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新世界百貨中國有限公司
New World Department Store China Limited

NWDS Announces Its FY2012 Annual Results

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Revenue rose 27.6% to HK3,490.1 million
Core net profit grew 10.6% to HK$561.3 million
Same-store-sales growth was 14.1%

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Opened Mianyang Store, acquired Lanzhou Store, Beijing Liying Store and Shanghai Shaanxi Road Store and finished the expansion of Shenyang Jianqiao Road Branch Store in the year under review

FINANCIAL HIGHLIGHTS

(HK$)	FY2012	FY2011	Change
Revenue	3,490.1 million	2,736.2 million	27.6%
Core Operating Profit(1)	740.4 million(1)	646.0 million(1)	14.6%
Core Net Profit(2)	561.3 million(2)	507.4 million(2)	10.6%
Core Earnings per Share(3)	HK$0.33(3)	HK$0.30(3)	10.0%
Final Dividend per Share	8.2 HK cents	6.5 HK cents	26.2%
Net Profit	607.7 million	855.6 million	-29.0%

(1) Core operating profit means operating profit excludes (a) other gains (b) the related direct expenses on disposal of a certain portion of property and land use right at which Wuxi Store was situated (c) changes in fair value of investment properties
(2) Core net profit means net profits excludes (a) other gains (b) the related direct expenses and income tax expenses on disposal of a certain portion of property and land use right at which Wuxi Store was situated (c) changes in fair value of investment properties
(3) Core earnings per share means core net profits/ weighted average number of ordinary shares in issue

(25 September 2012 – Hong Kong) **New World Department Store China Limited** ("NWDS" or the "Company"; Hong Kong stock code: 825), one of the largest owners and operators of department stores in the PRC, announced today its annual results for the year ended 30 June 2012.

The Company's revenue in the year under review rose 27.6% to HK$3,490.1 million (FY2011 or "the Previous Year": HK$2,736.2 million). Net profit was HK$607.7 million (FY2011: HK$855.6 million). Core net profit was HK$561.3 million(2) (FY2011: HK$507.4 million(2)). The board of directors recommended a final dividend of 8.2 HK cents per share for the year ended 30 June 2012.

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The growth of revenue was primarily contributed from commission income from concessionaire sales, sales of goods for direct sales and rental income. In the year under review, gross sales revenue, comprising gross revenue from concessionaire sales, sales of goods for direct sales, management fee income, rental income and other income, increased by 27.0% to HK$14,207.2 million from HK$11,182.8 million in FY2011. The growth was mainly due to the increase in gross revenue from concessionaire sales, sales of goods for direct sales, rental income as well as the increase of same-store sales ("SSS") of self-owned stores to 14.1%. Gross revenue from concessionaire sales increased 27.1% to HK$13,010.0 million from HK$10,233.3 million in the Previous Year. Sales of goods for direct sales increased 23.9% to HK$676.2 million as compared to the Previous Year, comprising groceries, housewares and perishables, cosmetic products, accessories, handbags and underwears, ladieswear and menswear. Gross profit margin of direct sales and commission income rate of concessionaire sales were 15.5% and 18.5% respectively. Rental income increased by 87.7% to HK$389.2 million as compared to the Previous Year, mainly due to the opening of Mianyang Store, the acquisition of Channel 1 Shopping Mall [which was renamed as Shanghai-Hong Kong New World Department Store – Shaanxi Road Store ("Shanghai Shaanxi Road Store") in June 2012], the conversion of Lanzhou Store and Beijing Liying Store from managed stores to self-owned stores and full period's rental income from Beijing Store, Chengdu Store, Changsha Trendy Plaza, Beijing Trendy Store, Chongqing Store, Beijing Qianzi Store, Zhengzhou Store and Shenyang Jianqiao Road Branch Store in the year under review.

In the year under review, China's overall economy shows a steady but slow trend in 2012 due to the decelerated growth of exports and investments as well as other related factors. In face of the challenge, the Company has seized the opportunities brought by the state policy of boosting domestic demand and stimulating consumption. At the same time, the Company has laid a good foundation for its business development by implementing the rebranding program, improving operating efficiency and service quality, increasing commodity categories, as well as launching innovative marketing programs.

In the aspect of business expansion, the Company established business presence in different parts of China to further expand its retail network in the year under review by opening new stores, expanding existing stores, acquiring managed stores and developing other potential projects. In November 2011, the Company acquired the property and operating rights of Shanghai Shaanxi Road Store. In the same month, the Company converted Lanzhou Store to a self-owned one by acquisition, strengthening its development edge in the North Western region. After the acquisition of Beijing Liying Store in January 2012, the Company's five department stores in Beijing all became self-owned stores. As for new store, the Mianyang Store positioned as a "one-stop shopping" Living Gallery was opened in December 2011, which is beneficial to the Company's strategic development in Central Western district. In addition, Phase II of Shenyang Jianqiao Road Store was put into operation in April 2012. As of 30 June 2012, the Company was running 36 self-owned department stores and 3 managed stores covering 18 major cities in China, with an aggregate gross floor area ("GFA') of approximately 1,387,670 square metres.

The Company will carry through the two major strategies of "multiple presences within a single city" and "radiation city" as well as expanding from first-and second-tier cities to second-and third-tier cities. Confirmed self-owned store projects include the projects in Yancheng and Xi'an to be opened in FY2013, as well as those in Yantai, Hengyang and Shanghai 118 Square to be commenced operation in FY2014 & FY2015 respectively. At the same time, the Company actively prepares for the opening of new managed stores, including Ningbo project to be opened in FY2013 and the projects in Yanjiao and Yantai to start operation in FY2014. It is expected that the total GFA of self-owned stores will exceed 2 million square metres in FY2016.

Commenting on the annual results, Mr. Philip Cheung, Managing Director and Executive Director of NWDS said, "Since the launch of rebranding program in September 2009, the brand image, profitability and SSS growth of the Company has steady improved and the measures on cost control and enhancing operational efficiency also yield positive results. All those led to a stable profit growth of the Company. Now the rebranding program has entered the final stage, which is expected to complete by the end of 2012, by then all our stores will be serving customers with brand new image. In the future, our marketing strategy will focus on VIP membership maintenance and utilizing different e-Platforms for promotions. In the year under review, we launched the new VIP system and VIP website which offer new services including card-free bonus point earnings, online application, renewal and bonus point tracking of the cards so as to enhance customer loyalty. The Company will also strengthen the development of our e-Shopping Platform and smart phone apps, striving to bring more diversified heartfelt services to our customers."

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About New World Department Store China Limited

As New World Development Company Limited's (Hong Kong stock code: 17) retail arm in the PRC, New World Department Store China Limited is one of the largest owners and operators of department stores in the PRC. Established in 1993, NWDS currently operates a large national network of 29 "New World" branded department stores and 10 "Ba Li Chun Tian" (巴黎春天) branded department stores in Shanghai. Among them 36 stores are self-owned while 3 are managed stores. The department store retail chain covers 18 major cities in the PRC, including Beijing, Shanghai, Shenyang, Wuhan and Chengdu etc. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong on 12 July 2007.

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