新世界百貨中國有限公司
New World Department Store China Limited
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 825)

ANNUAL RESULTS ANNOUNCEMENT 2016/2017

HIGHLIGHTS

Same-store sales[(1)] growth for the year was 0.7% which reverses the downtrend as compared with –8.9% in the Previous Year.

Revenue for the year was HK$3,484.3 million compared with HK$3,659.9 million in the Previous Year.

Operating profit for the year increased to HK$277.8 million from HK$209.7 million in the Previous Year, with year-on-year growth of approximately 32.5%.

Profit for the year increased to HK$128.3 million from HK$45.4 million in the Previous Year, with year-on-year growth of approximately 182.6%.

Earnings per share increased by 166.7% to HK$0.08 from the Previous Year.

(1) Same-store sales calculation reflects the gross sales proceeds and the adjustment of the operational strategy for the stores in operation.

ANNUAL RESULTS FOR THE YEAR ENDED 30 JUNE 2017

The board of directors (the "Board" or "Directors") of New World Department Store China Limited (the "Company") is pleased to announce the audited annual results of the Company and its subsidiaries (together, the "Group") for the year ended 30 June 2017 as follows:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 30 JUNE 2017

	Note	**2017**	2016
		HK$'000	*HK$'000*
Revenue	*2*	**3,484,322**	3,659,896
Other income	*3*	**192,758**	170,424
Other losses, net	*4*	**(76,920)**	(25,164)
Changes in fair value of investment properties		**(6,591)**	(25,437)
Purchases of and changes in inventories, net		**(788,333)**	(756,036)
Employee benefit expense		**(623,154)**	(633,223)
Depreciation and amortisation		**(261,492)**	(300,730)
Operating lease rental expense		**(1,051,935)**	(1,163,895)
Other operating expenses, net	*5*	**(590,814)**	(716,135)
Operating profit		**277,841**	209,700
Finance income		**36,364**	67,240
Finance costs		**(24,069)**	(38,031)
Finance income, net		**12,295**	29,209
		290,136	238,909
Share of results of associated companies		**416**	(130)
Profit before income tax		**290,552**	238,779
Income tax expense	*6*	**(162,263)**	(193,381)
Profit for the year		**128,289**	45,398
Attributable to:			
Shareholders of the Company		**128,611**	45,643
Non-controlling interests		**(322)**	(245)
		128,289	45,398
Earnings per share attributable to shareholders of the Company for the year (expressed in HK$ per share)			
– Basic and diluted	*8*	**0.08**	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	HK$'000	*HK$'000*
Profit for the year	**128,289**	45,398
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Fair value loss on equity instrument at fair value through other comprehensive income	**(16,376)**	–
Revaluation of properties upon reclassification from property, plant and equipment and land use rights to investment properties	**1,826**	20,113
– Deferred income tax thereof	**(456)**	(5,028)
	(15,006)	15,085
Items that may be reclassified subsequently to profit and loss		
Fair value loss on available-for-sale financial asset	**–**	(4,399)
Translation differences	**(98,462)**	(405,776)
	(98,462)	(410,175)
Other comprehensive income for the year, net of tax	**(113,468)**	(395,090)
Total comprehensive income for the year	**14,821**	(349,692)
Attributable to:		
Shareholders of the Company	**15,147**	(349,454)
Non-controlling interests	**(326)**	(238)
	14,821	(349,692)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2017

	Note	2017 HK$'000	2016 HK$'000
Assets			
Non-current assets			
Property, plant and equipment		**1,278,071**	1,482,758
Investment properties		**4,528,348**	4,567,522
Land use rights		**627,466**	671,759
Intangible assets		**1,718,333**	1,748,725
Interests in associated companies		**1,619**	361
Other non-current assets	9	**627,848**	616,336
Prepayments, deposits and other receivables		**291,264**	332,816
Financial asset at fair value through other comprehensive income		**19,331**	–
Available-for-sale financial asset		**–**	35,893
Financial asset at fair value through profit or loss		**4,695**	9,040
Deferred income tax assets		**134,713**	150,866
		9,231,688	9,616,076
Current assets			
Inventories		**221,332**	231,117
Debtors	10	**106,053**	114,183
Prepayments, deposits and other receivables		**525,352**	542,733
Amounts due from fellow subsidiaries		**4,069**	2,842
Amounts due from related companies		**106**	2,210
Fixed deposits		**132,621**	39,269
Cash and cash equivalents		**2,003,676**	1,163,409
		2,993,209	2,095,763
Total assets		**12,224,897**	11,711,839
Equity and liabilities			
Equity			
Share capital		**168,615**	168,615
Reserves		**5,759,367**	5,744,224
Shareholders' funds		**5,927,982**	5,912,839
Non-controlling interests		**(48)**	(4)
Total equity		**5,927,934**	5,912,835

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 JUNE 2017

	Note	**2017** **HK$'000**	2016 *HK$'000*
Liabilities			
Non-current liabilities			
Accruals and other payables		**497,866**	527,499
Obligation under finance leases		**31**	47
Borrowings		**298,851**	385,965
Deferred income tax liabilities		**835,143**	856,502
		1,631,891	1,770,013
Current liabilities			
Creditors	*11*	**1,752,963**	1,950,241
Accruals and other payables		**1,319,239**	1,363,069
Amounts due to fellow subsidiaries		**10,733**	6,735
Amounts due to related companies		**23,611**	12,163
Amounts due to associated companies		**687**	477
Obligation under finance leases		**16**	16
Borrowings		**1,467,932**	609,687
Financial liability at fair value through profit or loss		**912**	–
Tax payable		**88,979**	86,603
		4,665,072	4,028,991
Total liabilities		**6,296,963**	5,799,004
Total equity and liabilities		**12,224,897**	11,711,839

NOTES

1 BASIS OF PREPARATION

The consolidated financial statements of the Company for the year ended 30 June 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial asset at fair value through other comprehensive income and financial asset and liability at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

At 30 June 2017, the Group's current liabilities exceeded its current assets by HK$1,671,863,000 (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 consolidated financial statements.

In the current year, the Group has adopted the following new or revised standards and amendments to standards, if applicable, 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 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 amounts, timing and uncertainty of future cash flows of the Group. As allowed in the transitional provisions in HKFRS 9 (2014), comparative figures have not been restated. The impact of the adoption of HKFRS 9 was disclosed in the consolidated financial statements of the Company for the year ended 30 June 2017.

2 REVENUE AND SEGMENT INFORMATION

	2017	2016
	HK$'000	*HK$'000*
Commission income from concessionaire sales	**1,695,959**	1,977,219
Sales of goods – direct sales	**1,108,232**	1,002,932
Rental income	**666,694**	639,457
Management and consultancy fees	**13,437**	40,288
	3,484,322	3,659,896

The income from concessionaire sales is analysed as follows:

	2017	2016
	HK$'000	*HK$'000*
Gross revenue from concessionaire sales	**9,955,619**	11,223,896
Commission income from concessionaire sales	**1,695,959**	1,977,219

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 reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers that the Group has department store and other retail 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 losses, changes in fair value of investment properties and unallocated corporate expenses. In addition, net finance income and share of results 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 inter-segment sales.

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

2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Department store and other retail related businesses *HK$'000*	Property investment business *HK$'000*	Consolidated *HK$'000*
For the year ended 30 June 2017			
Segment revenue	**3,316,907**	**167,415**	**3,484,322**
Segment results	**249,170**	**115,814**	**364,984**
Other losses, net	**(76,794)**	**(126)**	**(76,920)**
Changes in fair value of investment properties	**–**	**(6,591)**	**(6,591)**
Unallocated corporate expenses			**(3,632)**
Operating profit			**277,841**
Finance income			**36,364**
Finance costs			**(24,069)**
Finance income, net			**12,295**
			290,136
Share of results of associated companies			**416**
Profit before income tax			**290,552**
Income tax expense			**(162,263)**
Profit for the year			**128,289**
For the year ended 30 June 2016			
Segment revenue	3,494,906	164,990	3,659,896
Segment results	158,725	108,687	267,412
Other losses, net	(25,164)	–	(25,164)
Changes in fair value of investment properties	–	(25,437)	(25,437)
Unallocated corporate expenses			(7,111)
Operating profit			209,700
Finance income			67,240
Finance costs			(38,031)
Finance income, net			29,209
			238,909
Share of result of an associated company			(130)
Profit before income tax			238,779
Income tax expense			(193,381)
Profit for the year			45,398

2 REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Department store and other retail related businesses *HK$'000*	Property investment business *HK$'000*	Consolidated *HK$'000*
As at 30 June 2017			
Segment assets	**6,395,670**	**5,658,282**	**12,053,952**
Interests in associated companies	**1,619**	**–**	**1,619**
Deferred income tax assets	**134,713**	**–**	**134,713**
Unallocated corporate assets:			
Cash and cash equivalents			**34,388**
Others			**225**
Total assets			**12,224,897**
For the year ended 30 June 2017			
Additions to non-current assets *(Note)*	**170,677**	**21,224**	**191,901**
Depreciation and amortisation	**260,048**	**1,444**	**261,492**
Impairment loss on property, plant and equipment	**49,808**	**–**	**49,808**
Impairment loss on prepayments, deposits and other receivables	**19,653**	**–**	**19,653**
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
For the year ended 30 June 2016			
Additions to non-current assets *(Note)*	477,937	47,158	525,095
Depreciation and amortisation	298,639	2,091	300,730
Impairment loss on property, plant and equipment	30,146	–	30,146

Note:

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

3 OTHER INCOME

	2017	2016
	HK$'000	*HK$'000*
Government grants	**18,111**	24,827
Income from suppliers	**58,227**	76,228
Compensation for termination of lease	**43,182**	15,667
Sundries	**73,238**	53,702
	192,758	170,424

4 OTHER LOSSES, NET

	2017	2016
	HK$'000	*HK$'000*
Fair value (loss)/gain on financial asset or liability at fair value through profit or loss	**(5,042)**	9,312
Loss on disposal of property, plant and equipment	**(2,417)**	(4,330)
Impairment loss on property, plant and equipment *(Note (i))*	**(49,808)**	(30,146)
Impairment loss on prepayments, deposits and other receivables *(Note (ii))*	**(19,653)**	–
	(76,920)	(25,164)

Notes:

(i) The impairment provision was made to reflect management's latest plan for mainly three department stores (2016: one department store) in light of the latest market environment and the management's assessment on the business prospect thereof.

(ii) The impairment provision was made on prepayment, deposits and other receivables due to the temporary closure of one department store for the property renovation to be carried out by the landlord.

5 OTHER OPERATING EXPENSES, NET

	2017	2016
	HK$'000	*HK$'000*
Water and electricity	**83,038**	129,058
Selling, promotion, advertising and related expenses	**132,987**	165,887
Cleaning, repairs and maintenance	**83,365**	91,730
Auditors' remuneration		
– Audit services	**5,640**	7,080
– Non-audit services *(Note (i))*	**1,902**	1,141
Net exchange losses *(Note (ii))*	**14,059**	62,446
Other tax expenses	**146,352**	169,974
Provision for doubtful debts, net	**6,591**	2,187
Others	**116,880**	86,632
	590,814	716,135

5 OTHER OPERATING EXPENSES, NET (CONTINUED)

Notes:

(i) The amounts excluded professional fees capitalised to property, plant and equipment of HK$276,000 (2016: HK$1,182,000).

(ii) The amounts excluded exchange losses arising from foreign currency borrowings capitalised to other non-current assets of HK$1,003,000 (2016: HK$3,140,000), 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.

6 INCOME TAX EXPENSE

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

	2017	2016
	HK$'000	*HK$'000*
Current income tax		
– Mainland China taxation	**152,696**	159,277
– Under-provision in prior years	**2,465**	108
Deferred income tax		
– Undistributed retained earnings	**(349)**	1,819
– Other temporary differences	**7,451**	32,177
	162,263	193,381

Taxation has been provided at the 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 years ended 30 June 2017 and 2016.

Subsidiaries of the Company in Mainland China are subject to corporate income tax at a rate of 25% (2016: 25%).

7 DIVIDENDS

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2017 (2016: HK$Nil).

8 EARNINGS PER SHARE

(a) Basic

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

	2017	2016
Profit attributable to shareholders of the Company (HK$'000)	**128,611**	45,643
Weighted average number of ordinary shares in issue (shares in thousands)	**1,686,145**	1,686,145
Basic earnings per share (HK$ per share)	**0.08**	0.03

(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 years ended 30 June 2017 and 2016, there was no dilutive potential ordinary share.

9 OTHER NON-CURRENT ASSETS

Balances as at 30 June 2017 and 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 Hotel Co., Ltd. (subsequently renamed as "Shenyang New World Xin Hui Properties Co., Ltd.") ("SYNWXH"), a wholly-owned subsidiary of New World Development Company Limited 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 30 June 2017, the balance in connection to this transaction and the costs capitalised was approximately HK$627,848,000 (2016: HK$616,336,000).

10 DEBTORS

	2017	2016
	HK$'000	*HK$'000*
Debtors	**112,826**	132,521
Less: loss allowance provision	**(6,773)**	(18,338)
Debtors, net	**106,053**	114,183

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

	2017	2016
	HK$'000	*HK$'000*
Within period for		
0–30 days	**65,924**	69,384
31–60 days	**19,476**	16,709
61–90 days	**4,085**	3,736
Over 90 days	**16,568**	24,354
	106,053	114,183

The debtors were primarily denominated in Renminbi.

11 CREDITORS

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

	2017	2016
	HK$'000	*HK$'000*
Within period for		
0–30 days	**1,313,017**	764,708
31–60 days	**204,890**	687,984
61–90 days	**54,055**	148,757
Over 90 days	**181,001**	348,792
	1,752,963	1,950,241

Creditors included amounts due to related companies of approximately HK$73,542,000 (2016: HK$78,162,000) which were unsecured, interest free and repayable within 90 days.

The creditors were primarily denominated in Renminbi.

BUSINESS REVIEW

Business Network

During the year 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 ("Yibin Store") in Yibin City. With a total gross floor area ("GFA") of about 27,000 square meters ("sq.m."), Yibin Store is a trendy lifestyle store where customers can enjoy shopping, recreation and entertainment under one roof.

As at 30 June 2017, the Group operated 37 department stores and two shopping malls, with a total GFA of about 1,583,880 sq.m. Located in three operating regions, namely Northern China, Eastern China and Central Western China, the stores covered 21 major cities in Mainland China, including Wuhan, Shenyang, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Kunming, Lanzhou, Changsha, Chongqing, Chengdu, Anshan, Nanjing, Zhengzhou, Mianyang, Yancheng, Xi'an, Yanjiao, Yantai and Yibin with 35 self-owned stores and four managed stores.

Revenue Breakdown

By Region

The Northern China Region contributed the most to the Group's revenue during the year under review, accounting for 46.4% of revenue, followed by the Eastern China Region and the Central Western China Region, accounting for 33.4% and 20.2% respectively.

By Segment

Commission income from concessionaire sales was the major source of income, accounting for 48.7% of revenue. Sales of goods for direct sales and rental income accounted for 31.8% and 19.1% respectively. Management and consultancy fees accounted for 0.4%.

OPERATIONS OVERVIEW

Operations Strategies

Optimizing Management Structure and Unleashing Staff Potentials and Creativity

In the face of the highly competitive retail market in Mainland China, quick and astute corporate decision-making and execution capabilities are indispensable for a company's long-term development. During the year under review, the Group optimized its internal management structure. Some of the initiatives included the implementation of flattened management structure to reduce hierarchical layers and the establishment of four functional committees for prompt decision-making on important matters and faster responsive rate to market changes. A double-line management mechanism, which comprises the vertical "headquarters – region – store" and functional reporting structure, was established to ensure the orderly and error-free implementation of the Group's strategies. Moreover, the Group further perfected its staff remuneration and performance schemes with clearly-defined KPIs to ensure tasks performed by its employees are aligned with the Group's strategies.

In terms of talent development, the Group spearheaded a trio of career advancement initiatives during the year under review. Through "Project Xinpeng – NWDS Management Intern Cultivation Program", "Project Feipeng – NWDS Management 'Golden Ladder' Nurturing Program" and "Project Dapeng – NWDS Store Manager Trainees 'Elite Rookies' Grooming Program", the Group strives to cultivate management apprentice, so as to provide powerful "resources" for the Group's professional operations and innovative management.

In the scope of unleashing staff potentials and creativity, the Group rolled out a series of staff incentives to activate the potentials of its employees during the year under review, including the all-staff personal business commitment (PBC) reward scheme, the Amoeba operating model, the business partner mechanism and store manager incentive fund, etc. The Group also set up Innovation Business Unit to ensure the orderly implementation of various new projects. The all-directional incentive schemes effectively improved the proactiveness and creativity of its employees, exerting an active driving force to the Group's development.

Implementing "One Store, One Strategy" and Store Categorization to Enrich Stores' Ambience and Character

To cater for the new normal in China's consumption and to motivate stores to innovate for changes, the Group formulated the "One Store, One Strategy" operations strategy and the "Plan for Three Years and Review Annually" mechanism during the year under review. As such, stores are required to conduct thorough market evaluation and allocate resources reasonably to come up with an operations strategy that matches their respective markets, which in turn will improve the stores' as well as the Group's competitiveness. During the year under review, a number of stores already proactively put "One Store, One Strategy" into full play. Nanjing New World Department Store ("Nanjing Store"), Beijing New World Department Store ("Beijing Store") and Zhengzhou New World Department Store ("Zhengzhou Store") set up in-store themed street zones respectively, namely "New Territories 88", "Cat Street" and "7 Temple Street" to successfully create their own operating characteristics. These initiatives were regarded as the role models of innovative operations by the industry. Amongst them, Nanjing Store, which positions itself as a "Trendy Mini Mall", led the way by introducing the mystical-themed cultural and creative street zone "New Territories 88". By remodeling the existing old premises, Nanjing Store injected spotlight elements such as shopping, recreation, artistic creation, lifestyle and culture, as well as gourmet into the street zone to achieve a close to two-fold growth in revenue and about 20% growth in foot traffic year-on-year, thereby winning the title of "Best Stores in China 2016". On the other hand, Changsha New World Trendy Plaza successfully replicated the operating model of "New Territories 88" and launched an upgraded version known as "MAX Commune" in July 2017. With original heavy-metal industrial-styled interiors, "MAX Commune" is a street zone featuring themed catering and creative retailing and has been well-received by customers since its opening.

Based on the operating conditions of each store, the Group rationalizes their market positioning and sorts them into four categories, namely "novel department store", "quasi-shopping mall", "shopping mall" and "urban outlet" to implement refined and categorized store management with an aim to identify outstanding stores and elevate them to flagship stores. The new approach does not only facilitate the effective allocation of corporate resources, but also enhances stores' operational standards as a whole. Leveraging on the continuous attention and resource dedication of the Group, its flagship stores led the way in enhancing the Group's operational efficiency during the year under review and gained good word-of-mouth in the market.

Introducing International and Trendy Brands to Optimize Merchandise Mix while Improving Concessionaire Counters' Operating Capabilities

In response to the consumption upgrade phenomenon in Mainland China, the Group introduced a customer-oriented operating model during the year under review, and introduced a selection of international brands and trendy brands with unique characters in response to customer needs. Concurrently, the Group further strengthened its competitive merchandise categories and expedited its business reforms by increasing its annual brand renewal rate to the level of 25% to drive concessionaire sales. Beijing Store, for example, enlarged the operating area of its cosmetics zone by almost 20% and introduced an array of international cosmetics brands, such as YSL, GIORGIO ARMANI, KIEHL'S, fresh, shu uemura and Sulwhasoo, etc, achieving double-digit growth in cosmetics sales year-on-year. As a result, the store now stands strong at the third position in Beijing's cosmetics market in terms of scale and market share. On the other hand, Shenyang New World Department Store – Zhonghua Road Branch Store, Wuhan New World Trendy Plaza and Beijing Store introduced the adidas soccer concept store, the trendy multi-sports-brand store FOOTMARK and an emerging sports brand UNDER ARMOUR respectively to strengthen their sports category and to attract more brands to set up flagship stores in the above-mentioned premises to compete for more limited edition products for sale. Apart from the leading international brands, trendy brands with unique characters that can highlight one's personal taste and social status are also much sought after by young customers. In light of this, the Group invited Cloth Fu, EICHITOO, Tonson beauty and other online ladieswear labels to go offline at NWDS' stores to offer consumers with more in-trend merchandise choices. Alongside its efforts in introducing new products, the Group also continued to strengthen its competitive merchandise categories. For example, it enriched the footwear offerings at Hong Kong New World Department Store – Shanghai Wujiaochang Branch Store ("Shanghai Wujiaochang Branch Store") and successfully consolidated its position as the best-selling footwear marketplace in Shanghai. In future, the Group will focus on optimizing its categories concerning cosmetics, sports, sophisticated ladieswear, and children's products to build a competitive merchandise portfolio.

A diverse and quality merchandise mix provided a solid foundation for the Group to further improve its concessionaire sales. During the year under review, the Group put a stronger focus on enhancing the operating capabilities of its concessionaire counters and therefore, encouraged its stores to join up with strategic brands to organize in-depth "brand day" campaigns. The Group, for instance, co-organized the "9.9 Chow Tai Fook Brand Day" with Chow Tai Fook and debuted a collection of Disney accessories, breaking the historical single-day sales record and being covered by over 100 media outlets across the country.

Enriching and Expanding Direct Sales Business to Improve Merchandise' Uniqueness Level and Gross Margin

To serve the dual purpose of elevating merchandise' uniqueness and improving gross margin, the Group stepped up its efforts to expand its direct sales business, so as to increase the proportion of sales of goods for direct sales. During the year under review, the Group established a brand-new private label "Xin Shuo Multi-Brands Store" at Shanghai Wujiaochang Branch Store. Introducing an array of original mainland designer brands, the store features a wide range of trendy elements such as fashion, accessories, lifestyle gadgets, interactive DIY and flash retailing. With the competitive edge of high quality-to-price ratio and high product renewal rate, "Xin Shuo Multi-Brands Store" has empowered the Group's direct sales business with vibrant energy.

Apart from the above-mentioned new private label, the Group's other existing private labels also made promising development during the year under review. LOL (Love • Original • Life) Concept Shop ("LOL") did not only expand its business network within the New World Group establishment, but also extended its outreach to Shanghai Joy City successfully, increasing its scale to 12 stores. LOL also implemented categorized management by positioning its stores as black, gold and silver labels to offer differing products that match the consumption power of their customers. As a result, LOL achieved double-digit growth in same-store sales year-on-year. 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 introduced peripheral products including coffee and cookies to establish itself as a cross-industry multi-brand store. To enrich its children's product offerings, the Group established a children's education brand called "Luis Home Bake", which is positioned as a DIY baking studio that fuses recreation with education to nurture children's soft skills and foster parent-child interaction. Besides, the Group's distribution business of high-end fashion brands also saw steady growth. Its accomplishments include the new addition of a young Italian fashion brand called DSQUARED2 and the expansion into high-end retail premises in tier-one cities, increasing its store number to 54 in total. Going forward, the Group will continue to enrich its direct sales business by developing n+ series private labels and strengthening the uniqueness of its direct sales products.

Introducing Diversified Tenant Categories to Increase Rental Income

In terms of the rental business, the Group is committed to creating a diversified in-store business composition to enrich consumers' shopping experience and further increase its rental income. During the year under review, the Group enriched its in-store business composition relating to food and beverage, entertaining experiences and children's education, and introduced new tenants such as JIAOZI IN SPOTLIGHTS, tea OpaL, LEFIT, WM.MOVIE, LANG EN KID's International School and LEGO Education, etc. The Group also operated two joint venture food and beverage labels, namely Peter's Meadow and Aza Aza!. As a result, the proportion of space taken up by rental projects increased to 24%. To cover a wider scope of in-demand spending categories, the Group pioneered to introduce various cross-industry tenants that feature social spotlight elements such as coffee, music, internet and books. The newly-introduced tenants included the German household brand, beself, that advocates the youth's living attitude and the mass-oriented boutique-style SISYPHE BOOKSTORE, etc., which altogether made the Group's in-store businesses more refined and closer to everyday life. In future, the Group will boost its in-store business composition concerning interactive experiences and recreation, such as virtual reality, interactive entertainment, culture and creativity, fitness and health, etc. to enhance the experiential offerings at stores for higher customer affinity.

Expediting Digitization Reforms to Promote Data-driven New Retail Upgrade

During the year under review, the Group kept abreast of the latest retail trends and initiated a number of digitization upgrade attempts. The Group strategically collaborated with leading internet companies in Mainland China to facilitate data-driven business decision-making by strengthening its application of technologies in relation to online marketing, big data analytics and social interactions. Besides, the Group made the efforts to upgrade its existing digitized membership system by adding new internet-based interactive technologies such as digital imaging, behavior tags, big data diversion and self-media marketing to strengthen its two-way communication with customers. Furthermore, the Group analyzed customers' behavior data to formulate market-fitted marketing strategies to improve consumers' shopping experience. Going forward, the Group will continue to make more new attempts in innovative technologies and increase the relevant capital investment while setting a strong foot offline and delving deep into its core business concurrently. Through the application of new technologies such as internet social interactions, mobile finance, big data and artificial intelligence, the Group strives for a comprehensive upgrade to new retailing with the provision of more satisfying and convenient shopping experience to consumers.

Marketing Strategies

Promoting Cross-industry Collaboration to Generate IP Values and to Achieve Highly-efficient Marketing

Upon the arrival of the era of consumption upgrade and knowledge-based economy, mainland consumers are attaching more and more importance to the values unleashed as a result of the craving of knowledge. During the year under review, the Group made use of IP value creation as the entry point to further strengthen its cross-industry collaboration with business partners such as Tencent's WeBank, the e-commerce platform ffan.com, Maichang, the social media software in, and financial institutions and banks, etc. to draw the business closer to consumers' hearts. These collaborations were effective in achieving highly-efficient yet low-cost marketing. During the year under review, the Group's headquarters organized an array of nationwide and regionwide inter-store marketing campaigns in a progressive and orderly manner. Sales generated from the "630 Your Happiest Day in the Year", "New Year's Eve" and "24th Anniversary Joyous Celebration" campaigns recorded double-digit growth year-on-year, illustrating that clearly-set themes and contents, together with prior cooperation and communication with suppliers and business partners, were effective in enhancing the efficiency of such campaigns.

In addition to seeking cross-industry collaboration, the Group has also been proactively maintaining its self-owned online resources. Riding on its WeChat and Weibo's fan base of over four million, the Group launched a brand new shopping module – "NWDS Flash Sales" – on its WeChat official account during the year under review. Using the stores in the Beijing and Shanghai Regions as pilots, a selection of highly popular items in limited quantities were featured for flash sales during the periods of "Double 11" and "March 8 Women's Festival". Free delivery was also offered to form a closed mobile commerce loop to satisfy the needs for online shopping of our customers. By offering the convenience of online shopping, the Group developed stronger affinity amongst consumers. The Group also made effective use of online activities and promotions to bring online customers to the offline, which resulted in the associated transactions at the stores, thereby actualizing digital marketing.

Fostering Membership Digitization and Closer Member Relations Management To Shape Better Member Experience

During the year under review, the Group continued to put forward its membership digitization process. In September 2016, the Group launched a new customer relationship management system called "Customers – Members – Fans" ("CMF") using WeChat as the main interface. To register as basic member level "Customers", users only need to scan a QR code or follow the WeChat official account of any NWDS' stores to enter the system, and key in their China cell phone number. The system segregates 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 can master their consumer behaviors. Going forward, the Group will enhance in-system functions to foster a complete digitization of member relations management, providing members with more convenient and efficient services.

As for member relations management, the Group organized more experience-related VIP activities during the year under review, such as VIP Outdoor Hiking and VIP Cultural Day Out, on top of VIP Pampering Banquets, VIP Day, VIP Specialty Salon and other signature member-only activities. For instance, 12 "Ba Li Chun Tian" branded stores in Shanghai joined up with Shanghai K11 Art Mall to host the annual VIP gratitude dinner "Rendezvous at the Peach Garden", inviting members to enjoy the global debut of Vivienne Westwood exhibition in dialogue with Chinese contemporary art entitled "Vivienne Westwood: GET A LIFE!", providing members with the most fashionable and culturally-enriched privileges.

Expansion Strategies

Setting Up Three Radiation Circles for Steady Business Expansion

The Group's business reforms and improved operational efficiency have laid a strong foundation for its further development. In future, the Group will continue to adopt the expansion strategies of "multiple presences within a single city" and "radiation city", putting the development focus on the Greater Shanghai, Greater Beijing, Greater South Western Regions and expand the radiation circle of the said areas. Meanwhile, the Group will further strengthen the merchandising resources in Lanzhou, Xi'an, etc., and develop the northwest area in a timely manner. In terms of the mode of investment, the Group will conduct an objective and comprehensive market evaluation when creating a new pipeline project. This will enable the Group to make a mindful decision on the business district and the operations model when entering into the market. The Group will mainly establish new projects in an asset-light approach through the means of renting, forming joint ventures and setting up managed stores. To provide a better reserve of resources for the Group's long-term development, high quality assets will be acquired at the right time.

During the year under review, the Group opened a managed store in Yibin City of Sichuan Province with a total GFA of about 27,000 sq.m. Introducing over 100 well-known local and foreign brands, Yibin Store also possesses the biggest children's product category in the city to offer customers a diverse and quality merchandise and service portfolio. At present, the Group is putting forward three pipeline projects: the Tongliang Project in Chongqing City, a managed store with a total GFA of about 26,200 sq.m. which will be a themed department store located in a 120,000 square-meter commercial complex; the Shenyang Nanjing Street Branch Store Phase I Redevelopment Project and the Shenyang Nanjing Street Branch Store Phase II Project will be combined to form a large-scale department store with a total GFA close to 52,000 sq.m. upon their completion.

OUTLOOK

2016 was an eventful year for international politics and economics. Britain is to leave the European Union after the Brexit referendum; Donald Trump won the U.S. presidential election and the Federal Reserve of the U.S. kicked off the interest rate hike cycle. These uncertainties all brought impact to the international financial market and global trade, resulting in decelerated growth in the world economy. Yet, the global economy gradually steered away from its six-year in low gear since the end of 2016, showing signs of steady and moderate recovery in the first half of 2017. Global industrial production, trade and investment picked up their pace in growth, while inflation remained relatively low. The mild rebound was more evident in developed countries. Meanwhile, the financial market has been generally favorable throughout the first half of 2017. The MSCI All Country World Index indicated a 11.0% growth in the global stock market in the first half of the year. While the Asian market continued to stay on the upward path, with the MSCI All Country Asia ex Japan Index surging 22.4% in the first six months. While the market forecast suggests that the global economy may continue to grow at an accelerated rate in the second half of 2017, it is possible that geopolitical risks in the Middle East and the Korean Peninsula could bring instabilities to the economic landscape.

Under such challenging circumstances, the Chinese government has been actively driving structural reforms on the supply-side to facilitate economic development in an orderly manner. The Gross Domestic Product ("GDP") of China grew 6.9% in the first half of 2017, which outperformed market expectation and demonstrated obvious signs of steady expansion. The GDP growth is mainly driven by consumption in the "Troika". According to the *China Retail Industry Development Report 2016-2017* issued by the Chinese Ministry of Commerce, the sales performance of sizeable retailers has turned away from its continuous downward trend since 2011, and rebounded mildly at the end of 2016. The trend has been further confirmed during the first half of 2017, with 2,300 conventional retailers registering stronger year-on-year growth in sales. Profitability of companies was also strengthening, reversing the negative growth of last year's. Overall, the market expects that total retail sales of consumer goods to maintain an approximate 10.0% growth in 2017.

With technological advancements and the emergence of the new normal in consumption, retailers should take the initiatives to upgrade and transform the industry, developing an operational framework which integrates online-to-offline, social media, ambience crafting, and multiple business model, so as to capitalize on the new growth points from China's consumption upgrade. As such, the General Office of the State Council released the *Opinions on Promoting the Innovation and Transformation of the Offline Retail Sector* at the end of 2016, which encourages retailers to adjust their business structures and to pursue innovative development. Concurrently, the government will expedite industrial reforms through the means of promoting cross-industry integration, optimizing the business environment and strengthening policy support. To further unleash domestic consumption and stimulate spending, the Chinese government is gradually launching a number of measures relating to promoting steady growth in consumption, optimizing regional development landscape and driving new urbanization with the aim to cement the role of consumption as a major pillar to support overall economic development. As the consumption industries in China continue to grow and upgrade, there is vast room for development in the sector. Added with the policy support from the government and the innovative initiatives of retailers, the Group remains cautiously optimistic in China's retail industry.

FINANCIAL REVIEW

Revenue and Other Income

Revenue of the Group was HK$3,484.3 million in FY2017 (or "the Current Year") (FY2016 (or "the Previous Year"): HK$3,659.9 million). In Renminbi ("RMB") terms, revenue of the Group was RMB3,066.2 million in FY2017 (FY2016: RMB3,037.7 million) with year-on-year growth of 0.9%.

Gross sales revenue, as previously defined, was HK$11,936.7 million in FY2017 (FY2016: HK$13,077.0 million). In RMB terms, gross sales revenue was RMB10,504.3 million in FY2017 (FY2016: RMB10,853.9 million).

The Group's merchandise gross margin was 18.2% in the Current Year (FY2016: 18.2%). In FY2017, ladieswear and accessories made up approximately 64.9% of gross revenue from concessionaire sales and sales of goods for direct sales. Menswear and accessories made up approximately 8.8% and sportswear, bread and snacks, electrical appliances, kidswear and personal care products largely made up the rest. Direct sales revenue in the Current Year mainly comprised sales of ladieswear and menswear (approximately 39.4%), cosmetic products (approximately 29.3%), groceries, housewares and perishables (approximately 16.1%), as well as accessories and miscellaneous items (approximately 15.2%).

Rental income increased by 4.3% to HK$666.7 million in FY2017 from HK$639.5 million in FY2016, mainly due to increased rentable area and improved tenant mix in the Current Year, 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$13.4 million in FY2017 decreased from HK$40.3 million in FY2016. The decrease was primarily due to drop in the Group's recognition of fees for the provision of consultancy services for new projects in the Current Year.

Other income of the Group was HK$192.8 million in FY2017 compared with HK$170.4 million in FY2016. The increase in other income was mainly due to the inclusion of HK$43.2 million of compensation from a landlord for the early termination of lease of Hong Kong New World Department Store – Shanghai Xinning Branch Store ("Shanghai Xinning Branch Store") in June 2017.

Other Losses, Net

Net other losses of the Group in the Current Year was HK$76.9 million which was primarily resulted from HK$4.1 million of fair value loss on the indemnification in connection with the acquisition of a subsidiary, HK$19.7 million of impairment loss on prepayment, deposits and other receivables due to the temporary closure of Yancheng New World Department Store for the property renovation to be carried out by the landlord and HK$49.8 million of impairment loss on property, plant and equipment of the existing stores.

Changes in Fair Value of Investment Properties

Changes in fair value of investment properties in the Current Year was HK$6.6 million which was primarily related to properties of Wuhan New World Department Store, Zhengzhou Store, Tianjin New World Department Store, Hong Kong New World Department Store – Shanghai Shaanxi Road Branch Store and Hong Kong New World Department Store – Shanghai Tianshan Road Branch Store.

Purchases of and Changes in Inventories, Net

The purchases of and net changes in inventories primarily represented the cost of sales for direct sales of goods. It increased by 4.3% to HK$788.3 million in FY2017 from HK$756.0 million in FY2016. The increase was in line with the increase in sales of goods for direct sales in the Current Year.

Employee Benefit Expense

Employee benefit expense decreased to HK$623.2 million in FY2017 from HK$633.2 million in FY2016. In RMB terms, employee benefit expense increased during the Current Year primarily due to the opening of specialty shops of direct sales business and the severance payment due to the early termination of lease of Ningbo New World Department Store and Shanghai Xinning Branch Store in June 2017.

Depreciation and Amortisation

Depreciation and amortisation expense decreased from HK$300.7 million in FY2016 to HK$261.5 million in FY2017, primarily due to no depreciation was provided in the Current Year for property, plant and equipment impaired for mainly one department store in FY2016 and some stores with assets that have been fully depreciated, and the closure of Beijing Shishang Store and Ningbo Trendy Store in December 2015 and June 2016 respectively.

Operating Lease Rental Expense

Operating lease rental expense decreased to HK$1,051.9 million in FY2017 from HK$1,163.9 million in FY2016, primarily due to the reduction of rental rates for certain leased properties in the Current Year, 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 Mainland China's VAT reform.

Other Operating Expenses, Net

Net other operating expenses decreased to HK$590.8 million in FY2017 from HK$716.1 million in FY2016. The decrease was primarily due to the effective control of water and electricity, promotion and advertising expenses by management, a decline in other tax expenses mainly due to the effect on the conversion from BT to VAT since May 2016 and a decline in exchange losses arising from RMB against HK$ due to the less devaluation of RMB during FY2017 compared with FY2016.

Operating Profit

Operating profit was HK$277.8 million in FY2017 compared with HK$209.7 million in FY2016.

Income Tax Expense

Income tax expense of the Group was HK$162.3 million in FY2017 compared with HK$193.4 million in FY2016.

Profit for the Year

As a result of the reasons mentioned above, profit for the year increased by approximately 182.6% to HK$128.3 million compared with HK$45.4 million in the Previous Year.

Liquidity and Financial Resources

Fixed deposits and cash and cash equivalents of the Group amounted to HK$2,136.3 million as at 30 June 2017 (30 June 2016: HK$1,202.7 million).

The Group's borrowings as at 30 June 2017 were HK$1,766.8 million (30 June 2016: HK$995.7 million) of which HK$356.3 million (30 June 2016: HK$409.4 million) was secured by an investment property.

At 30 June 2017, the Group's current liabilities exceeded its current assets by HK$1,671.9 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 30 June 2017 were HK$104.4 million which were contracted but not provided for in the consolidated statement of financial position. For the contractual payment of HK$104.4 million, approximately HK$60.6 million is for the redevelopment project of a building in Shenyang City.

Pledge of Assets

As at 30 June 2017, an investment property of HK$1,759.8 million (30 June 2016: HK$1,784.8 million) of the Group was pledged as securities for bank borrowings of HK$356.3 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 mainly exposed to foreign exchange risk arising from Hong Kong dollar, United States dollar and Euro against RMB and from RMB and Euro against Hong Kong dollar. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 30 June 2017.

PROPOSAL FOR THE PRIVATIZATION OF THE COMPANY BY OFFEROR AND PROPOSED WITHDRAWAL OF LISTING

On 6 June 2017, the board of directors of the Company and New World Development Company Limited (the "Offeror") jointly announced that UBS AG Hong Kong Branch, on behalf of the Offeror, intended to make a voluntary conditional cash offer to acquire all the issued shares of the Company (other than those already held by the Offeror) (the "Offer"), a proposal which, if became unconditional, will result in the Company being privatized by the Offeror and the withdrawal of listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). It was a condition of the Offer that the Offeror must have received a prescribed level of acceptances by the specified closing date before the Offer can become unconditional. As such acceptance level condition was not satisfied by the specified closing date, the Offer has not become unconditional and lapsed on 28 August 2017. The shares of the Company remains listed on the Stock Exchange. Reference is made to the related announcements dated 6 June 2017, 26 June 2017, 18 July 2017, 26 July 2017, 1 August 2017, 15 August 2017 and 28 August 2017 respectively and the related composite offer and response document despatched to the shareholders of the Company on 27 June 2017.

FINAL DIVIDEND

The Directors have resolved not to recommend a final dividend for the year ended 30 June 2017 (2016: nil).

EMPLOYEES, REMUNERATION POLICY AND PENSION SCHEME

As at 30 June 2017, the total number of employees of the Group was 4,964 (31 December 2016: 4,820). 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 for the year ended 30 June 2017.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company had not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities during the year.

SUFFICIENCY OF PUBLIC FLOAT

Reference is made to the announcement of the Company dated 29 August 2017 and 8 September 2017 in relation to the public float of the Company. As disclosed in the mentioned announcements, upon the lapse of the Offer, the Offeror and parties acting in concert with the Offeror (within the meaning as ascribed to it under The Codes on Takeovers and Mergers and Share Buybacks), held an aggregate of 1,275,888,000 shares of the Company, representing approximately 75.67% of the issued share capital of the Company, and the minimum public float requirement of 25.0% under Rule 8.08(1)(a) of the Listing Rules was not satisfied upon the lapse of the Offer. An application was made by the Company to the Stock Exchange for a temporary waiver from strict compliance with Rule 8.08(1)(a) of the Listing Rules (the "Waiver"). On 7 September 2017, the Stock Exchange granted the Waiver to the Company for a period of two months from 28 August 2017 to 27 October 2017. As at the latest practicable date prior to the issue of the annual report, the minimum public float requirement of 25.0% under Rule 8.08(1)(a) of the Listing Rule was not satisfied. Further announcement(s) will be made by the Company regarding the restoration of public float as and when appropriate pursuant to the Listing Rules.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the time being in force during the year ended 30 June 2017.

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 year ended 30 June 2017.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") was established in accordance with requirements of the Listing Rules 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 systems of risk management and internal control and the annual results and the consolidated financial statements for the year ended 30 June 2017 and discussed the financial related matters with the management.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 15 November 2017 to Monday, 20 November 2017, both days inclusive, during which period no transfer of share of the Company will be registered. In order to establish entitlements to attend and voting at the forthcoming annual general meeting of the Company, all transfers of shares of the Company accompanied by the relevant share certificates and properly completed transfer forms must be lodged with the branch share registrar and transfer agent of the Company in Hong Kong, Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 14 November 2017.

For and on behalf of the board of
New World Department Store China Limited
Dr. Cheng Kar-shun, Henry
Chairman

Hong Kong, 20 September 2017

As at the date of this announcement, the non-executive Directors are Dr. Cheng Kar-shun, Henry, Mr. Au Tak-cheong and Ms. Ngan Man-ying, Lynda; the executive Directors are Dr. Cheng Chi-kong, Adrian and Mr. Cheung Fai-yet, Philip; and the independent non-executive Directors are Mr. Cheong Ying-chew, Henry, Mr. Chan Yiu-tong, Ivan, Mr. Tong Hang-chan, Peter and Mr. Yu Chun-fai.