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NWDS Announces its Annual Results with Stable Performance

Revenue Rose 8.8% to HK\$1,872.9 million

Net Profit grew 5.5% to HK\$577.6 million

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

FINANCIAL HIGHLIGHTS

(HK\$ '000)	FY 2010	FY 2009	Change
Revenue	1,872,905	1,721,246	8.8%
Operating profit	811,507	695,032	16.8%
Operating profit margin	43.3%	40.4%	+2.9 ppts
Net Profit ⁽¹⁾	577,607	547,309	5.5%
Net profit excluding other gains, related income tax expense and interest income on bank deposits	443,308	408,875	8.4%
Net profit margin	30.8%	31.8%	-1 ppt
Final Dividend per share	7 HK Cents	7 HK Cents	-

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

(4 October 2010 – 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 2010.

The Company’s revenue for the year under review rose 8.8% to HK\$1,872.9 million (FY 2009: HK\$1,721.2 million). Profit attributable to equity holders grew 5.5% to HK\$577.6 million (FY 2009: HK\$547.3 million). The board of directors recommended a final dividend for the year ended 30 June 2010 of 7 HK cents per share (FY2009: 7 HK cents per share).

The growth of revenue was primarily attributable from commission income from concessionaire sales, sales of goods for direct sales and rental income. Gross sales revenue, comprising gross revenue from concessionaire sales and sales of goods for direct sales, increased by 9.3% to HK\$6,554.1 million for the year ended 30 June 2010 (FY 2009: HK\$5,994.5 million). The growth was driven by the increase in income from sales of goods for direct sales and commission income from concessionaire sales as well as the rise in same-store sales (“SSS”) by 5.3% for self-owned stores (SSS for all stores grew by 8.5%).

Direct sales surged 45.2% as compared to last financial year, mainly contributed by sales promotion and the extension of various products to customers, covering cosmetic products, ladieswear and menswear, groceries, housewares and perishables, accessories, handbags and underwears. The Company's gross profit margin of direct sales was 25.5% while commission income rate of concessionaire sales was 19.4% during the year under review.

Management fees decreased 16.4% as compared to last financial year. The decrease was primarily a result of the conversion of Kunming Store and Ningbo Trendy Store from managed to self-owned in March and April 2009 respectively. There was no contribution to the management fee in the year under review as compared with the management fee contribution for approximately nine months in FY2009. Moreover, Shanghai Pujian Branch Store was converted from managed store to self-owned store in January 2010 and there was only management fee contribution for approximately six months in the reported year as compared with the full-period management fee contribution in last financial year. Rental income grew 24.2% in the year reported.

The Company stuck on the planned expansion strategy as Chinese Government coped with the crisis with swift and proactive endeavors that helped maintain a steady pace of economic development. During the year under review, the Company opened three new stores in Beijing and Shanghai. An additional gross floor area ("GFA") of about 117,000 square meters ("sq.m") was provided, accounting for year-on-year rise of 10.44%. Although Shenyang Taiyuan Street Branch Store was ceased to be the Company's self-owned store in April 2010, together with the 3 newly opened stores, the Company's aggregate GFA was about 1,174,530 sq.m and the total number of stores was 35 as of 30 June 2010. In addition, the company has acquired the right of operation of Shanghai Pujian Branch Store in January 2010, further strengthening the leading position of Shanghai as the core development city, as well as facilitating the Company's long-term development.

To tie in with future business development, the Company has acquired the operating right of Beijing Store in August 2010, converting the store from managed to self-owned; the Company also agreed to acquire Chengdu Store as self-owned store with the application on progress in the same month. In addition, the Company announced today to acquire the building ownership right and land use right of the property of Shenyang New World Commercial Centre, which is just immediate next to the existing Shenyang Nanjing Street Branch Store, allowing possibility for future development of the store. In September of the same year, the Company's fifth department store in Beijing, Beijing Qianzi Store, commenced operation; whilst Zhengzhou Store and Shenyang Jianqiao Road Branch Store are expected to commence operation in 2011, stepping ahead to become the leading department store operator in the PRC

retail market.

Commenting on the annual results, Mr. Adrian Cheng, Executive Director of NWDS, said, “Domestic consumption has walked out of global economic slump and is back on track now; and the Chinese retail industry has already seen the silver lining after financial crisis. Hence, the Group is cautiously optimistic about the development of the industry. We will carry on with the expansion strategy of opening 2 to 3 self-owned stores per fiscal year, amounting to about 100,000-120,000 sq.m. in total, consistently pursuing the expansion strategies of ‘multiple presences within a single city’ and ‘radiation city’. For operational strategy, we will continue to implement the rebranding program as planned to deliver the brand new concept of ‘Enriching Lives · Enhancing Characters’ to the mass. To strengthen the awareness of our exclusive brand among customers, we will carry on pursuing with the symbol of ‘N-only’ and exclusive brand strategy to achieve a differentiated business operation mode from competitors. Targeted customers of different backgrounds, we will develop themed department stores and introduce killer category in stores to demonstrate our competitive edge. In addition, we will continue to keep enhancing the existing VIP services to cater to the needs of different customers, offering customized activities and endearing services to strengthen the loyalty and senses of privilege of customers. We will formulate our long-term and comprehensive development strategies timely in response to the domestic consumption conditions and trends, striving to become one of the leading department store operators in the PRC retail market.”

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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 27 “New World” branded department stores and 9 “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai. Among them 27 stores are self-owned while 9 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 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 business into a new page

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with his new vision and thoughts.

As the Executive Director of New World Department Store China Limited, Adrian Cheng manages 36 department stores across China including nine “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai, with an aggregate floor area of 1,210,000 sq m. Two to three stores are planned to open every year. In 2009, Mr Cheng took charge in the rebranding of New World Department Stores, making a breakthrough to abandon the conventional class-basis positioning and introduce the concept of "Fashion Style" & "Living Style" as the new positioning of department store, bringing customers an entirely new shopping experience.

Also, as the Board of Directors of Chow Tai Fook Enterprises Limited, Adrian Cheng takes part in managing 1,000 Chow Tai Fook Jewellery stores across Asia, with an aim to further expand and increase the number of chain stores to over 2,000 by 2020. Mr Cheng also creates a new fine jewellery line for the brand. In 2008, under the leadership of Mr Cheng, Chow Tai Fook acquired the most popular domestic China brand, Sea-Gull Watch, and introduced it to Hong Kong. It is planned to increase the number of Sea-Gull Watch Stores in the Greater China to 30. Chow Tai Fook also distributes the world’s most prestigious Italian car brand, FERRARI in China.

K11 is the world’s first original brand to pioneer the blend of three essential elements of Art • People • Nature, a result of three-year discreet planning and hard work by its Founder and Chairman Adrian Cheng. Beginning with an urban multicultural lifestyle, the K11 brand brings unprecedented and unique five-sense experience to the public through the marvelous integration of multidimensional art appreciation and exchange, in-mall daily lives and pulses, recreation and reappearance of local humanity and green architectural space within the K11 boundary. The first K11 Art Mall in Hong Kong and K11 Multi-cultural Living District in Wuhan are open. K11 ECO HOME, an important exhibition project of K11 Eco Action under the K11 brand, was also open in Beijing. K11 plans to build multicultural living areas, art malls and offices with the K11 concept in various cities including Beijing, Shanghai, Guangzhou with a total operational and rental area of more than one million sq m in the coming five years.

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

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Furthermore, Adrian Cheng established and sits as Chairman of LUXBA Group, which distributes the world's most prestigious Italian fashion brand, MOSCHINO. It also plans to acquire other renowned brands around the world.

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 New World Group in 2005, Mr Cheng 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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