

**[FOR IMMEDIATE RELEASE]**



**NWDS Announces its Annual Results with  
Prominent Performance**

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**Revenue Rose 42.3% to HK\$1,489.3 million  
Net Profit surged 57.4% to HK\$476.6million**

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**4 new stores opened in the financial year and  
4 more in the pipeline**

**FINANCIAL HIGHLIGHTS**

(HK\$ '000)	<b>FY 2008</b>	FY 2007	Change
Revenue	<b>1,489,345</b>	1,046,885	42.3%
Operating profit	<b>589,394</b>	350,797	68%
Operating profit margin	<b>39.6%</b>	33.5%	+6.1 percentage points
Net Profit <sup>(1)</sup>	<b>476,575</b>	302,765 <sup>(2)</sup>	57.4%
Net profit margin	<b>32.0%</b>	28.9%	+3.1 percentage points
Proposed Final Dividend per share	<b>9 HK Cents</b>	--	--

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

(2) Including HK\$58mn one-off gain from disposal of subsidiaries

(09 October 2008 – 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 2008 with prominent performance.

The Company's revenue for the year under review rose 42.3% to HK\$1,489.3 million (FY 2007: HK\$1,046.9 million). Profit attributable to equity holders surged 57.4% to HK\$476.6 million (FY 2007: HK\$302.8 million). Excluding the one-off gain from the disposal of subsidiaries in FY2007, the net profit surged 94.7%. The board of directors recommended a final dividend for the year ended 30 June 2008 of 9 HK cents per share.

The solid performance was mainly attributable to the increase of commission income from concessionaire sales, sales of goods for direct sales, management fees and rental income, with a growth of 34%, 92.5%, 55.5% and 26.9% respectively.

Gross sales revenue, comprising gross revenue from concessionaire sales and sales of goods for direct sales, increased by 36.9% to HK\$5,057.7 million for the

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year ended 30 June 2008 (FY 2007: HK\$3,693.5 million). The significant growth was driven by the following factors, including the increase in "Same Store Sales" to 25.3% for stores with operations for more than two years; the recognition of a full-year revenue by certain stores opened in the last financial year; the revenue contributed by 2 new self-owned stores, Anshan Store and Nanjing Store, and Wuhan Store became self-owned store in the year reported.

The Company's commission income rate was 21.0% for the year under review. Direct sales surged 92.5% as compared to last year, mainly covered cosmetics, Olympics-themed products, accessories and handbags, groceries and perishables. Management fees rose 55.5%. The increase was mainly due to the opening of two managed stores, Shanghai Pujian Branch Store and Wuhan Xudong Branch Store in the year reported; certain stores became our managed store in FY07 and some stores that opened within FY07 had contributed a full year's management fees. However, Wuhan Store was recognized for only the first 7 months in the year under review, prior to our acquisition of it, as compared with the management fees for full period in last financial year.

The Company is rapidly setting footholds in prime locations and major commercial zones to expand its business in Mainland China. During the year under review, four stores were opened in Shanghai, Wuhan, Anshan and Nanjing respectively. Together with the expansion of Shanghai Hongkou Store, the Company's total gross floor area ("GFA") was raised by 17.8% to approximately 962,570 sq. m. as compared to last year (FY2007: approximately 817,000 sq.m.).

In September 2008, Beijing Liying Store commenced operation, together with the opening of Wuhan Hanyang self-owned store and the expanded area in Harbin Store to be in phased operation by the end of 2008, an additional GFA of about 120,000 sq.m will be brought to the Company. By the end of 2008, the Company will have a total of \*33 stores. Its store network will cover a total of 17 major cities in Mainland China. Moreover, the acquired properties with a total GFA of approximately 67,030 sq. m. in Zhengzhou City of Henan Province and Shenyang City of Liaoning Province will be developed as self-owned department stores. Both are expected to commence operation in 2010.

Commenting on the annual results, Mr. Adrian Cheng, Executive Director of NWDS, said, "We maintained a prominent growth in this financial year which fully demonstrates the success of our strategic expansion and prudent cost control. Looking forward, we remain cautiously optimistic about the economy and retail market in China. We will continue to capture the opportunity arising from the fast-growing consumption market in China and explore potential business opportunities. Striving to become a leading department store operator in China, we will consistently pursue our expansion strategies of 'multiple presences within a single city' and 'radiation extension', as well as seeking for acquisition of land or property occasions, to secure and enlarge our coverage in China retail market."

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Mr. Philip Cheung, Executive Director and Managing Director of NWDS, added, "Faced with the challenging market environment, we will continue to place effort on introducing renowned international and national brands, optimizing merchandise mix, raising market profile, strengthening products for direct sales and implementing our expansion strategies ceaselessly to enjoy the economies of scale. We will also persist in exploring the consumption potential in China, optimizing the VIP programme and consolidating the long-term relationship with loyal customers. Apart from fostering business growth, we will emphasize on nurturing staff and reinforcing the information management system, so as to enhance our competitive advantage and operational efficiency, as well as lifting our profitability and maximizing our shareholder values."

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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 \*25 "New World" branded department stores and seven "巴黎春天" (Ba Li Chun Tian) branded department stores in Shanghai. Among them 19 stores are self-owned while 13 are managed stores. The department store retail chain covers 17 major cities in the PRC, including Beijing, Shanghai, Shenyang and Wuhan. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited on 12 July 2007.

*\*HK Store is not included*

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