million in 1HFY2017 decreased from HK$34.7 million in 1HFY2016. The decrease was primarily due to drop in Group's recognition of fees for the provision of consultancy services for new projects in the Current Period.

Other income of the Group was HK$76.4 million in 1HFY2017 compared with HK$86.7 million in 1HFY2016. The decrease in other income was mainly due to the inclusion of HK$15.9 million compensation from a landlord for the termination of lease of Beijing Shishang Store in 1HFY2016.

Other Gains, Net

Net other gains of the Group in the Current Period was HK$1.0 million which was primarily resulted from a fair value gain on a derivative instrument of HK$1.2 million. The derivative instrument was a forward contract to manage the foreign exchange risk on Korean Won.

Changes in Fair Value of Investment Properties

A loss in fair value of investment properties in the Current Period was HK$10.5 million which related to properties of Shenyang New World Department Store – Jianqiao Road Branch Store, Zhengzhou New World Department Store and Tianjin New World Department Store.

Purchases of and Changes in Inventories, Net

The purchases of and changes in inventories, net primarily represented the cost of sales for direct sales of goods. It increased by 1.9% to HK$397.8 million in 1HFY2017 from HK$390.2 million in 1HFY2016. The increase was in line with the increase in sales of goods for direct sales in the Current Period.

Employee Benefit Expense

Employee benefit expense decreased to HK$312.4 million in 1HFY2017 from HK$323.8 million in 1HFY2016. In RMB terms, employee benefit expense increased during the Current Period primarily due to the opening of specialty shops of direct sales business, which was partially offset by the continuous efforts by management to carry out labour cost optimisation measures.

Depreciation and Amortisation

Depreciation and amortisation expense decreased from HK$155.6 million in 1HFY2016 to HK$131.2 million in 1HFY2017, primarily due to no depreciation is provided in the Current Period for property, plant and equipment impaired for mainly one department store in 2HFY2016 and some stores with assets that have been fully depreciated, and the closure of Beijing Shishang Store in December 2015.

MANAGEMENT DISCUSSION & ANALYSIS

Operating Lease Rental Expense

Operating lease rental expense decreased to HK$534.8 million in 1HFY2017 from HK$603.2 million in 1HFY2016, primarily due to the reduction of rental rates for certain leased properties in the Current Period, the closure of Beijing Shishang Store and Ningbo Trendy Store in December 2015 and June 2016 respectively, and the effect on the conversion from business tax ("BT") to value-added tax ("VAT") since May 2016 due to China's VAT reform.

Other Operating Expenses, Net

Net other operating expenses decreased to HK$316.0 million in 1HFY2017 from HK$412.2 million in 1HFY2016. The decrease was primarily due to the effective control of water and electricity, promotion and advertising expenses by management, a decline in other tax expenses mainly due to the effect on the conversion from BT to VAT since May 2016 and a decline in exchange losses on the closing rate translation mainly due to the decrease in HK$-denominated bank borrowings at the end of reporting period.

Operating Profit

Operating profit was HK$156.2 million in 1HFY2017 compared with HK$137.7 million in 1HFY2016.

Income Tax Expense

Income tax expense of the Group was HK$67.0 million in 1HFY2017 compared with HK$96.5 million in 1HFY2016.

Profit for the Period

As a result of the reasons mentioned above, profit for the period increased by approximately 54.6% to HK$92.5 million compared with HK$59.8 million in the same period of Previous Year.

Liquidity and Financial Resources

Cash and fixed deposits of the Group amounted to HK$1,877.6 million as at 31 December 2016 (30 June 2016: HK$1,202.7 million).

The Group's borrowings from banks as at 31 December 2016 were HK$1,228.6 million (30 June 2016: HK$995.7 million) of which HK$346.4 million (30 June 2016: HK$409.4 million) was secured by pledge of asset.

At 31 December 2016, the Group's current liabilities exceeded its current assets by HK$1,746.5 million (30 June 2016: HK$1,933.2 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 commitments of the Group as at 31 December 2016 were HK$93.2 million, which were contracted but not provided for in the condensed consolidated statement of financial position. For the contractual payment of HK$93.2 million, approximately HK$58.9 million is for the redevelopment project of a building in Shenyang City.

Pledge of Assets

As at 31 December 2016, an investment property of HK$1,708.4 million (30 June 2016: an investment property of HK$1,784.8 million) of the Group was pledged as securities for bank borrowings and banking facilities of HK$346.4 million (30 June 2016: HK$409.4 million).

Treasury Policies

The Group mainly operates in Mainland China with most of the transactions denominated in RMB. The Group is exposed to foreign exchange translation risk, mainly arising from the exposure of Hong Kong dollars against RMB. The Group has entered a forward contract to manage its foreign exchange risk on Korean Won. 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 2016.

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 17 to 44, 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 2016 and the related condensed consolidated income statement, 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, 21 February 2017

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2016

	Note	Unaudited Six months ended 31 December **2016** **HK$'000**	Unaudited 2015 HK$'000
Revenue	6	**1,781,451**	1,934,290
Other income	7	**76,426**	86,673
Other gains, net	8	**1,025**	7,477
Changes in fair value of investment properties		**(10,471)**	(5,676)
Purchases of and changes in inventories, net		**(397,842)**	(390,247)
Employee benefit expense	9	**(312,397)**	(323,849)
Depreciation and amortisation		**(131,187)**	(155,570)
Operating lease rental expense		**(534,782)**	(603,207)
Other operating expenses, net	10	**(316,033)**	(412,233)
Operating profit		**156,190**	137,658
Finance income		**10,050**	41,833
Finance costs		**(7,037)**	(23,140)
Finance income, net	11	**3,013**	18,693
		159,203	156,351
Share of result of associated companies		**279**	–
Profit before income tax		**159,482**	156,351
Income tax expense	12	**(67,024)**	(96,541)
Profit for the period		**92,458**	59,810
Attributable to:			
Shareholders of the Company		**92,782**	59,810
Non-controlling interests		**(324)**	–
		92,458	59,810
Earnings per share for profit attributable to shareholders of the Company during the period (expressed in HK$ per share)			
– Basic and diluted	14	**0.05**	0.04

The notes on pages 23 to 44 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2016

	Unaudited Six months ended 31 December 2016 HK$'000	Unaudited 2015 HK$'000
Profit for the period	**92,458**	59,810
Other comprehensive income		
Items that will not be reclassified to profit and loss		
Fair value loss on financial asset at fair value through other comprehensive income	**(16,591)**	–
Revaluation of properties upon reclassification from property, plant and equipment and land use rights to investment properties	**1,775**	–
– Deferred income tax thereof	**(444)**	–
	(15,260)	–
Items that may be reclassified subsequently to profit and loss		
Fair value loss on available-for-sale financial asset	**–**	(7,267)
Translation differences	**(264,343)**	(261,525)
	(264,343)	(268,792)
Other comprehensive income for the period, net of tax	**(279,603)**	(268,792)
Total comprehensive income for the period	**(187,145)**	(208,982)
Attributable to:		
Shareholders of the Company	**(186,823)**	(208,982)
Non-controlling interests	**(322)**	–
	(187,145)	(208,982)

The notes on pages 23 to 44 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**1,321,686**	1,482,758
Investment properties	16	**4,381,642**	4,567,522
Land use rights		**620,975**	671,759
Intangible assets		**1,670,494**	1,748,725
Interests in associated companies		**890**	361
Other non-current assets	17	**601,063**	616,336
Prepayments, deposits and other receivables		**296,679**	332,816
Financial asset at fair value through other comprehensive income	18	**17,702**	–
Available-for-sale financial asset	18	**–**	35,893
Financial asset at fair value through profit or loss	19	**8,694**	9,040
Deferred income tax assets		**141,218**	150,866
		9,061,043	9,616,076
Current assets			
Inventories		**229,272**	231,117
Debtors	20	**152,168**	114,183
Prepayments, deposits and other receivables		**595,496**	542,733
Amounts due from fellow subsidiaries	21	**8,102**	2,842
Amounts due from related companies	21	**1**	2,210
Financial asset at fair value through profit or loss	19	**1,170**	–
Fixed deposits		**21,108**	39,269
Cash and cash equivalents		**1,856,475**	1,163,409
		2,863,792	2,095,763
Total assets		**11,924,835**	11,711,839
Equity and liabilities			
Equity			
Share capital	22	**168,615**	168,615
Reserves	23	**5,557,403**	5,744,224
Shareholders' funds		**5,726,018**	5,912,839
Non-controlling interests		**(52)**	(4)
Total equity		**5,725,966**	5,912,835

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	Note	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Liabilities			
Non-current liabilities			
Accruals and other payables		**492,443**	527,499
Obligation under finance leases		**39**	47
Borrowings	24	**290,503**	385,965
Deferred income tax liabilities		**805,553**	856,502
		1,588,538	1,770,013
Current liabilities			
Creditors	25	**2,280,236**	1,950,241
Accruals and other payables		**1,254,070**	1,363,069
Amounts due to fellow subsidiaries	21	**4,353**	6,735
Amounts due to related companies	21	**38,829**	12,163
Amounts due to associated companies		**398**	477
Obligation under finance leases		**16**	16
Borrowings	24	**938,054**	609,687
Tax payable		**94,375**	86,603
		4,610,331	4,028,991
Total liabilities		**6,198,869**	5,799,004
Total equity and liabilities		**11,924,835**	11,711,839

The notes on pages 23 to 44 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Attributable to shareholders of the Company										
	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Shareholders' funds HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2015	168,615	1,856,997	109,049	391,588	359,388	–	617,470	2,789,530	6,292,637	–	6,292,637
Comprehensive income											
Profit for the period	–	–	–	–	–	–	–	59,810	59,810	–	59,810
Other comprehensive income											
Fair value loss on available-for-sale financial asset	–	–	–	–	–	(7,267)	–	–	(7,267)	–	(7,267)
Translation differences	–	–	–	–	–	–	(261,525)	–	(261,525)	–	(261,525)
Total comprehensive income for the period ended 31 December 2015	–	–	–	–	–	(7,267)	(261,525)	59,810	(208,982)	–	(208,982)
Transactions with owners											
Final dividend relating to the year ended 30 June 2015	–	(30,351)	–	–	–	–	–	–	(30,351)	–	(30,351)
Transfer to statutory reserve	–	–	–	–	15,691	–	–	(15,691)	–	–	–
Total transactions with owners	–	(30,351)	–	–	15,691	–	–	(15,691)	(30,351)	–	(30,351)
At 31 December 2015 – Unaudited	168,615	1,826,646	109,049	391,588	375,079	(7,267)	355,945	2,833,649	6,053,304	–	6,053,304

	Attributable to shareholders of the Company										
	Share capital HK$'000	Share premium HK$'000	Property revaluation reserve HK$'000	Capital reserve HK$'000	Statutory reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Shareholders' funds HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 July 2016	168,615	1,826,646	124,134	391,588	389,224	(4,399)	211,694	2,805,337	5,912,839	(4)	5,912,835
Comprehensive income											
Profit for the period	–	–	–	–	–	–	–	92,782	92,782	(324)	92,458
Other comprehensive income											
Revaluation of property upon reclassification from property, plant and equipment and land use rights to investment properties	–	–	1,775	–	–	–	–	–	1,775	–	1,775
– Deferred income tax thereof	–	–	(444)	–	–	–	–	–	(444)	–	(444)
Fair value loss on financial asset at fair value through other comprehensive income	–	–	–	–	–	(16,591)	–	–	(16,591)	–	(16,591)
Translation differences	–	–	–	–	–	–	(264,343)	–	(264,343)	2	(264,341)
Total comprehensive income for the period ended 31 December 2016	–	–	1,331	–	–	(16,591)	(264,343)	92,782	(186,821)	(322)	(187,143)
Transactions with owners											
Contributions from non-controlling interests	–	–	–	–	–	–	–	–	–	274	274
Transfer to statutory reserve	–	–	–	–	10,885	–	–	(10,885)	–	–	–
Total transactions with owners	–	–	–	–	10,885	–	–	(10,885)	–	274	274
At 31 December 2016 – Unaudited	168,615	1,826,646	125,465	391,588	400,109	(20,990)	(52,649)	2,887,234	5,726,018	(52)	5,725,966

The notes on pages 23 to 44 are an integral part of this condensed consolidated financial information.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2016

	Unaudited Six months ended 31 December **2016** HK$'000	Unaudited Six months ended 31 December 2015 HK$'000
Cash flows from operating activities		
Net cash from operating activities	**548,534**	819,478
Cash flows from investing activities		
Additions to investment properties	**(3,907)**	(8,336)
Additions to property, plant and equipment	**(49,469)**	(94,324)
Interest received	**14,386**	51,701
Decrease in fixed deposits	**16,406**	8,622
Proceeds from disposal of property, plant and equipment	**1,564**	13,234
Purchase of available-for-sale financial asset	**–**	(39,466)
Net cash used in investing activities	**(21,020)**	(68,569)
Cash flows from financing activities		
Drawdown of bank borrowings	**404,384**	164,382
Repayment of bank borrowings	**(176,363)**	(516,861)
Finance costs paid	**(16,480)**	(25,223)
Dividends paid	**–**	(30,351)
Net cash from/(used in) financing activities	**211,541**	(408,053)
Net increase in cash and cash equivalents	**739,055**	342,856
Cash and cash equivalents at 1 July	**1,163,409**	2,089,111
Effect of foreign exchange rate changes	**(45,989)**	(85,868)
Cash and cash equivalents at 31 December	**1,856,475**	2,346,099

The notes on pages 23 to 44 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 other related businesses, 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 ("HK$"), unless otherwise stated. This condensed consolidated financial information has been approved for issue by the board of directors on 21 February 2017.

2 BASIS OF PREPARATION

This condensed consolidated financial information for the six months ended 31 December 2016 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting", issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

This condensed consolidated financial information should be read in conjunction with the annual financial statements for the year ended 30 June 2016, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

At 31 December 2016, the Group's current liabilities exceeded its current assets by HK$1,746,539,000 (30 June 2016: HK$1,933,228,000). 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.

3 ACCOUNTING POLICES

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2016, as described in those annual financial statements, except for the adoption of new or revised standards and amendments to existing standards effective for the financial period beginning on 1 July 2016 and the early adoption of HKFRS 9 (2014) "Financial Instruments".

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

3.1 New and amended standards adopted by the Group

For the six months ended 31 December 2016, the Group has adopted the following new or revised standards and amendments to existing standards which are mandatory for the accounting period beginning on 1 July 2016:

HKFRS 14	Regulatory Deferral Accounts
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRS 11	Accounting for Acquisitions of Interest in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Annual Improvements Project	Annual Improvements 2012-2014 Cycle

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICES (continued)

3.2 Changes in accounting policies

The Company has elected to early adopt HKFRS 9 (2014) "Financial Instruments" because this new accounting standard provides more reliable and relevant information for users to assess the operating performance of the Group. As allowed in the transitional provisions in HKFRS 9 (2014), comparative figures have not been restated.

The accounting policies were changed to comply with HKFRS 9 (2014). HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities; derecognition of financial instruments; impairment of financial assets and hedge accounting. HKFRS 9 also significantly amends other standards dealing with financial instruments such as HKFRS 7 "Financial Instruments: Disclosures".

The new accounting policies applied from 1 July 2016 are as follows:

Investments and other financial assets

(a) Classification

Debts instruments

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

- those to be measured at amortised cost;
- those to be measured subsequently at fair value through other comprehensive income ("FVOCI"); and
- those to be measured subsequently at fair value through profit or loss ("FVPL").

Classification depends on the entity's business model for managing the debt instruments and the debt instruments' contractual cash flow characteristics.

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

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

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

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

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

All the debts instruments of the Group are classified as at amortised cost.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICES (continued)

3.2 Changes in accounting policies (continued)

Investments and other financial assets (continued)

(a) Classification (continued)

Equity instruments

Investment in equity instruments are always measured at fair value. Equity instruments that are held for trading are measured at fair value through profit and loss.

For equity instruments which are not held for trading, the Group has made an irrevocable election at initial recognition to recognise changes in fair value through other comprehensive income rather than profit or loss.

Indemnification in connection with the acquisition of a subsidiary and forward currency contract are classified as fair value through profit or loss.

(b) Measurement

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

Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial asset that is subsequently measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Equity instruments classified as fair value through other comprehensive income

The Group subsequently measures all equity instruments at fair value. Since the Group's management has elected to present fair value gains and losses on equity instruments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Equity investments that are elected by the Group's management to be classified as FVOCI are not subject to impairment. Dividends from such instruments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Financial assets at fair value through profit or loss

Changes in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss as net other gains as applicable.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICES (continued)

3.2 Changes in accounting policies (continued)

Investments and other financial assets (continued)

(c) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instrument assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

Amounts due from fellow subsidiaries and related companies, fixed deposits and cash and cash equivalents placed in high credit-rated financial institutions are considered to be of low credit risk. Thus the impairment provision recognised during the period was limited to 12 months expected losses.

For debtors related to retail sales, which are usually paid in cash or by major credit/debit cards, management considers the Group does not have a significant concentration of credit risk. Thus, the impairment provision recognised during the period was equal to lifetime expected losses.

For debtors related to rental income, they do not contain a significant financing component and the Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9. Thus, the impairment provision recognised during the period was equal to the lifetime expected loss provision.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICES (continued)

3.2 Changes in accounting policies (continued)

The impact of the adoption of HKFRS 9 is shown as follows:

(a) Classification and measurement of financial assets and liabilities

At the date of initial application of HKFRS 9 (1 July 2016), the Company's management has assessed which business models apply to the financial assets held by the Group and has classified its financial assets and liabilities into the appropriate HKFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Measurement category		Carrying amounts reclassified
	Original (HKAS 39)	New (HKFRS 9)	HK$'000
Non-current financial assets			
Deposits and other receivables	Loans and receivables	Amortised cost	234,229
Equity securities	Available-for-sale financial asset	FVOCI	35,893
Indemnification in connection with the acquisition of a subsidiary	FVPL	FVPL	9,040
Current financial assets			
Debtors	Loans and receivables	Amortised cost	114,183
Deposits and other receivables	Loans and receivables	Amortised cost	361,333
Amounts due from fellow subsidiaries	Loans and receivables	Amortised cost	2,842
Amounts due from related companies	Loans and receivables	Amortised cost	2,210
Fixed deposits	Loans and receivables	Amortised cost	39,269
Cash and cash equivalents	Loans and receivables	Amortised cost	1,163,409
Non-current financial liabilities			
Borrowings	Amortised cost	Amortised cost	385,965
Current financial liabilities			
Creditors	Amortised cost	Amortised cost	1,950,241
Other payables	Amortised cost	Amortised cost	1,173,886
Amounts due to fellow subsidiaries	Amortised cost	Amortised cost	6,735
Amounts due to related companies	Amortised cost	Amortised cost	12,163
Amounts due to associated companies	Amortised cost	Amortised cost	477
Borrowings	Amortised cost	Amortised cost	609,687

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

3 ACCOUNTING POLICES (continued)

3.2 Changes in accounting policies (continued)

(b) Impairment of financial assets

Financial assets were subject to the new expected credit loss model prescribed by HKFRS 9. The Company was required to revise its impairment methodology under HKFRS 9 for each class of assets.

For financial assets originally categorised as loans and receivables under HKAS 39 which all have been classified as financial assets at amortised cost under HKFRS 9 from 1 July 2016, the Group has determined that reliably assessing the probability of default of the counterparties at the initial recognition of each financial asset would result in undue cost and effort. As permitted by a transition provision in HKFRS 9, provision for doubtful debts account for these financial assets will be determined based on whether their credit risk are low at each reporting date, and if so by recognising a 12 months expected losses amount until the financial asset is derecognised. If the financial asset is not of a low credit risk, the corresponding provision for doubtful debts account will be recognised as equal to lifetime expected losses.

For debtors, the Company applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected losses provision for all debtors. The management performed a detailed assessment of expected credit losses on the date of initial application of HKFRS9. There was no impact of the change in impairment methodology on the Group's equity.

4 ESTIMATES

The preparation of condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 30 June 2016.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

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

This interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements for the year ended 30 June 2016.

There have been no changes in the risk management policies since the last financial year end except for the new credit risk modelling prescribed by HKFRS 9.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.2 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The carrying amounts of the financial instruments of the Group are as follows:

(i) Listed instrument is stated at market price. The quoted market price used for financial asset held by the Group is the bid price at the end of the reporting period. It is included in level 1.

(ii) Unlisted instrument is stated at fair value which is estimated using valuation techniques when the market price is not readily available. If all significant inputs required to estimate the fair value of an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The following table presents the Group's financial instruments that are measured at fair value at 31 December 2016:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Financial asset at fair value through other comprehensive income	17,702	–	–	17,702
Financial assets at fair value through profit or loss	–	1,170	8,694	9,864
	17,702	1,170	8,694	27,566

The following table presents the Group's financial instruments that are measured at fair value at 30 June 2016:

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
Available-for-sale financial asset	35,893	–	–	35,893
Financial asset at fair value through profit or loss	–	–	9,040	9,040
	35,893	–	9,040	44,933

There were no significant transfers of financial assets between level 1, level 2 and level 3 fair value hierarchy classification. There were no changes in valuation techniques during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (continued)

5.3 Valuation techniques used to derive level 2 fair value

Level 2 financial instrument comprises a forward currency contract. This forward currency contract has been fair valued using forward exchange rates that are quoted in an active market.

5.4 Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial instrument for the six months ended 31 December 2016 and 2015:

	Indemnification in connection with the acquisition of a subsidiary HK$'000
At 1 July 2015	–
Fair value gain recognised in the profit or loss	9,256
At 31 December 2015	9,256
At 1 July 2016	**9,040**
Translation difference	**(346)**
At 31 December 2016	**8,694**

5.5 Group's valuation processes

The Group prepares and updates detailed forecasts on the business on a semi-annual basis as part of its normal operating processes. These forecasts use external market forecasts, management's evaluation of the revenue, costs and expected margins, based on past experiences, and are subject to detailed review at entity and group level.

The key unobservable assumptions used in the valuation include the projected cumulative loss under the indemnification clause in connection with the acquisition of a subsidiary and the discount rate.

The projected cumulative loss is based on financial estimates of the subsidiary. The average gross margin of direct sales used to estimate the fair value is 56.7% (30 June 2016: 53.6%). The higher the projected cumulative loss is, the higher the fair value will be.

The discount rate used to compute the fair value is 29.3% (30 June 2016: 34.7%). The lower the discount rate is, the higher the fair value will be.

5.6 Fair value of financial assets and liabilities measured at amortised cost

The fair value of the following financial assets and liabilities approximate their carrying amount:

- Debtors, prepayments, deposits and other receivables
- Fixed deposits and cash and cash equivalents
- Creditors, accruals and other payables
- Amounts due from/to fellow subsidiaries, related companies and associated companies
- Borrowings

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION

	Unaudited	Unaudited
	Six months ended 31 December	
	2016	2015
	HK$'000	HK$'000
Commission income from concessionaire sales	**890,069**	1,060,105
Sales of goods – direct sales	**551,030**	514,739
Rental income	**332,568**	324,763
Management and consultancy fees	**7,784**	34,683
	1,781,451	1,934,290

The income from concessionaire sales is analysed as follows:

	Unaudited	Unaudited
	Six months ended 31 December	
	2016	2015
	HK$'000	HK$'000
Gross revenue from concessionaire sales	**5,222,033**	5,986,284
Commission income from concessionaire sales	**890,069**	1,060,105

The chief operating decision-maker ("CODM") has been identified as executive Directors and chief executive officer of the Company. The CODM reviews the Group's internal reports 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 other related businesses, 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 net other gains, changes in fair value of investment properties and unallocated corporate expenses. In addition, net finance income and share of result of associated companies are not allocated to segments. The measurement of segment assets excludes interests in associated companies, deferred income tax assets and unallocated corporate assets. There is no intersegment sales.

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (continued)

	Department store and other related businesses HK$'000	Property investment HK$'000	Consolidated HK$'000
Six months ended 31 December 2016			
Segment revenue	**1,693,735**	**87,716**	**1,781,451**
Segment results	**101,163**	**67,988**	**169,151**
Other gains, net	**1,149**	**(124)**	**1,025**
Changes in fair value of investment properties	**–**	**(10,471)**	**(10,471)**
Unallocated corporate expenses			**(3,515)**
Operating profit			**156,190**
Finance income			**10,050**
Finance costs			**(7,037)**
Finance income, net			**3,013**
			159,203
Share of result of associated companies			**279**
Profit before income tax			**159,482**
Income tax expense			**(67,024)**
Profit for the period			**92,458**
Six months ended 31 December 2015			
Segment revenue	1,852,845	81,445	1,934,290
Segment results	89,822	50,826	140,648
Other gains, net	7,477	–	7,477
Changes in fair value of investment properties	–	(5,676)	(5,676)
Unallocated corporate expenses			(4,791)
Operating profit			137,658
Finance income			41,833
Finance costs			(23,140)
Finance income, net			18,693
Profit before income tax			156,351
Income tax expense			(96,541)
Profit for the period			59,810

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

6 REVENUE AND SEGMENT INFORMATION (continued)

	Department store and other related businesses HK$'000	Property investment HK$'000	Consolidated HK$'000
As at 31 December 2016			
Segment assets	**7,044,780**	**4,725,215**	**11,769,995**
Interests in associated companies	**890**	**–**	**890**
Deferred income tax assets	**135,152**	**–**	**135,152**
Unallocated corporate assets:			
Cash and cash equivalents			**12,461**
Others			**271**
Total assets			**11,918,769**
Six months ended 31 December 2016			
Additions to non-current assets (Note)	**61,808**	**3,962**	**65,770**
Depreciation and amortisation	**130,344**	**843**	**131,187**
As at 30 June 2016			
Segment assets	6,108,770	5,450,310	11,559,080
Interests in associated companies	361	–	361
Deferred income tax assets	150,866	–	150,866
Unallocated corporate assets:			
Cash and cash equivalents			1,300
Others			232
Total assets			11,711,839
Six months ended 31 December 2015			
Additions to non-current assets (Note)	97,214	8,688	105,902
Depreciation and amortisation	154,484	1,086	155,570

Note:

Additions to non-current assets represented additions to non-current assets other than financial instruments, deferred income tax assets and interests in associated companies.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

7 OTHER INCOME

	Unaudited	Unaudited
	Six months ended 31 December	
	2016	2015
	HK$'000	HK$'000
Government grants	**11,970**	14,139
Income from suppliers	**32,755**	41,520
Compensation for termination of lease (Note 27(a)(iv))	**–**	15,859
Sundries	**31,701**	15,155
	76,426	86,673

8 OTHER GAINS, NET

	Unaudited	Unaudited
	Six months ended 31 December	
	2016	2015
	HK$'000	HK$'000
Fair value gain on financial assets at fair value through profit or loss	**1,204**	9,256
Loss on disposal of property, plant and equipment	**(179)**	(1,779)
	1,025	7,477

9 EMPLOYEE BENEFIT EXPENSE

	Unaudited	Unaudited
	Six months ended 31 December	
	2016	2015
	HK$'000	HK$'000
Wages, salaries and other benefits	**282,727**	290,424
Retirement benefit costs – defined contribution plans	**29,670**	33,425
	312,397	323,849

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

10 OTHER OPERATING EXPENSES, NET

	Unaudited Six months ended 31 December **2016** HK$'000	Unaudited 2015 HK$'000
Water and electricity	**54,791**	75,156
Selling, promotion, advertising and related expenses	**76,761**	95,948
Cleaning, repairs and maintenance	**41,060**	48,107
Auditor's remuneration		
– Audit service	**3,000**	3,338
– Non-audit service	**913**	1,074
Net exchange losses (Note)	**18,515**	53,143
Other tax expenses	**81,494**	96,842
Others	**39,499**	38,625
	316,033	412,233

Note:

The amounts excluded exchange losses arising from foreign currency borrowings capitalised to other non-current assets of HK$1,015,000 (2015: HK$Nil), which represented the interest rate differential between borrowing costs that would be incurred if the Company's subsidiaries had borrowed funds in their functional currencies.

11 FINANCE INCOME, NET

	Unaudited Six months ended 31 December **2016** HK$'000	Unaudited 2015 HK$'000
Interest income on bank deposits	**10,050**	41,833
Interest on bank loans	**(18,647)**	(27,429)
Less: amount capitalised (Note)	**11,610**	4,289
	(7,037)	(23,140)
	3,013	18,693

Note:

To the extent funds are borrowed generally and used for the purpose of financing the qualifying assets, the capitalisation rate used to determine the amounts of borrowing costs eligible for the capitalisation, including the effect of capitalisation of exchange difference (Note 10), is 2.1% (2015: 3.3%) for the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

12 INCOME TAX EXPENSE

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

	Unaudited	Unaudited
	Six months ended 31 December	
	2016 HK$'000	2015 HK$'000
Current income tax		
– Mainland China taxation	**76,169**	80,635
– Under-provision in prior years	**1,375**	71
Deferred income tax		
– Undistributed retained earnings	**(353)**	–
– Other temporary differences	**(10,167)**	15,835
	67,024	96,541

Taxation has been provided at the appropriate tax rates prevailing in the tax jurisdictions in which the members of the Group operate. No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profit in Hong Kong for the six months ended 31 December 2016 and 2015.

Subsidiaries of the Company in Mainland China are subject to corporate income tax at a rate of 25% (2015: 25%).

13 DIVIDEND

The Directors have resolved not to declare an interim dividend for the six months ended 31 December 2016 (2015: HK$Nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

14 EARNINGS PER SHARE

(a) Basic

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

	Unaudited	Unaudited
	Six months ended 31 December	
	2016	2015
Profit attributable to shareholders of the Company (HK$'000)	92,458	59,810
Weighted average number of ordinary shares in issue (shares in thousands)	1,686,145	1,686,145
Basic earnings per share (HK$ per share)	0.05	0.04

(b) Diluted

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

During the six months ended 31 December 2016 and 2015, there was no dilutive potential ordinary share.

15 CAPITAL EXPENDITURE

For the six months ended 31 December 2016, the Group has additions of property, plant and equipment, an investment property and other non-current assets of approximately HK$49,156,000, HK$3,907,000 and HK$12,625,000 (2015: HK$98,586,000, HK$8,336,000 and HK$4,289,000) respectively. The Group has disposed of property, plant and equipment with net book amount of approximately HK$16,297,000 (2015: HK$15,882,000).

16 INVESTMENT PROPERTIES

As at 31 December 2016, the investment properties were valued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited and BMI Appraisals Limited, independent professional valuers. Valuations were based on market value assessment, where appropriate, by reference to the income approach.

As at 31 December 2016, an investment property of approximately HK$1,708,380,000 (30 June 2016: HK$1,784,795,000) is pledged to secure certain bank borrowings of the Group (Note 24).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

17 OTHER NON-CURRENT ASSETS

Balance as at 31 December 2016 and 30 June 2016 represented the following transaction:

On 8 February 2013, Shenyang Trendy Property Company Limited ("Shenyang Trendy"), a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Shenyang New World Xin Hui Properties Co., Ltd. (previously known as Shenyang New World Hotel Co., Ltd.) ("SYNWXH"), a wholly-owned subsidiary of New World Development Company Limited ("NWD") and a fellow subsidiary of the Company. Pursuant to the cooperation agreement, Shenyang Trendy and SYNWXH 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 New World Department Store – 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 SYNWXH 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 2016, the balance in connection to this transaction and the costs capitalised was approximately HK$601,063,000 (30 June 2016: HK$616,336,000).

18 FINANCIAL ASSET AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND AVAILABLE-FOR-SALE FINANCIAL ASSET

	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Listed securities, at fair value		
Equity securities – Korea		
– Financial asset at fair value through other comprehensive income	**17,702**	–
– Available-for-sale financial asset	**–**	35,893
	17,702	35,893

The financial asset is denominated in Korean Won.

The fair value of equity securities is based on their bid prices in an active market at the end of reporting period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

19 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Indemnification in connection with the acquisition of a subsidiary	**8,694**	9,040
Forward currency contract	**1,170**	–
	9,864	9,040

The indemnification in connection with the acquisition of a subsidiary is denominated in Renminbi ("RMB").

The forward currency contract was entered with creditworthy banks with no recent history of default.

20 DEBTORS

	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Debtors	**159,287**	132,521
Less: loss allowance provision	**(7,119)**	(18,338)
Debtors, net	**152,168**	114,183

The Group grants credit terms within 30 days in majority.

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

	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Within period for		
0 – 30 days	**115,079**	69,384
31 – 60 days	**14,105**	16,709
61 – 90 days	**1,526**	3,736
Over 90 days	**21,458**	24,354
Debtors, net	**152,168**	114,183

The debtors are primarily denominated in RMB.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

21 AMOUNTS DUE FROM/(TO) FELLOW SUBSIDIARIES, RELATED COMPANIES AND ASSOCIATED COMPANIES

As at 31 December 2016 and 30 June 2016, the balances are unsecured, interest free, repayable on demand and denominated in RMB.

The related companies represent the joint ventures of NWD, Chow Tai Fook Jewellery Group Limited and its subsidiaries ("CTFJ Group") and members of the companies controlled by Mr. Doo Wai-hoi ("Mr. Doo"), an associate of certain Directors.

22 SHARE CAPITAL

	Number of shares '000	Share capital HK$'000
Ordinary shares of HK$0.1 each, issued and fully paid:		
At 30 June 2016 (audited) and 31 December 2016 (unaudited)	**1,686,145**	**168,615**

23 RESERVES

	Attributable to shareholders of the Company							
	Share premium HK$'000	Property revaluation reserve HK$'000	Capital reserve HK$'000	Statutory Reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 July 2015	1,856,997	109,049	391,588	359,388	–	617,470	2,789,530	6,124,022
Profit for the period	–	–	–	–	–	–	59,810	59,810
Fair value loss on available-for-sale financial asset	–	–	–	–	(7,267)	–	–	(7,267)
Translation differences	–	–	–	–	–	(261,525)	–	(261,525)
Final dividend relating to the year ended 30 June 2015	(30,351)	–	–	–	–	–	–	(30,351)
Transfer to statutory reserve	–	–	–	15,691	–	–	(15,691)	–
At 31 December 2015 – Unaudited	1,826,646	109,049	391,588	375,079	(7,267)	355,945	2,833,649	5,884,689

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

23 RESERVES (continued)

	Attributable to shareholders of the Company							
	Share premium HK$'000	Property revaluation reserve HK$'000	Capital reserve HK$'000	Statutory Reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 July 2016	1,826,646	124,134	391,588	389,224	(4,399)	211,694	2,805,337	5,744,224
Profit for the period	–	–	–	–	–	–	92,782	92,782
Revaluation of property upon reclassification from property, plant and equipment and land use rights to investment properties	–	1,775	–	–	–	–	–	1,775
– Deferred income tax thereof	–	(444)	–	–	–	–	–	(444)
Fair value loss on financial asset at fair value through other comprehensive income	–	–	–	–	(16,591)	–	–	(16,591)
Translation differences	–	–	–	–	–	(264,343)	–	(264,343)
Transfer to statutory reserve	–	–	–	10,885	–	–	(10,885)	–
At 31 December 2016 – Unaudited	1,826,646	125,465	391,588	400,109	(20,990)	(52,649)	2,887,234	5,557,403

24 BORROWINGS

	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Non-current		
Secured bank loans	**290,503**	385,965
Unsecured bank loans	**–**	–
	290,503	385,965
Current		
Secured bank loans	**55,866**	23,392
Unsecured bank loans	**882,188**	586,295
	938,054	609,687
	1,228,557	995,652

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

24 BORROWINGS (continued)

The effective interest rates of borrowings are analysed as follows:

	Unaudited As at 31 December 2016	Audited As at 30 June 2016
HK$	**1.23%**	2.07%
RMB	**4.64%**	4.68%
United States dollars	**2.93%**	2.97%
Euro	**2.79%**	2.80%
Others	**3.50%**	–

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

	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
HK$	**766,794**	483,052
RMB	**346,369**	414,954
United States dollars	**10,438**	20,368
Euro	**104,918**	77,278
Others	**38**	–
	1,228,557	995,652

The bank loans are repayable as follows:

	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Within one year	**938,054**	609,687
In the second year	**78,212**	81,871
In the third to fifth year	**212,291**	304,094
	1,228,557	995,652

As at 31 December 2016, the bank borrowings of approximately HK$346,369,000 (30 June 2016: HK$409,357,000) was secured by an investment property of approximately HK$1,708,380,000 (30 June 2016: HK$1,784,795,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

25 CREDITORS

The Group normally receives credit terms of 60 to 90 days. The creditors are primarily denominated in RMB.

The ageing analysis of the creditors based on the invoice dates, is as follows:

	Unaudited As at 31 December 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Within period for		
0-30 days	**1,429,157**	764,708
31-60 days	**454,425**	687,984
61-90 days	**155,371**	148,757
Over 90 days	**241,283**	348,792
	2,280,236	1,950,241

Creditors included amounts due to related companies of approximately HK$97,406,000 (30 June 2016: HK$78,162,000) which were unsecured, interest free and repayable within 90 days.

26 CAPITAL COMMITMENTS

Capital commitments in respect of investment properties, 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 2016 HK$'000	Audited As at 30 June 2016 HK$'000
Contracted but not provided for	**93,166**	116,225

27 RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to those disclosed elsewhere in this condensed consolidated financial information, the following is a summary of significant related party transactions entered into the ordinary course of business between the Group and its related parties during the period:

	Note	**Unaudited**	Unaudited
		Six months ended 31 December	
		2016 HK$'000	2015 HK$'000
Fellow subsidiaries			
Operating lease rental expenses	(i)	**(23,608)**	(29,666)
Building management expenses	(ii)	**(7,369)**	(12,889)
Sale of goods, prepaid shopping cards and vouchers	(iii)	**1,078**	1,145
Compensation for termination of lease and the refurbishment and enhancement work	(iv)	**–**	30,488

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

27 RELATED PARTY TRANSACTIONS (continued)

(a) Transactions with related parties (continued)

	Note	Unaudited Six months ended 31 December 2016 HK$'000	Unaudited 2015 HK$'000
Related companies			
Operating lease rental expenses	(i)	**(103,279)**	(125,071)
Building management expenses	(ii)	**(12,525)**	(14,053)
Sale of goods, prepaid shopping cards and vouchers	(iii)	**161**	587
Commission income from concessionaires sales	(v)	**34,580**	42,972
Rebates on prepaid shopping cards and vouchers	(vi)	**90**	106
Rental income	(vii)	**77**	90
Other service fee expenses	(viii)	**–**	(4)

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) This represents the amounts received in respect of the use of the shopping vouchers, prepaid shopping cards, the joint name vouchers or other means acceptable to the Group as payment of purchase of goods and settlement of the relevant value by the subsidiaries and joint ventures of NWD (except the Group), and the CTFJ Group.

(iv) This represents the aggregate amount of compensation received from a wholly-owned subsidiary of NWD in accordance with a termination agreement dated 11 December 2015 in connection with the early termination of the lease of a store in Beijing, compensating the Group for the related payments and the refurbishment and enhancement work made to the property of approximately HK$30,488,000.

(v) The commission income is charged in accordance with concessionaire counter agreements with the CTFJ Group. The commission is mainly calculated by pre-determined percentages of gross sales value in accordance with respective agreements.

(vi) This represents rebates offered by the CTFJ Group in respect of the sales of prepaid shopping cards and vouchers issued jointly by the Group and the CTFJ Group.

(vii) The rental income is charged in accordance with rental agreements with members of the companies controlled by Mr. Doo.

(viii) This represents other services provided by members of the companies controlled by Mr. Doo.

(b) Related party balances

The details for balances with related parties are disclosed in Notes 21 and 25 to this condensed consolidated financial information.

(c) Key management compensation

	Unaudited Six months ended 31 December 2016 HK$'000	Unaudited 2015 HK$'000
Basic salaries, housing allowances, other allowances and other benefits in kind	**11,621**	8,879
Discretionary bonus	**1,753**	656
Retirement benefit costs – defined contribution plans	**381**	504
	13,755	10,039

28 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 not to declare an interim dividend for the six months ended 31 December 2016 (2015: nil).

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 risk management and internal controls. The Audit Committee consists of the four independent non-executive Directors. The Audit Committee has reviewed the unaudited interim results of the Group for the six months ended 31 December 2016 and the unaudited condensed consolidated financial information and the interim report for the six months ended 31 December 2016 and discussed the financial related matters with the management. The unaudited interim results of the Group for the six months ended 31 December 2016 have been reviewed by the Company's auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE CODE

The Company has complied with all the applicable code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules for the time being in force during the six months ended 31 December 2016.

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 2016.

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

As at 31 December 2016, the total number of employees of the Group was 4,820 (30 June 2016: 4,957). 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 insurance, unemployment assistance, work related injury and maternity insurance. Such arrangements are in compliance with relevant laws and regulations.

ACQUISITION AND DISPOSAL

The Group did not have any significant acquisition and disposal during the six months ended 31 December 2016.

OTHER INFORMATION

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its listed securities during the six months ended 31 December 2016. 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 2016.

UPDATE ON DIRECTORS' 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 2016 is set out below:

Dr. Cheng Chi-kong, Adrian was re-designated from non-executive director to non-executive vice chairman of Modern Media Holdings Limited on 1 December 2016.

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2016, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or 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)
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	0.79
	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.

DIRECTORS' INTERESTS IN SECURITIES (continued)

(b) Long positions in underlying shares – share options

i. 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 2016 were as follows:

			Number of share options held					
Name	Date of grant	Exercisable period (Notes)	Balance as at 1 July 2016	Adjusted during the period	Exercised during the period	Lapsed during the period	Balance as at 31 December 2016	Exercise price per share *HK$*
Dr. Cheng Kar-shun, Henry	10 June 2016	(1)	10,675,637	–	–	–	10,675,637	7.540
Dr. Cheng Chi-kong, Adrian	9 March 2016	(2)	4,500,000	–	–	–	4,500,000	7.200
	10 June 2016	(1)	3,736,471	–	–	–	3,736,471	7.540
Mr. Au Tak-cheong	22 January 2014	(3)	532,982	–	–	–	532,982	9.756
	10 June 2016	(1)	1,346,693	–	–	–	1,346,693	7.540
			20,791,783	–	–	–	20,791,783	

Notes:

(1) Divided into 4 tranches exercisable from 10 June 2016, 10 June 2017, 10 June 2018 and 10 June 2019 respectively to 9 June 2020.

(2) Divided into 4 tranches exercisable from 9 March 2016, 9 March 2017, 9 March 2018 and 9 March 2019 respectively to 8 March 2020.

(3) Divided into 4 tranches exercisable from 22 January 2014, 22 January 2015, 22 January 2016 and 22 January 2017 respectively to 21 January 2018.

(4) The cash consideration paid by each of the above Directors 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)

ii. NWS Holdings Limited

Under the share option scheme of a fellow subsidiary, NWS Holdings Limited ("NWSH"), the undermentioned Director has personal interests in share options to subscribe for shares of NWSH. Certain details of the share options of NWSH held by him during the six months ended 31 December 2016 were as follows:

			Number of share options held					
Name	Date of grant	Exercisable period (Note)	Balance as at 1 July 2016	Granted during the period	Adjusted during the period[2]	Lapsed during the period	Balance as at 31 December 2016	Exercise price per share[2] *HK$*
Dr. Cheng Kar-shun, Henry	9 March 2015	(1)	7,412,058	–	5,633	–	7,417,691	14.126
			7,412,058	–	5,633	–	7,417,691	

Notes:

(1) 60% of the share options are exercisable from 9 May 2015 to 8 March 2020 while the remaining 40% of the share options are divided into 2 tranches exercisable from 9 March 2016 and 9 March 2017 respectively to 8 March 2020.

(2) NWSH declared final dividend for the year ended 30 June 2016 in scrip form (with cash option), during the period which gave rise to adjustments to the number of outstanding share options and the exercise price. The exercise price per share of the share options was adjusted from HK$14.137 to HK$14.126 on 29 December 2016.

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

Save as disclosed above, as at 31 December 2016, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or the Model Code.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2016, the following persons (other than the Directors or chief executives 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, which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV 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 INFORMATION

OTHER PERSONS' INTERESTS IN SECURITIES

As at 31 December 2016, the interests or short positions of persons (other than the Directors or chief executives 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, which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV 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 Company has not been notified of any other person (other than the Directors or chief executives of the Company) who, as at 31 December 2016, 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, which fell to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The existing share option scheme of the Company was adopted on 12 June 2007.

During the six months ended 31 December 2016, no option was granted, exercised, lapsed or cancelled. As at 31 December 2016, there was no outstanding share option of the Company which was granted under the existing share option scheme of the Company.

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
Dr. Cheng Chi-kong, Adrian
Mr. Cheung Fai-yet, Philip *(Managing Director)*

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
Mayer Brown JSM
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
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Fax: (852) 2318 0884

PRINCIPAL BANKERS
Hang Seng Bank Limited
Industrial and Commercial Bank of China Limited
Mizuho Bank

STOCK CODE
Hong Kong Stock Exchange 825

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WEBSITE
www.nwds.com.hk

CORPORATE PROFILE

NEW WORLD DEPARTMENT STORE – QUALITY MERCHANDISE FOR QUALITY LIVING

New World Department Store China Limited (Hong Kong Stock Code: 825) is the retail flagship of New World Development Company Limited (Hong Kong Stock Code: 17), which owns approximately 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 endeavor, 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 itself as a leading department store operator in Mainland China, the Group has been progressively expanding its store network across the country. As at 31 December 2016, the Group operated and managed 37 self-owned stores and five managed stores in Mainland China with a total gross floor area of approximately 1,646,880 square meters, including 30 "New World" branded department stores and 12 "Ba Li Chun Tian" (巴黎春天) branded department stores and shopping malls in Shanghai, covering 22 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, Yantai and Yibin.

TAPPING INTO CHINA'S GROWING AFFLUENCE – OUR BUSINESS

The Group adopts a hybrid operating model comprising department store and shopping mall and introduces recreational and experiential facilities such as restaurants and children's playgrounds to provide customers with a one-stop shopping experience. The Group's revenue is mainly derived from four sources: commission income from concessionaire sales, sales of goods for direct sales, rental income, 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, the Group divides the national store network into three operating regions that leverage the headquarters' functional support in human resources, finance management, corporate communications, etc., to enable a higher level of flexibility on resource deployment.

PROFESSIONALISM FROM TOP TO BOTTOM – OUR PEOPLE

As at 31 December 2016, the Group employed 4,820 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 the Group's vision and mission.

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)
(Hong Kong Stock Code: 825)

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