

【FOR IMMEDIATE RELEASE】



**NWDS Delivered a Satisfactory Performance
in Its FY2011 Annual Results**

Revenue rose 46.8% to HK\$2,749.5 million
Profit attributable to equity holders grew 48.1% to HK\$855.6 million
Same-store-sales growth surged 12.9 ppts to 18.2%

**Opened 3 new stores and acquired 5 managed stores
in the year under review**
Target to add 25 self-owned stores in coming 5 years

FINANCIAL HIGHLIGHTS

(HK\$ '000)	FY 2011	FY 2010	Change
Same-store-sales growth	18.2%	5.3%	+12.9 ppts
Revenue	2,749,485	1,872,905	46.8%
Operating profit	1,113,215	811,507	37.2%
Operating profit margin	40.5%	43.3%	- 2.8 ppts
Net Profit ⁽¹⁾	855,588	577,607	48.1%
Net Profit excluding changes in fair value of investment properties and/or other gains ⁽²⁾⁽³⁾	509,109⁽²⁾	479,246 ⁽³⁾	6.2%
Net profit margin	31.1%	30.8%	+0.3 ppts
Earnings per share	HK\$0.51	HK\$0.34	50%
Final dividend (HK\$ per share)	6.5 HK cents	7 HK cents	7.1%
Special dividend (HK\$ per share)	1 HK cents	--	

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

(2) Net Profit excluding changes in fair value of investment properties and its related income tax expense, gain on disposal of available-for-sale financial assets, net post-tax disposal gain on a certain portion of property and land use right of Wuxi Store

(3) Net Profit excluding a post-tax gain on disposal of a property and land use right of Shenyang Taiyuen Street Branch Store

(27 September 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 annual results for the year ended 30 June 2011.

The Company’s revenue for the year under review rose 46.8% to HK\$2,749.5 million (FY2010: HK\$1,872.9 million). Profit attributable to the equity holders grew 48.1% to HK\$855.6 million (FY2010: HK\$577.6 million). The board of directors recommended a final

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dividend of 6.5 HK cents per share (FY2010: 7 HK cents per share) and a special dividend of 1 HK cents per share (FY2010: Nil) for the year ended 30 June 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 64.5% to HK\$10,779.2 million for the year ended 30 June 2011 (FY2010: HK\$6,554.1 million). The growth was driven by the increase in income from concessionaire sales and sales of goods for direct sales as well as the rise in same-store sales (“SSS”) by 18.2% for self-owned stores. Direct sales increased 37.4% as compared to last financial year, covering of cosmetic products, groceries, housewares and perishables, ladieswear and menswear, accessories, handbags and underwears. The Company’s gross profit margin of direct sales was 17.8% while commission income rate of concessionaire sales was 18.8% during the year under review.

In the year reported, rental income increased by 77.6% which mainly due to increased leasing area from the below factors: the opening of Beijing Qianzi Store, Zhengzhou Store and Shenyang Jianqiao Road Branch Store in September 2010, April and May 2011 respectively; the conversion of Beijing Store, Chengdu Store, Changsha Trendy Plaza, Beijing Trendy Store and Chongqing Store from managed stores to self-owned stores in August, October, December 2010 and March, April 2011 respectively ; a full year’s rental income of self-owned stores acquired or opened in FY2010, including Shanghai Pujian Branch Store, Shanghai Baoshan Branch Store, Shanghai Chengshan Branch Store and Beijing Shishang Store.

During the year under review, income of urban residents continued to boost while social security and consumption conditions kept improving. Domestic demand continued its accelerated growing trend in 2009 and 2010. Benefiting from the continuous positive trend of domestic economy in China, the Company opened three self-owned stores positioned as “Living Galleries” in the year reported, namely Beijing Qianzi Store, Zhengzhou Store and Shenyang Jianqiao Road Branch Store with an increase of gross floor area (“GFA”) of about 109,500 square meters (“sq.m”). Although Wuxi Store has ceased to be the Company’s self-owned store since May 2011, together with the 3 newly opened stores, the Company’s number of stores was 37, representing an aggregate GFA of about 1,275,320 sq.m. as of 30 June 2011. In addition, the Company acquired 5 managed stores into self-owned stores to consolidate its business growth in the year reported, including Beijing Store, Chongqing Store, Chengdu Store, Changsha Trendy Plaza and Beijing Trendy Store. Meanwhile, the Company

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just announced to acquire the property and operating rights of “Channel One” in Putuo District, Shanghai, at an aggregate gross consideration of RMB 1,460,000,000 (subject to the deductions and adjustments based on the terms and conditions of the agreement).

Looking ahead, the Company is going to open new self-owned stores in Mianyang, Sichuan Province and Yancheng, Jiangsu Province with an approximate GFA of 35,000 sq.m. and 54,000 sq.m. respectively, as well as expanding the Shenyang Jianqiao Road Branch store from the current GFA of about 34,000 sq.m to a total GFA of about 68,000 sq.m in FY2012. In FY2013, Phase II of Shenyang Nanjing Street Branch Store is expected to commence operation. Besides, a self-owned store in Xian will be opened with a GFA of about 58,500 sq.m. In FY2014, the Company will enter Hengyang of Hunan Province to open a self-owned store with a GFA of about 42,200 sq.m. In addition, the Company is going to penetrate into Yantai, Shandong Province by opening a self-owned store with a GFA of about 55,000 sq.m inside a shopping mall with a GFA of about 101,000 sq.m. For the rest of the GFA of about 46,000 sq.m of the shopping mall, the Company will be responsible for its shopping mall management.

In line with the expansion plan in future, the Company will restructure the operational region of the China Roadmap into 3 large regions, namely Central Western China Region, South Eastern China Region and Northern China Region. The large regions will be divided into 9 small districts in total, including Central District, Central Southern District and South Western District of Central Western China Region; Shanghai District, Eastern District and Southern District of South Eastern China Region; Northern District, North Eastern District and North Western District of Northern China Region. The optimization of operational region can further enhance the Company’s operational efficiency and save regional cost as well as reinforcing the understanding towards local customers’ needs. In addition, the Company will strengthen the merchandise mix by adding more international and renowned brands as well as rendering exclusive products and tailored brand services to enhance the competitiveness of its brand portfolio. The Company will also enlarge the leasing area, further enriching the complementary services of its department stores, such as restaurants, cinemas, beauty and spa centers, children’s pre-school centers and game halls, etc., providing customers with premium services that are more comprehensive and considerable. Merchandise focus will be consumption-oriented and more concessionaire flagship store will be introduced, fully satisfying the needs of customers. In respect of marketing promotional strategy, the Company will continue to utilize the “Four in One Marketing Strategy” combining sales promotion, public relations, marketing and club activities, in order to uplift its corporate image, boost sales and foot traffic, enhance VIP loyalty and improve VIP sales contribution.

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Commenting on the annual results, Mr. Philip Cheung, Managing Director and Executive Director of NWDS said, “2011 is the unveiling year of China’s twelfth five-year plan. Enlarging consumption as the strategic focus for expanding domestic demand, China is striving to further release the consumption potential of urban residents, bringing positive impact to the domestic retail industry. Hence, we are optimistic about the development of the department store sector. The Company will carry on the expansion strategies of ‘multiple presences within a single city’ and ‘radiation city’ as well as expanding from first and second tier cities to second and third tier cities by selecting the exceptional locations in target cities. We plan to add 25 self-owned stores in the coming five years. In future, the Company will further strengthen its service quality, present more distinctive and creative events and focus on the introduction of upgraded VIP system, striving to render an unrivaled experience of ‘Enriching Life. Enhancing Characters’ to every customer of 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 28 “New World” branded department stores and 9 “Ba Li Chun Tian” (巴黎春天) branded department stores in Shanghai. Among them 32 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.

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