

**[FOR IMMEDIATE RELEASE]**



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

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**Revenue Rose 15.6% to HK\$1,721.2million**

**Net Profit grew 14.8% to HK\$ 547.3million**

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**3 new stores opened in the financial year and**

**5 more in the coming 2 years**

**FINANCIAL HIGHLIGHTS**

(HK\$ '000)	<b>FY 2009</b>	FY 2008	Change
Revenue	<b>1,721,246</b>	1,489,345	15.6%
Operating profit	<b>695,032</b>	589,394	17.9%
Operating profit margin	<b>40.4%</b>	39.6%	+0.8ppts
Net Profit <sup>(1)</sup>	<b>547,309</b>	476,575	14.8%
Net profit margin	<b>32%</b>	32%	-
Final Dividend per share	<b>7 HK Cents</b>	9 HK Cents	

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

(6 October 2009 – 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 2009 with stable growth.

The Company's revenue for the year under review rose 15.6% to HK\$1,721.2 million (FY 2008: HK\$1,489.3 million). Profit attributable to equity holders grew 14.8% to HK\$547.3 million (FY 2008: HK\$476.6 million). The board of directors recommended a final dividend for the year ended 30 June 2009 of 7 HK cents per share (FY2008: 9 HK cents per share).

The stable 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 14.4%, 21.9%, 11.4% and 21.8% respectively.

Gross sales revenue, comprising gross revenue from concessionaire sales and sales of goods for direct sales, increased by 18.5% to HK\$5,994.5 million for the year ended 30 June 2009 (FY 2008: HK\$5,057.7 million). The growth was driven by the following factors, including the increase in same-store sales ("SSS") by 5% for self-owned store with operations for more than two years (SSS for all stores grew by 9%); the recognition of a full-year revenue by certain stores opened, expanded and acquired in the last financial year (including Anshan Store, Nanjing Store, expanded floor of Shanghai Hongkou Branch Store and Wuhan Store); the revenue contributed by new self-owned stores including the opening of Wuhan Hanyang Branch Store, as well as the conversion of Kunming Store and Ningbo Trendy Store from managed to self-owned in the year reported.

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6 October 2009/ Page 2 of 4*

The Company's commission income rate was 20.3% while the gross profit margin of direct sales was 23.5% for the year under review. Direct sales grew 21.9% as compared to last year, mainly covered cosmetics, groceries, housewares and perishables, accessories, handbags and underwears. Management fees rose 11.4%. The increase was mainly due to the recognition of a full-year management fees from managed stores that opened in the previous financial year and the opening of the managed Beijing Liying Store in the year reported. However, since Kunming Store and Ningbo Trendy Store had converted from managed stores to self-owned stores in March and April 2009 respectively and Hong Kong Store had ceased to be a managed store in July 2008, the three stores no longer contributed a full-year management fees during the year under review which partially offset the increase of management fees. In addition, Wuhan Store had converted from a managed store to a self-owned store since February 2008 and had no contribution to the management fees in the year reported as compared with the contribution of management fees for approximately seven months in the last financial year. Rental income grew 21.8% in the year reported.

With economic uncertainties congested in the market, the Company has cautiously carried out its business expansion as planned. During the year under review, the Company opened three new stores in Beijing, Wuhan and Taizhou. Together with the expansion of Harbin Store, an additional gross floor area ("GFA") of about 143,000 square meters ("sq.m") was provided. Although Hong Kong Store ceased to be a managed store of the Company since July 2008 and Xiamen Store ceased to be a self-owned store of the Company since June 2009, together with the 3 new stores opened in the year reported, the Company's aggregate GFA was about 1,063,470 sq.m and the total number of stores was 33 during the year under review. In addition, the Company has acquired the respective interests of Kunming Store and Ningbo Trendy Store from parent company in the year reported. This further consolidates the leading position of the Company in Southwestern region and Zhejiang Province, as well as facilitating its long-term development.

Looking ahead for future business development, the Company had announced to set up the forth store as well as the first self-owned store in Beijing, Beijing Shishang New World Department Store, which will commence operation in 2010. The acquired properties in Zhengzhou of Henan Province and Shenyang of Liaoning Province will be developed as self-owned department stores for opening in 2011. Furthermore, the Company's eighth and ninth stores in Shanghai, Shanghai-Hong Kong New World Department Store – Baoshan Branch Store and Shanghai-Hong Kong New World Department Store – Chengshan Branch Store, will commence operation in 2010. Both are self-owned stores.

Commenting on the annual results, Mr. Adrian Cheng, Executive Director of NWDS, said, "Despite the rigorous business environment, NWDS remains cautiously optimistic about the Chinese retail market. We will maintain our plan of opening 2-3 stores every year, consistently pursuing the expansion strategies of "multiple presences within a single city" and "radiation city". We will continue to seek for acquisition chances for potential department stores at opportune moments, utilizing a solid and pragmatic practice to sustain the leading position in the industry. The Company will also adopt flexible and effective strategies to cater for the market, including the introduction of Event Hall and Brand Outlet, as well as the implementation of the rebranding program in phases by introducing the concept of

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“Fashion Gallery” and “Living Gallery” as new operation mode and abandoning the conventional class-basis positioning, bringing customer with entirely new shopping experience and projecting an image of “trendy” and “individuality” for the Company so as to lay a cornerstone for building a New Brand and Retail Roadmap.’

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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 26 “New World” branded department stores and seven “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai. Among them 22 stores are self-owned while 11 are managed stores. The department store retail chain covers 17 major cities in the PRC, including Beijing, Shanghai, Shenyang and Wuhan etc. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong on 12 July 2007.

### **Adrian Cheng – Building a New Brand and Retail Roadmap**

As the third generation of the billionaire Dr Cheng Yu-Tung and the new generation of leader for the family business, the renowned Chow Tai Fook Enterprises Limited and New World Group in Hong Kong, Adrian Cheng is leading the Group’s brand and retail business into a new page with his new vision and thoughts.

As the Executive Director of New World Department Store China Limited, Mr Cheng manages 33 department stores across China including seven “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai, with an aggregate floor area of 1,060,000 sq m. Two to three stores are planned to open every year.

Also, as the Founder & Chairman of K11, Mr Cheng establishes and manages the world’s first Art Mall, K11, located in Hong Kong, with the vision of Art • People • Nature. He aims to open outlets with the same concept in Beijing, Wuhan and Shenyang with a gross floor area of about 700,000 sq m. More, innovative eco-friendly homes and offices with the same vision will be opened in the next two years.

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6 October 2009/ Page 4 of 4*

In addition, at the Board of Director of Chow Tai Fook Enterprises Limited, Adrian Cheng takes part in managing 870 Chow Tai Fook Jewellery stores across Asia. The number of stores will rise to 1,000 by 2010. Mr Cheng also creates a new fine jewellery line for the brand. Last year, under the leadership of Mr Cheng, Chow Tai Fook acquired the most popular domestic China brands, Sea-Gull Watch, which has been introduced to Hong Kong. It is planned to increase the number of Sea-Gull Watch Stores in the Greater China to 30. On the other hand, Chow Tai Fook distributes the world's most prestige Italian brands, including fashion brand, MOSCHINO and sports car brand, FERRARI, in China. It also plans to acquire other renowned brands around the world.

Moreover, as Managing Director of New World Strategic Investment Company Limited, Mr Adrian Cheng leads the company to invest in the retail sector actively, including Renhe Commercial Holdings Company Limited, the largest operator and developer of underground shopping centres for apparel and accessories in China, and has become Renhe's second largest shareholder.

Furthermore, Mr Cheng also took part in the establishment of the brand-new platform, QSL Sports Limited, promoting the professionalization and popularity of Sports development in China. Mr Cheng also sets up QSL Youth Sports Development Fund which helps provide sports facilities at Project Hope Schools, allowing young people especially those in impoverished areas to enjoy sports activities.

Adrian Cheng is also Executive Director of New World Development Company Limited and Executive Director of New World China Land Limited. He graduated from Harvard University with a Bachelor of Arts (Cum Laude) honour in 2003. Prior to joining NWD in 2005, Adrian held the position of Associate Director at UBS and Goldman Sachs and has substantial experience in corporate finance and asset management.

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