



新世界百貨中國有限公司

New World Department Store China Limited

NWDS Announces 2007/08 Interim Results with Robust Growth

Revenue rose 36.9% to HK\$ 663.3 million

Net Profit surged 62.3% to HK\$ 227.8 million

Strengthening its Presence across the PRC

FINANCIAL HIGHLIGHTS

(HK\$ '000)	1H 2007/08	1H 2006/07	Change
Revenue	663,297	484,643	36.9%
Operating profit	272,992	164,276	66.2%
Operating profit margin	41.2%	33.9%	+7.3 points
Net profit ⁽¹⁾	227,844	140,363 ⁽²⁾	62.3%
Net profit margin	34.3%	29.0%	+5.3 points

(1) Net profit is equivalent to profit attributable to equity holders

(2) Including HK\$ 32mn one-off gain from disposal of subsidiaries

(13 March 2008 – Hong Kong) **New World Department Store China Limited** ("NWDS" or the "Company"; Hong Kong stock code: 0825), one of the largest owners and operators of department stores in the PRC, announces today its interim results for the six months ended 31 December 2007 with a robust growth.

The Company's revenue for the period under review rose 36.9% to HK\$663.3 million (1H 2006/07: HK\$484.6million). Profit attributable to equity holders surged 62.3% to HK\$227.8 million (1H 2006/07: HK\$140.3 million). Excluding the one-off gain from the disposal of subsidiaries in 1H 2006/07, the net profit surged 110.1%.

The strong performance was driven by the increase in all sources of revenue, including the commission income from concessionaire sales, sales of goods for direct sales, management fees and rental income, with a growth of 23%, 75.1%, 112% and 32.7% respectively.

Gross sales revenue, comprising gross revenue from concessionaire sales and sales of goods for direct sales, increased by 26.3% to HK\$2,262 million for the period ended 31 December 2007 (1H 2006/07: HK\$1,791 million). The strong growth was driven by three factors, including the strong growth in "Same Store Sales" by 27% for stores with operations for more than two years; the recognition of a full period's operations of new stores opened in the last financial year; and the contribution of new stores opened during the period under review.

In the period under review, direct sales rose 75.1% as compared to the same period of last year. This was attributable by growth in sales of cosmetics and Olympic-related goods.

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In the first half of 2007/08, management fees surged 112%, boosting their contribution to total revenue from 8.8% to 13.6%. This was mainly due to one newly added managed store that opened in 1HFY08 in Shanghai Pudong and 5 stores that opened in FY2007 had been operated for over six months and recognized a full period management fees. In addition, two former self-owned stores, the Kunming store and Ningbo store, had been converted to managed stores since Jan 07. All these developments contributed to the growth of income from management fees.

The Company is rapidly expanding its business in regions with high consumption power. During the period under review, the Company expanded the Shanghai Hongkou Store and opened self-owned stores in Anshan and Nanjing, as well as a managed store in Shanghai Pudong. Altogether, they provided an additional GFA of about 115,100 square metres, bringing the total GFA to about 932,180 square metres.

In January 2008, a new managed store was opened in Wuhan. Taking into account of another Beijing store to be opened at the end of this year, the Company will have a total of 33 stores with its store network covering 18 major cities.

Commenting on the interim results, Mr. Adrian Cheng, Executive Director of NWDS, said, "The flourishing economy in China has boosted the retail market and consumption power of the middle class and high income group. The Company has been capturing the opportunity arising from the booming retail industry to expand its retail network across the nation. With our multiple presences in well-established regions, we seek to achieve economies of scale as well as to enjoy the benefits brought by synergy. Looking ahead, we will continue to drive our retail network expansion by exploring the feasibility of greenfield projects and looking for new acquisition targets."

Mr. Philip Cheung, Executive Director and Managing Director of NWDS, added, "The Company will continue to introduce brands with national or international fame to shape our trendsetter corporate image. Leveraging our innovative marketing campaigns, our VIP customer base has been further enlarged. Coupled with our unique competitive advantages in brand equity, economies of scale and market positioning, the Company is well positioned to enhance its shareholder value."

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