

[FOR IMMEDIATE RELEASE]



NWDS Announces its Interim Results with Stable Performance

Revenue Rose 33.3% to approx. HK\$883.9million
Net Profit grew 13.5% to approx. HK\$258.6million
Interim Dividend of 8 HK cents per share

2 new stores opened in the period under review

FINANCIAL HIGHLIGHTS

(HK\$ '000)	1H 2008/2009	1H 2007/2008	Change
Revenue	883,899	663,297	33.3%
Operating profit	324,348	272,992	18.8%
Operating profit margin	36.7%	41.2%	-4.5ppts
Net Profit ⁽¹⁾	258,592	227,844	13.5%
Net profit margin	29.3%	34.3%	-5.0ppts
Dividend per share	8 HK Cents	--	--

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

(16 March 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 interim results for the six months ended 31 December 2008 with stable growth.

The Company's revenue for the period under review rose 33.3% to approximately HK\$883.9 million (1H 2007/08: HK\$663.3 million). Profit attributable to equity holders grew 13.5% to HK\$258.6 million (1H 2007/08: HK\$227.8 million). The board of directors declared an interim dividend for the six months ended 31 December 2008 of 8 HK cents per share.

The stable performance was mainly attributable to the steady growth of commission income from concessionaire sales, sales of goods for direct sales, management fees and rental income, with a growth of 29.3%, 72.3%, 20.6% and 20.0% respectively.

Gross sales revenue, comprising gross revenue from concessionaire sales and sales of goods for direct sales, increased by 33.1% to HK\$2,892 million for the period ended 31 December 2008 (1H 2007/08: HK\$2,174 million). The growth was driven by the following factors, including the increase in same-store sales ("SSS") by 10.9% for self-owned stores with operations for more than two years (SSS for all stores grew by 15.1%); the recognition of a full period of concessionaire sales revenue by Wuhan Store which became self-owned, as well as new stores and expanded stores opened in last financial year; the revenue contributed by a new store opened in the period under review.

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The Company's commission income rate was 19.8% while the gross profit margin of direct sales was 24.0% for the period under review. Direct sales surged 72.3% as compared to the same period of last year, mainly including cosmetics, Olympics-themed products, accessories and handbags, groceries, perishables and housewares. Management fees rose 20.6%. The increase was mainly due to the opening of Beijing Liying Managed Store in the second half of 2008; Shanghai Pujian Branch Store and Wuhan Xudong Branch Store, which were both opened in 2008, had been in operation for over six months and therefore contributed a full period of management fees. However, since Wuhan Store had converted from a managed store to a self-owned store in February 2008 and Hong Kong Store had ceased to be a managed store in July 2008, both stores no longer contributed management fees during the period under review as compared with the same period of last year. Rental income grew 20.0% in the period reported.

In time of financial crisis and economic slowdown, the Company is cautiously carrying out its business expansion plan. During the period under review, the Company opened two new stores in Beijing and Wuhan. They provided an additional gross floor area ("GFA") of about 95,000 square meters ("sq.m"), bringing the aggregate GFA to about 1,042,570 sq.m and the total number of stores to 33.

Looking ahead for future business development, the Company had announced the expansion of Harbin Store from a GFA of about 32,000 sq.m to about 50,000 sq.m. The expanded area is expected to be in full operation before May of 2009. Moreover, the new Taizhou Store will have grand opening in first half of 2009, whilst the acquired properties in Zhengzhou of Henan Province and Shenyang of Liaoning Province will be developed as self-owned department stores for opening in 2010. Meanwhile, the Company also announced the acquisition of the operating company of Kunming Store and Ningbo Trendy Store from parent company, in order to strengthen the market position in Southwestern China and further enhance the influence in Zhejiang Province to drive regional development.

Commenting on the interim results, Mr. Adrian Cheng, Executive Director of NWDS, said, "To establish New World's gigantic retail kingdom and overcome challenges arose from the financial tsunami, we have developed a set of comprehensive strategies for the short-term and the mid-to-long run. For the short term, we will temporarily mitigate the upgrade of product portfolio and intensify sales promotion activities. We will also actively implement measures to save resources and tighten cost control to quickly respond to current economic situation. For mid-to-long run, the Company is planning to launch a rebranding program to lift the brand image of our department stores. By abandoning the conventional class-basis positioning, we will introduce a new concept of 'Fashion Style' and 'Living Style' as our future store positioning. Apart from that, we will consistently pursue the expansion strategies of 'multiple presences within a single city' and 'radiation extension', and maintain the pace of opening two to three self-owned stores every year. We will also seek to expand our market share by developing greenfield projects and acquiring potential department stores at opportune moments. With solid operational experience, strong business foundation and sufficient cash flow, we are confident to resist the adverse economic environment and continue to achieve our target of becoming the leading department store operator in Mainland China."

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Mr. Philip Cheung, Managing Director and Executive Director of NWDS, added, "In response to the ever-changing consumer market, we will also adopt the strategy of brand diversification with an emphasis on the development of exclusive brands, national designer brands and direct sales labels, and continually reinforce the direct sales products for maximizing the profit structure and enriching product mix. In addition, we will introduce new operation modes to meet market demands like opening multi-functional 'Event Hall' on top levels at stores with a larger GFA, fully utilizing the spaces and balancing out in-store traffic; as well as deploying the mode of 'Brand Outlet' for selected stores with a smaller GFA, so as to utilize differentiated strategy more effectively. Furthermore, we will continue to deploy our VIP programme by optimizing the VIP services and exclusive privileges in order to expand customer group and enhance customer loyalty, which in turn, establishes a strong customer base for NWDS."

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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 "巴黎春天" (Ba Li Chun Tian) branded department stores in Shanghai. Among them *21 stores are self-owned while *12 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 on 12 July 2007.

*Kunming Store has converted from a managed store to a self-owned store in March 2009.

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