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NWDS Announces its Interim Results 2010/11

Revenue Rose 29.9% to HK\$1,283.9 million

Profit Attributable to Equity Holders Increased 8.3% to HK\$294.5 million

Same-store-sales Growth Surged 9.2 ppts to 11.9%

Zhengzhou Store and Shenyang Jianqiao Road Branch Store are scheduled for opening in 2011

Mianyang project is expected to commence operation in 2012

Financial Highlights

(HK\$ '000)	1H 2010/2011	1H 2009/2010	Change
Same-store-sales growth	11.9%	2.7%	+9.2 ppts
Revenue	1,283,880	988,581	29.9%
Operating profit	401,605	352,702	13.9%
Net Profit ⁽¹⁾	294,539	272,014	8.3%
Earnings per share	0.17	0.16	6.3%
Dividend per share	8.5 HK Cents	8 HK Cents	6.3%

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

(23 February 2011 – 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 2010.

The Company’s revenue for the period under review rose 29.9% to HK\$1,283.9 million (1H 2009/10: HK\$988.6 million). Profit attributable to equity holders grew 8.3% to HK\$294.5 million (1H 2009/10: HK\$272.0 million). The board of directors declared an interim dividend for the six months ended 31 December 2010 of 8.5 HK cents per share (1H 2009/10: 8 HK cents per share).

The growth of revenue was mainly attributable from commission income from concessionaire sales and rental income. Gross sales revenue, comprising gross revenue from

concessionaire sales and sales of goods for direct sales, increased by 54.0% to HK\$4,988.3 million for the period ended 31 December 2010 (1H2009/10: HK\$3,238.5 million). The increase was mainly due to the rise in gross revenue from concessionaire sales and the increase of same-store sales of self-owned stores to 11.9% (same-store-sales growth of all department stores was 15.1%). Direct sales decreased slightly by 4.1% as compared to the same period of last year, covering cosmetic products, groceries, housewares and perishables, accessories, handbags, underwears and ladieswear and menswear etc. The Company's gross profit margin of direct sales was 17.3% while commission income rate of concessionaire sales was 18.6% for the period under review.

Management fees decreased 41.6% as compared to the same period of last year. The decrease was primarily a result of the conversion of Shanghai Pujian Branch Store, Beijing Store and Chengdu Store from managed to self-owned in January, August and October 2010 respectively. Beijing Store only had one-month contribution to management fees while Chengdu Store had three-month contribution in the period reported as compared with the full-period management fee contribution in the same period of last year. Shanghai Pujian Branch Store had no contribution to the management fees in the period under review. The rental income increased 64.4% in the reported period, mainly attributable to the opening of Beijing Qianzi Store and the conversion of Beijing Store and Chengdu Store from managed to self-owned. Moreover, Shanghai Pujian Branch Store, Shanghai Baoshan Branch Store, Shanghai Chengshan Branch Store and Beijing Shishang Store contributed a full-period rental income in the period reported.

During the review period, the Chinese government adopted proactive fiscal policy and loose monetary policy in order to boost per capita income, spending desire hence internal consumption. Such maneuvers helped accelerate the pace of economic development. In line with national policy, the Company opened Beijing Qianzi Store, a brand new retail foothold in Beijing, with a GFA of about 40,000 sq.m. during the period reported. As at 31 December 2010, the Company's number of stores was 36 with a total GFA of about 1,224,420 sq.m. In addition, the Company acquired the operating rights of Beijing Store and Chengdu Store in August and October 2010 respectively in order to strengthen the status of Beijing and Chengdu as the core cities, which is favorable for the Company's long-term development.

In business expansion, the Company will extend the business network from first-tier and second-tier cities to second-tier and third-tier cities, and continue to deploy the expansion strategies of "Multiple Presences in a Single City" and "Radiation City". Among them, the Company will strengthen the implementation of "Radiation City" strategy by extending our business from core cities where have strong presence to the nearby cities. Located in Zhengzhou City, Zhengzhou Store is the new foothold radiated from Wuhan, the core city of Central China

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Region. The new store will be opened in 2011 with a GFA of about 35,500 square metres. Besides, Mianyang project, which is located in the radiation city on the periphery of Chengdu, core city of Southwestern China, is expected to commence operation in 2012. In line with “Multiple Presences in a Single City” strategy, Shenyang Jianqiao Road Branch Store will be opened in 2011 with a GFA of about 34,000 square meters. Apart from adding new self-owned store, the Company also prioritizes to consider acquiring the managed stores with fortunate business potential. Following the acquisition of Beijing Store, Chengdu Store and Changsha Trendy Plaza, the Company agreed to acquire the operating rights of Beijing Trendy Store and Chongqing Store in January 2011, further increasing the number of self-owned store as well as consolidating the business foundation. The application for acquisition of Beijing Trendy Store and Chongqing Store are in progress. To further expand our retail roadmap, we will also consider to enter new potential cities, for instance, Xi’an, capital of Shaanxi Province, Shandong Province, etc..

For operational strategy, the Company will continue to implement the rebranding program as scheduled, bringing the new concept of ‘Enriching Lives · Enhancing Character’ into the public. In addition to strengthening the symbol of ‘N-only’ and the exclusive brand strategy, the Group launched a new menswear private label, XII, in December 2010 to build the brand image. Targeting to maintain the VIP base, raise the activeness of VIP members and increase the proportion of VIP sales, we are committed to holding a number of tailor-made activities for VIP members, for instance, establishing VIP day, offering VIP member with different privileges as well as co-hosting super platinum VIP gathering with New World Group’s associated companies to allure their customers to become NWDS’ VIP members.

Commenting on the interim results, Mr. Philip Cheung, Managing Director and Executive Director of NWDS, said, “The proposal of ‘The Twelfth Five-year’ plan indicated that China will concentrate on stimulation of demands for consumption so as to expand the domestic demand in the next five years, further releasing the spending potential of urban residents. Such maneuvers create a favorable atmosphere for the development of domestic retail industry. Hence, the Group is optimistic for future development of the department store sector. The Company will continue to stick to our ‘Multiple Presences in a Single City’ and ‘Radiation City’ strategies. We are planning to open 2 to 3 new self-owned stores, contributing about 100,000-120,000 square metres GFA in total as well as acquiring 2-3 stores from existing managed stores and/or other potential projects from 3rd party per fiscal year. In the period under review, the rebranding program is in full swing, both the traffic flow and same-store-sales growth of rebranded stores showed improvement. The same-store-sales growth in the Current Period was significantly surged to 11.9% as compared to 2.7% of the same period of last year, reflecting positive effect from rebranding program towards uplifting the edge of store. We will continue to readjust our

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development strategies timely in line with the national policy, 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 31* stores are self-owned while 5 are managed stores. The department store retail chain covers 17 major cities in the PRC, including Beijing, Shanghai, Shenyang, Wuhan and Chengdu etc. The Company was successfully listed on the Main Board of The Stock Exchange of Hong Kong on 12 July 2007.

* Figures include Chongqing Store and Beijing Trendy Store

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