

【FOR IMMEDIATE RELEASE】



NWDS Announces Its Interim Results 2013/14

Revenue rose 4.8% to HK\$2,125.3 million

Core Net Profit grew 14.5% to HK\$345.5 million

**Acquired Shanghai Hongxin Trendy Plaza, Shanghai Wujiaochang Branch Store
and Opened Yantai Store
During the period under review**

FINANCIAL HIGHLIGHTS

(HK\$)	FY 2013/14 1H	FY 2012/13 1H	Change
Revenue	2,125.3 million	2,028.6 million	4.8%
Net Profit	349.9 million	331.6 million	5.5%
Core Operating Profit ⁽¹⁾	453.8 million	407.7 million	11.3%
Core Net Profit ⁽²⁾	345.5 million	301.7 million	14.5%
Core Earnings per Share ⁽³⁾	HK\$0.20	HK\$0.18	11.1%
Dividend per Share	9.4 HK cents	9.8 HK cents	-4.1%

(1) Core operating profit means operating profit excludes (a) other loss (b) changes in fair value of investment properties

(2) Core net profit means net profit excludes (a) other loss (b) changes in fair value of investment properties and its related income tax expenses

(3) Core earnings per share means core net profit/ weighted average number of ordinary shares in issue

(25 February 2014 – 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, today announced its interim results for the six months ended 31 December 2013.

The Company’s revenue for the period under review rose 4.8% to HK\$2,125.3 million (1H2012/13: HK\$2,028.6 million). Net profit was HK\$349.9 million (1H2012/13: HK\$331.6 million). Core net profit⁽²⁾ was HK\$345.5 million (1H2012/13: HK\$301.7 million). The board of directors declared an interim dividend of 9.4 HK cents per share (1H2012/13: 9.8 HK cents per share) for the six months ended 31 December 2013.

The growth of revenue was primarily contributed from commission income from concessionaire sales, management and consultancy fee income and rental income. Gross revenue from concessionaire sales increased by 1.8% to HK\$7,621.5 million for the six months ended 31 December 2013 (1H2012/13: HK\$7,487.7 million), lifting the commission income from concessionaire sales by 1.5% to HK\$1,351.4 million (1H2012/13: HK\$1,331.1 million). Sales of goods for direct sales contributed HK\$410.3 million to the revenue. The ongoing “rebranding program” commenced in 2009 introduced a hybrid operation model and resulted in an increase of the proportion of in-store complementary facilities, therefore, a larger leasing area. Together with the full-period rental income from Yancheng Store and Xi’an Store which opened in December 2012, the increased leasing area as a result of the acquisition of Shanghai Hongxin Trendy Plaza taking place in July 2013, and a more efficient use of leasing area of existing stores, rental income increased by 30.5% to HK\$322.5 million (1H2012/13: HK\$247.2 million) during the period under review. Due to the strengthened

brand name and extensive third party management experience, the Company's management and consultancy fee income increased by 192.9% to HK\$41.0 million (1H2012/13: HK\$14.0 million). On the other hand, due to the optimized operation structure, effective cost control and greater economies of scale brought by the "rebranding program", core net profit⁽²⁾ grew 14.5% to HK\$345.5 million (1H2012/13: HK\$301.7 million).

In 2013, in response to the uncertain prospect of the global economy, the Chinese government took a series of measures to stabilize growth and accelerate the reform agenda, thus China's economy started to show signs of recovery. Benefiting from the policies relating to economic transformation and new urbanization, the total retail sales of consumer goods climbed steadily. During the period under review, the Company carried through its expansion strategies of "radiation city" and "multiple presences within a single city" to gradually increase the number of self-owned stores and managed stores in addition to the existing store network through leasing, acquisition and provision of store management services. During the period under review, the Company completed two acquisitions, namely, Shanghai Hongxin Trendy Plaza and Shanghai Wujiaochang Branch Store which took place in July and late-November 2013 respectively, reinforcing the Company's leading position in Shanghai. In addition, the Company entered Yantai City, Shandong Province in December 2013. Yantai Store, positioned as a "Living Gallery", has a gross floor area ("GFA") of approximately 55,000 sq. m. As at 31 December 2013, the Company operated and managed 39 self-owned stores and four managed stores, with a total GFA of approximately 1,630,790 sq.m.

The Company's "rebranding program" has come near an end since its launch in 2009. Through the restructuring of merchandise mix and introduction of more in-store complementary facilities such as restaurants and entertainment, NWDS now adopts a hybrid operation model which has brought a sustainable and steady business growth to the Company ever since its implementation. Taking a consumer-oriented approach, on top of consistently carrying out special maintenance on category killers and bringing in new international brands, the Company also introduced a private label, LOL (Love • Original • Life), featuring a tasteful lifestyle attitude during the period under review. All LOL premiums are sourced from all over the world. They not only add uniqueness to the merchandise portfolio, but also enlarge the Company's differentiation advantages, so as to improve its gross profit margin of goods from direct sales. Currently, the four LOL specialty stores residing in New World Department Stores and Shanghai K11 have earned positive market feedbacks and achieved remarkable sales performance since their openings. Therefore, the Company will accelerate the development of LOL with the aim to increase the number of LOL specialty stores to over 20 by FY2015.

Looking forward, the global economy is expected to enter a mild recovery track, an economic transformation is inevitable in Mainland China and the expansion of domestic consumption will become a leading driver of China's economic growth. Therefore, China's consumer market is expected to maintain a moderate growth in 2014. The Company will grasp every opportunity and adopt the innovative "Something New Everyday" operating philosophy to further extend our footholds in third-tier and fourth-tier cities through the expansion strategies of "radiation city" and "multiple presences within a single city". In FY2015, the Company plans to open self-owned stores in Putuo District, Shanghai and Hengyang City, Hunan Province respectively. The Shenyang Nanjing Street Branch Store Phase II Expansion Project

is expected to commence operation in FY2015. In FY2016, the Company is planning to open a total of five managed stores in Keqiao District, Shaoxing City, Zhejiang Province; Jiamusi City, Helongjiang Province; Xiangyang City and Xianning City, Hubei Province, and Nanyang City, Henan Province respectively. In FY2017, the Redevelopment Project of Shenyang Nanjing Street Branch Store Phase I will be finished and commence operation. The Company aims to increase the total GFA to approximately 2 million sq. m. by FY2016.

Commenting on the interim results, Mr. Philip Cheung, Managing Director and Executive Director of NWDS said, “Despite the gradual recovery of world economy in the second half of 2013, external uncertainties, intensified industry competition and dynamic customer needs and behaviors continue to pose challenges to our business. On top of exercising effective cost control, at the times of our 20th anniversary, the Company advocates a new operating philosophy, “Something New Everyday” to underline the importance to constantly seek innovation, pioneering, and industry’s best practices so that there will be something new for customers and ourselves to look forward to everyday. During the period under review, the Company launched a new private label, introduced O2O (Online-to-Offline) to marketing model, promoted cross-industry collaboration and further expanded our footholds to the fast-growing third-tier and fourth-tier cities, creating strategic advantages for the Company’s long-term development. Also, the Company actively explored new media channels to enhance interactions with the public and made extended efforts on promoting corporate sustainable development in order to serve the objectives of “Going into the community, giving back to society”. We believe that China’s consumer market has ample room for development. Through upholding the human-oriented spirit, the Company will offer the most diversified and heartfelt shopping experience to customers.”

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This press release will be posted on NWDS’ website www.nwds.com.hk

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 32 “New World” branded department stores, 10 “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai and 1 “Shanghai Hongxin Trendy Plaza” (上海泓鑫時尚廣場) shopping mall in Shanghai. Among them 39 stores are self-owned while 4 are managed stores. The department store retail chain covers 21 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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25 February 2014/ Page 4 of 4

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