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NWDS Announces Its FY2013 Annual Results

Revenue rose 14.9% to HK4,011.5 million
Core net profit grew 9.8% to HK\$615.7 million
Same-store sales growth was 11.4%

**Opened Yancheng Store, Xi'an Store,
Ningbo Beilun Store and Yanjiao Store
during the year under review**

FINANCIAL HIGHLIGHTS

(HK\$)	FY2013	FY2012	Change
Revenue	4,011.5 million	3,490.1 million	14.9%
Net Profit	641.5 million	607.7 million	5.6%
Core Operating Profit ⁽¹⁾	824.0 million⁽¹⁾	740.4 million ⁽¹⁾	11.3%
Core Net Profit ⁽²⁾	615.7 million⁽²⁾	561.3 million ⁽²⁾	9.8%
Core Earnings per Share ⁽³⁾	HK\$0.37⁽³⁾	HK\$0.33 ⁽³⁾	12.1%
Final Dividend per Share	9.2 HK cents	8.2 HK cents	12.2%

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

(2) Core net profit means net profit excludes (a) other losses/gains (b) changes in fair value of investment properties (c) one-off tax adjustment on disposal of properties situated in Wuxi

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

(25 September 2013 – 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 2013.

The Company’s revenue in the year under review rose 14.9% to HK\$4,011.5 million (FY2012 or “the Previous Year”: HK\$3,490.1 million). Net profit was HK\$641.5 million (FY2012: HK\$607.7 million). Core net profit was HK\$615.7 million⁽²⁾ (FY2012: HK\$561.3 million⁽²⁾). The board of directors recommended a final dividend of 9.2 HK cents per share for the year ended 30 June 2013.

The growth of revenue was primarily contributed from commission income from concessionaire sales, sales of goods for direct sales and rental income. Commission income from concessionaire sales and sales of goods for direct sales, increased by 11.9% to HK\$3,448.5 million for the year ended 30 June 2013 (FY2012: HK\$3,081.7 million). The growth of gross sales revenue was mainly due to the increase in gross revenue from concessionaire sales and sales of goods for direct

sales as well as the increase of same-store sales (“SSS”) of self-owned stores to 11.4%. Gross revenue from concessionaire sales increased 14.5% to HK\$14,895.5 million from HK\$13,010.0 million in the Previous Year. Sales of goods for direct sales increased 19.7% to HK\$809.6 million from HK\$676.2 million as compared to the Previous Year, major product categories involved including groceries, housewares and perishables, cosmetics, accessories, handbags and underwears, ladieswear and menswear. Gross profit margin of direct sales was 14.4% while commission income rate of concessionaire sales was 17.7% during the year under review.

Rental income increased by 31.2% to HK\$510.7 million as compared to the Previous Year, mainly due to the full-year operation of Lanzhou Store, Shanghai Shaanxi Road Branch Store and Beijing Liying Store acquired in November 2011 and January 2012 respectively, Mianyang Store opened in December 2011 and the completed expansion of Shenyang Jianqiao Road Branch Store in April 2012; and the opening of new self-owned Yancheng Store and Xi’an Store in December 2012.

During the year under review, the international capital markets were still enveloped by the European sovereign debt crisis, thus China’s economy and exports have not showed clear signs of recovery. Coupled with the growing competition in the retail sector, industry players have reached their critical stage of survival. In face of all these internal and external challenges, the Company has seized the opportunities brought by the state policy of urbanization and emergence of middle class by launching the rebranding program back in 2009. Through store revamp, merchandise portfolio enrichment and introduction of more complementary facilities, such as, catering and entertainment, the stores have regained their growth momentum. As at 30 June 2013, 37 stores were operating in brand new images, which was about 91% of the total gross floor area (“GFA”). Rebranded stores recorded remarkable increase in their same-store sales growths and have become a confidence booster for the Company’s long-term development. Meanwhile, the Company is consolidating its foundation for further business development through exercising stringent cost control, fostering strategic cooperation, enhancing product and service quality, and launching more innovative marketing campaigns.

During the year under review, the Company adopted a two-pronged approach to expand its national network, through increasing the number of self-owned stores by means of leasing and acquisition, complemented with store expansion and provision of store management service. In December 2012, two self-owned stores in Yancheng City, Jiangsu Province, and Xi’an City, Shaanxi Province, commenced business. Both stores were positioned as large-scale trendy “Living Galleries” with Xi’an Store acts as a strategic deployment to extend the Company’s network to North Western China. Furthermore, the Company opened two managed stores in Beilun, Ningbo City, Zhejiang Province, and Yanjiao, Sanhe City, Hebei Province, in September 2012 and April 2013 respectively, so as to enter the fast-growing suburban areas at a rapid pace. As at 30 June

2013, the Company was operating a total of 36 self-owned stores and 5 managed stores covering 20 major cities in China, with a total GFA of about 1,513,940 square meters (“sq.m.”).

Benefiting from the more-established infrastructure and transportation network as well as the favorable policies encouraging domestic consumption and urbanization, the economy of third-tier and fourth-tier cities are undergoing rapid development. Riding on this momentum, the Company will continue to carry through its expansion strategies of “radiation city” and “multiple presences within a single city”. On one hand, the Company will actively seek for potential projects in first-tier and second-tier cities, such as, Beijing, Shanghai, Wuhan, Shenyang and Chengdu to further strengthen its regional competitive advantages; on the other hand, the Company will extend its presence to the surrounding third-tier and fourth-tier cities, and make these high-potential markets as the focus of its future development. In terms of self-owned stores, the Company has completed the acquisition of Shanghai Hongxin Trendy Plaza at the end of July in 2013 and plans to enter Yantai City, Shandong Province in FY2014. In addition, Shanghai 118 Project, Hengyang Project in Hunan Province and Shenyang Nanjing Street Branch Store Phase II Project will be completed in FY2015 while Shenyang Nanjing Street Branch Store Phase I Redevelopment Project will be completed in FY2017. In terms of managed stores, the Company’s Yantai Shopping Mall Project in Shandong Province and Shaoxing Project in Zhejiang Province will commence operation in FY2014. And the Company will enter Jiamusi City, Heilongjiang Province in FY2016. The total GFA of its self-owned stores is expected to be about 2 million sq.m. by FY2016.

Commenting on the annual results, Mr. Philip Cheung, Managing Director and Executive Director of NWDS said, “2013 has been a year filled with challenges and opportunities to China’s retail industry. We are glad to see our hard work in the aspects of branding, operating efficiency, product and service quality over the years have been paid off, gaining wide recognition from the consumers and recording a progressive increase in profit and same-store sales growth. During the year under review, to avoid being a sole fighter in the highly-competitive market, the Company took the initiatives to launch more nationwide collaborative promotions with special theme, further optimize our VIP structure and explore new media channels to deeply engage with the young customers. Seizing the precise moment at our 20th anniversary, the Company will continue to grasp the opportunities from consumption expansion and urbanization, and to shift our expansion focus to third- and fourth-tier cities, laying a clear and visible direction for the Company’s further development. Meanwhile, in view of emergence of affluent middle class, the Company will devise operating strategies and provide product and service in accordance to the market conditions, striving to grow along with local consumers while seeking a stable and sustainable business development in the long run.”

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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 31 "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) branded shopping mall in Shanghai. Among them 37 stores are self-owned while 5 are managed stores. The department store retail chain covers 20 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.

*The acquisition of Shanghai Hongxin Trendy Plaza has been completed at the end of July 2013.

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