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NWDS Announces its Interim Results

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Net Profit Before Interest Income Grew 18.3% to HK\$253.9 million

Interim Dividend 8 HK cents per share

Shanghai Chengshan Branch Store and Beijing Shishang Store will commence operation in 2010

Zhengzhou Store and Shengyang Jianqiao Road Branch Store are expected to open in 2011

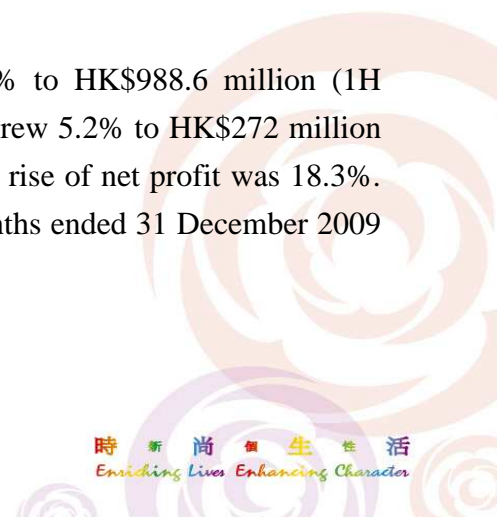
Financial Highlights

(HK\$ '000)	1H 2009/2010	1H 2008/2009	Change
Revenue	988,581	883,899	11.8%
Operating profit before interest income	334,594	280,458	19.3%
Operating profit margin	35.7%	36.7%	-1 ppts
Net Profit ⁽¹⁾ before interest income	253,906	214,702	18.3%
Net Profit ⁽¹⁾	272,014	258,592	5.2%
Net profit margin	27.5%	29.3%	-1.8 ppts
Dividend per share	8 HK Cents	8 HK Cents	-

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

(15 March 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 interim results for the six months ended 31 December 2009.

The Company’s revenue for the period under review rose 11.8% to HK\$988.6 million (1H 2008/09: HK\$883.9 million). Profit attributable to equity holders grew 5.2% to HK\$272 million (1H 2008/09: HK\$258.6 million); if excluding interest income, the rise of net profit was 18.3%. The board of directors declared an interim dividend for the six months ended 31 December 2009 of 8 HK cents per share (1H 2008/09: 8 HK cents per share).



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15 March 2010/ Page 2 of 5*

The growth of revenue was mainly attributable from sales of goods for direct sales and rental income with a growth of 78% and 18.3% respectively from the same period of last year. Gross sales revenue, comprising gross revenue from concessionaire sales and sales of goods for direct sales, increased by 6.4% to HK\$3,238.5 million for the period ended 31 December 2009 (1H2008/09: HK\$3,044.8 million). The increase was mainly due to the increase in sales of goods for direct sales. Direct sales surged 78% as compared to the same period of last year, mainly contributed by sales promotion and the extension of various products to customers, covering ladieswear and menswear, cosmetic products, groceries, housewares and perishables, accessories, handbags and underwears etc. The Company's commission income rate of concessionaire sales was 19.4% while the gross profit margin of direct sales was 27.2% for the period under review.

Management fees decreased 23.8%. 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. These two stores had no contribution to the management fee in the period reported as compared with the full-period management fee contribution in the same period of last year. Moreover, Beijing Liying Branch Store which was opened in September 2008 had contributed an one-off management fee prior to its opening but there was no one-off management fee contribution during the period under review. Rental income grew 18.3% in the period reported.

As at 31 December 2009, the Company's number of stores was 33, covering 17 major cities in the PRC with a total GFA of about 1,068,330 sq.m. In order to grasp the business opportunity brought by the coming 2010 World Expo in Shanghai, the Company had announced on 5 January 2010 the acquisition of operation right of the managed Shanghai Pujian Branch Store to develop as self-owned store. In addition, the eighth Shanghai store of the Company, Shanghai Baoshan Branch Store, commenced operation in January 2010; whilst the ninth Shanghai store, Shanghai Chengshan Branch Store, is expected to open in 2010. In addition, the Company strives to enlarge its market share in major cities as well as radiated cities. Besides the plan of opening the first "feminine club" department store in Beijing in 2010, the Zhengzhou Store and Shenyang Jianqiao Road Branch Store are expected to commence operation in 2011.

The Company will continue to implement the rebranding program to improve the image and services of its department stores as well as uplifting its competitive edge. Following the pursuance of rebranding project in Shenyang City of Northeastern China region in September 2009, the Eastern China and Northern China region are deploying the program in 2010 whilst the Central China and Southwestern China region will exploit the exercise in 2011. The entire rebranding program is expected to complete in 2011.

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15 March 2010/ Page 3 of 5*

Commenting on the interim results, Mr. Adrian Cheng, Executive Director of NWDS, said, “Looking ahead, the global economy will need some time to retrieve to a sustainable growth momentum. The Chinese retail market is full of challenges. However, the Company will maintain a steady growth pace by consistently pursuing the expansion strategies of ‘multiple presences within a single city’ and ‘radiation extension’ to fully utilize its advantage of national chain in China, striving to develop a larger brand and retail roadmap. In view of the operation strategies, we will adopt sensory marketing that engages all five senses applicable to visual, hearing, smell, touch and taste to progressively enhance the shopping ambience, endeavoring to offer a comfortable shopping environment to customers in order to stimulate their spending desire. We will also deploy the N-Only exclusive brand strategy to reinforce the corporate brand image and strengthen customers’ recognition of exclusive brands of NWDS, highlighting the Company’s competitive edge. Furthermore, we will strive to upgrade VIP service so as to offer a prestige status for customers to enjoy the improving services of NWDS, maintaining the loyalty and everlasting support of our customers.”

- End -

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 eight “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai. Among them 24 stores are self-owned while 10 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, Adrian Cheng manages 34 department stores across China including eight “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai, with an aggregate floor area of 1,100,000 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.

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15 March 2010/ Page 4 of 5*

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.

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. In 2008, under the leadership of Mr Cheng, Chow Tai Fook acquired the most popular domestic China brand, 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. Chow Tai Fook also distributes the world's most prestige Italian sports car brand, FERRARI in China.

Moreover, as Managing Director of New World Strategic Investment Company Limited, Adrian Cheng leads the company to invest in the retail sector actively, including Renhe Commercial Holdings 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, Adrian Cheng established and sits as Chairman of LUXBA Group, which distributes the world's most prestige Italian fashion brand, MOSCHINO. It also plans to acquire other renowned brands around the world.

On the other hand, Mr Cheng established the brand-new platform, QSL Sports Limited, promoting the professionalization and popularity of Sports development in China. Mr Cheng also set 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 New World Group 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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15 March 2010/ Page 5 of 5*

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