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NWDS announces Its Interim Results 2011/12

Revenue rose 32.9% to HK\$1,705.9 million
Profit attributable to equity holders grew 12.1% to HK\$330.0 million
Same-store-sales growth surged 5.1 pts to 17.0%

**Opened Mianyang Store, acquired Lanzhou Store and
“Channel 1” in Shanghai in the review period**

FINANCIAL HIGHLIGHTS

| (HK\$ '000) | FY 2011/12 1H | FY 2010/11 1H | Change |
|--|------------------|------------------|-----------|
| Same-store-sales Growth | 17.0% | 11.9% | + 5.1 pts |
| Revenue | 1,705,872 | 1,283,880 | 32.9% |
| Operating Profit | 436,746 | 378,143 | 15.5% |
| Net Profit ⁽¹⁾ | 330,048 | 294,539 | 12.1% |
| Net Profit excluding changes in fair value of investment properties and/or other gains | 284,042 | 263,322 | 8.0% |
| Earnings per Share | HK\$0.20 | HK\$0.17 | 17.6% |
| Dividend per Share | 9.8 HK cents | 8.5 HK cents | 15.3% |

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

(28 February 2012 – 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 2011.

The Company’s revenue for the period under review rose 32.9% to HK\$1,705.9 million (1H2010/11: HK\$1,283.9 million). Net profit grew 12.1% to HK\$330.0 million (1H2010/11: HK\$294.5 million). The board of directors declared an interim dividend of 9.8 HK cents per share (1H2010/11: 8.5 HK cents per share) for the six months ended 31 December 2011.

The growth of revenue was primarily contributed 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 36.3% to HK\$6,801.5 million for the period ended 31 December 2011 (1H2010/11: HK\$4,988.3 million). The increase was mainly due to the rise in gross revenue

from concessionaire sales and sales of goods for direct sales as well as the increase of same-store sales ("SSS") of self-owned stores to 17.0%. Direct sales increased 21.3% as compared to the same period of last year, comprising cosmetic products, groceries, housewares and perishables, ladieswear and menswear, accessories, handbags and underwears. Concessionaire sales increased 37.2% as compared to the same period of last year. Gross profit margin of direct sales was 16.5% while commission income rate of concessionaire sales was 18.4% for the period under review.

Rental income increased by 86.8% in the period reported, mainly due to increased leasing area from a full period's operation of Beijing Store, Chengdu Store, Changsha Trendy Plaza, Beijing Trendy Store and Chongqing Store converted from managed stores to self-owned stores in FY11 as well as the opening of new stores in FY11 including Beijing Qianzi Store, Zhengzhou Store and Shenyang Jianqiao Road Branch Store. In addition, the completed acquisition of Channel 1 Shopping Mall ("Shanghai Channel 1") in November 2011, the conversion of Lanzhou New World Department Store ("Lanzhou Store") from managed to self-owned in November 2011 and the opening of Mianyang New World Department Store ("Mianyang Store") in December 2011 also increased the leasing area and contributed to the growth.

Facing negative impact from the European debt crisis on Chinese economy, the Company has established countermeasures in advance, seizing the opportunity endowed by initiatives by the Chinese government to boost the overall economy with domestic demands, strategically conducting business expansion in different regions. During the period under review, the Company successfully acquired the property and operating rights of Shanghai Channel 1 in Putuo District, Shanghai in November 2011. The Company also converted Lanzhou Store from a managed store to one of its self-owned stores at the same month to strengthen its development edge in North Western China. In addition, the Company made its business presence in Mianyang City in December 2011, opening Mianyang Store positioned as an "one-stop shopping" living gallery. As of 31 December 2011, the Company's number of stores / shopping mall was 39, with a total GFA of about 1,353,670 square metres, covering 18 major cities across China.

During the period under review, the Company readjusted its operating structure in order to improve its operational efficiency and to cater for future expansion strategies. The Company has established a new management model by dividing its national network into three major operational regions, namely Central Western China Region, South Eastern China Region and

Northern China Region, with 9 operational districts to be managed by its respective region. The Company will continue to implement the operating concepts of "Fashion Gallery" and "Living Gallery" under the brand-new structure of regional operation, highlighting the "Fashion Gallery" as a thematic department store with a "trendy character", as well as conducting the "Living Gallery" into a "One-stop Shopping Department Store". For brand strategy, the Company will actively establish and consolidate its category killers, so as to highlight its advantages in differential operation. In addition, the Company will also further strengthen brand portfolio analysis and market research, as well as promote the number of repeated purchases and increase the times of consumption among customers by means of cross merchandising and brand mix display in line with consumer preferences and habits.

In terms of business expansion, the Company has always been active and prudent in developing business expansion strategies on a comprehensive and long-term basis, together with adjustments in line with the policy guidance of the Chinese government, the actual operating situation of various regions as well as the market development trends. In terms of store network, the Company will extend its footholds from first and second tier cities to second and third tier ones with great potentials, and will carry through the two major strategies of business expansion, i.e., "multiple presences within a single city" and "radiation city". In the next five years, the Group is planning to add self-owned stores with a total GFA of about one million square meters. It will continue to expand its business presence in China's department store sector through the opening of new stores, the acquisition of existing managed stores and potential department stores, as well as the development of greenfield projects. To gradually expand its business from core cities to peripheral ones, the Company will strengthen the "radiation city" strategy in future for regional business expansion.

Commenting on the interim results, Mr. Philip Cheung, Managing Director and Executive Director of NWDS said, "The Chinese government has made it clear to encourage consumer spending as a strategic focus to boost domestic demands. With the support of related government policies, consumption in second and third tier cities will be continuously boosted by the constant growth of residents' income. Although the impact of the European debt crisis still exists, we have reviewed our operating situation and pre-emptively established countermeasures. We will continuously deploy the two major expansion strategies of 'multiple presences within a single city' and 'radiation city', stick to the plan of expanding Shenyang Jianqiao Road Branch Store, realize the operation of Shenyang Nanjing Street Branch Store Phase II, as well as enter four cities including Yancheng, Xian, Hengyang and Yantai in FY2012 to FY2014, further increasing the number of self-owned stores and

extending the retail network. Furthermore, we will also add managed stores and managed shopping mall, including the plan of opening a new managed store in Ningbo and managing a shopping mall in Yantai, so as to provide steady income from management fees. Besides, the Company has been placing high importance on the maintenance of VIP relationship, therefore we launched ‘Crystal High Heels Club’ in addition to the existing three VIP clubs in the period under review. Also the brand new VIP card (without consumption requirement) will be launched in March. In future, the Company will continue to utilize the ‘Four in One Marketing Strategy’ combining sales promotion, public relations, marketing and club activities, striving to stand out in the China department store industry.”

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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 29 “New World” branded department stores, 9 “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai and 1 “Channel 1” (調頻壹) branded shopping mall in Shanghai. Among them 36 stores are self-owned while 3 are managed stores. The department store retail chain covers 18 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.

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