



新世界百貨中國有限公司

New World Department Store China Limited

Corporate Presentation

October 2008

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Safe Harbour Statement



The information contained in our presentation is intended solely for your personal reference. In addition, such information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions subject to various risks. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected.

Agenda

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-  **Key Achievements for FY2008**
-  **Latest Update**
-  **Results Highlights**
-  **Business Review**
-  **Future Strategies**
-  **Open Forum**

Key Achievements for FY2008

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Key Achievements

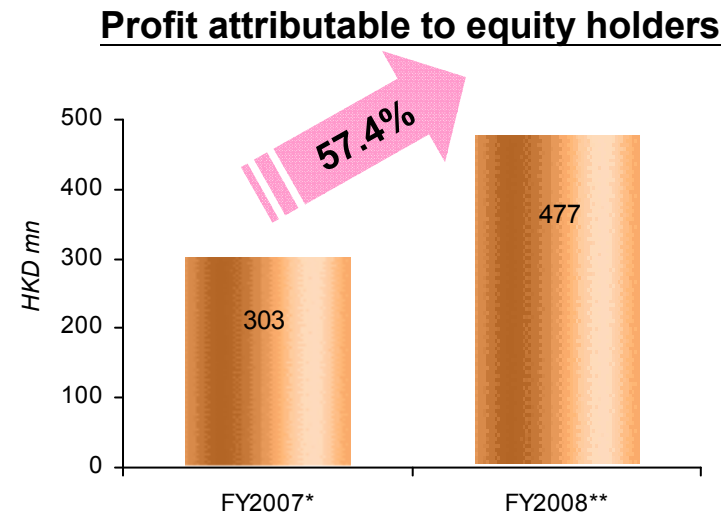
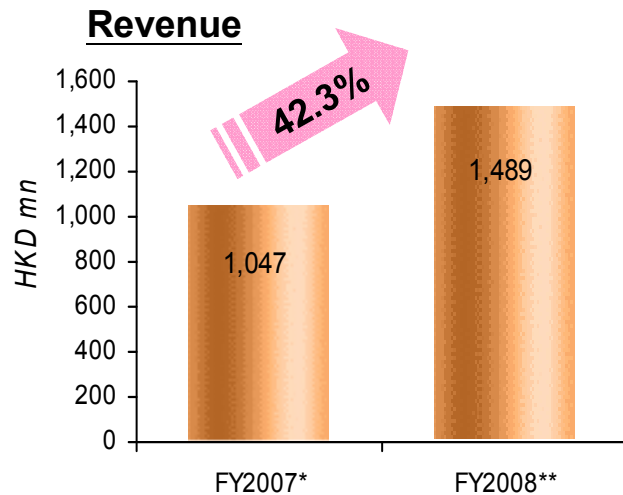
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Remarkable Growth

Revenue grew 42.3% to HK\$1,489.3 million and profit attributable to equity holders increased 57.4% to HK\$477 million

Margin Improvement

Operating margin achieved 39.6% in FY2008 from 33.5% in FY2007, representing an increase of 6.1 pts.



Key Achievements *(cont'd)*



Extensive retail network

No. of stores increased from 28 in FY07 to 32 as of 30 June 2008, with a total GFA of 962,570 sq. m. covering 18 cities

Strong customer base

Well-established VIP membership program with about 1.35 million members

Sound financial foundation

As of 30 June 2008, the Company remained debt-free and was in a net cash position with cash on hand of about HK\$3,127.6 million.

Steady same-store sales growth

During the year under review, the Company maintained a strong same-store sales growth of 25.3%.

Key Achievements - Expansion

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Expansion

Shanghai Hongkou Store



District:

- Hongkou District, Shanghai

Self-owned Store:

- GFA: approx. 19,600 sq. m. (+approx. 4,100 sq. m.)
- Expanded area to commence operation in Aug 2007

New Store

Liaoning Anshan Store



District:

- Tiedong District, Anshan, Liaoning

Self-owned Store:

- GFA: approx. 35,000 sq. m.
- Commenced operation in Oct 2007

New Store

Nanjing Store



District:

- Junction of Xuanwu District and Gulou District

Self-owned Store:

- GFA: approx. 30,000 sq. m.
- Commenced operation in Nov 2007

New Store

Shanghai Pujian Store



District:

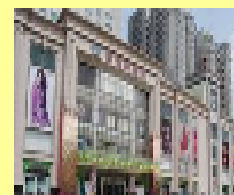
- Pudong District, Shanghai

Managed Store:

- GFA: approx. 46,000 sq. m.
- Commenced operation in Sep 2007

New Store

Wuhan Xudong Branch Store



District:

- Xudong Commercial Circle

Managed Store:

- GFA: approx. 30,000 sq. m.
- Commenced operation in Jan 2008



In FY08, the expanded area of Shanghai Hongkou Store, 2 self-owned stores (Anshan Store & Nanjing Store) and 2 managed stores (Shanghai Pujian Store & Wuhan Xudong Branch Store) have commenced operation.

Key Achievements - Acquisition

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Wuhan Store



Consideration:
HK\$885,417,000
(including store operation and property)

Location:
Levels 1-6 and one basement of the Wuhan New World Trade Tower I,
Levels 1-5 and one basement of the Wuhan New World Trade Tower II

Size of the Store:
GFA: approx. 42,000 sqm

Shenyang Nanjing Street Branch Store



Consideration:
HK\$270,000,000

Location:
1st to 4th Floor
2 Nanjingnan Street, Heping District, Shenyang, Liaoning province

Size of the Store:
GFA: approx. 13,890 sqm



The Company acquired the property and store operation of Wuhan Store in Feb 2008 and acquired the property of Shenyang Nanjing Street Branch Store in June 2008.

Key Achievements – Increasing Store Portfolio



Gross Floor Area (GFA) of Store Portfolio

(approx. sqm)	As of 30 June				As of 30 June 2008
	2004	2005	2006	2007	
Self-owned stores	267,890 (12 stores)	285,170 (14 stores)	388,370 (17 stores)	* 395,170 (16 stores)	** 506,270 (19 stores)
Managed stores	150,000 (3 stores)	150,000 (3 stores)	177,200 (4 stores)	* 422,300 (12 stores)	** 456,300 (13 stores)
Total	417,890 (15 stores)	435,170 (17 stores)	565,570 (21 stores)	817,470 (28 stores)	962,570 (32 stores)

**DL, KM, NB stores being disposed from self-owned stores to managed stores*

***Wuhan Store became self-owned store*

Latest Update



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Post Annual New Stores

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New Store

Beijing Liying Store



District:

- Chaoyang District, CBD area of Beijing

Managed Store:

- GFA: approx. 52,000 sq. m.
- Commenced operation in Sept 2008

New Store

Wuhan Hanyang Store



District:

- Zhong Jia Cun Commercial Circle, Hanyang District

Self-owned Store:

- Level 1-6
- GFA: approx. 53,000 sq. m.
- Level 1-5 will commence operation before end of 2008
- Level 6 will commence operation before end of 2009



The new Beijing Liying store just commenced operation in Sept 2008, while the Wuhan Hanyang Store is scheduled to open before the end of 2008.

New Projects

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New Store

Zhengzhou Project

Consideration:
approx. RMB307,317,000



Location:
Level 1- 4 on land parcel of Shangchang Road North and Zijingshan Road East , Zhengzhou

Self-owned Store:
GFA: approx. 34,530 sq.m.
Will commence operation in 2010

New Store

Shenyang Dadong Project

Consideration:
approx. RMB287,540,000
(including the right to use the car park)



Location:
Level 1 – 7 on land parcel of Jinqiao Road South, Dadong District

Self-owned Store:
GFA: approx. 32,500 sq.m.
Will commence operation in 2010



The new Zhengzhou store and Shenyang Store are expected to commence operation in 2010. The expansion will further strengthen our presence in both Central China and North-eastern China Region.

Expansion of existing store

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Expansion

Expanded Operation of Harbin Store



Location:

Nangang District, Harbin

Self-owned Store:

- GFA: approx. 50,000 sq. m. (+ approx. 18,000 sq. m.)
- Expanded area is expected to be in phased operation by the end of 2008



After the expansion, the area of Harbin Store will be enlarged from a GFA of about 32,000 sq. m. to about 50,000 sq. m. The store will introduce more international and famous brand labels, fully utilize the floor space and optimize merchandise mix.

Results Highlights



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Financial Highlights

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<i>For the year ended 30 June (HK\$'000)</i>	FY2008	FY2007	Change
Revenue	1,489,345	1,046,885	42.3%
Other income	119,250	32,327	269%
Operating profit	589,394	350,797	68%
Operating profit margin	39.6%	33.5%	+6.1ppts
Profit before income tax	600,183	356,097	68.5%
Net profit ⁽¹⁾	476,575	302,765 ⁽²⁾	57.4%
Net profit margin	32.0%	28.9 %	+3.1ppts
Cash on hand	3,127,627	967,534	223%

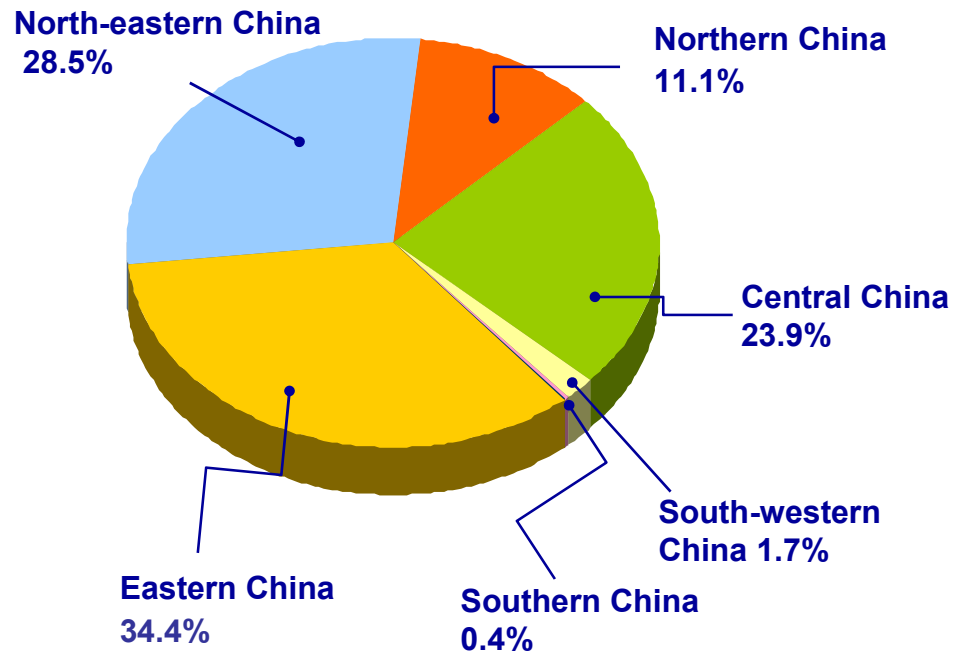
(1) Net profit refers to profit attributable to equity holders.

(2) Including HKD58mn one-off gain from disposal of subsidiaries.

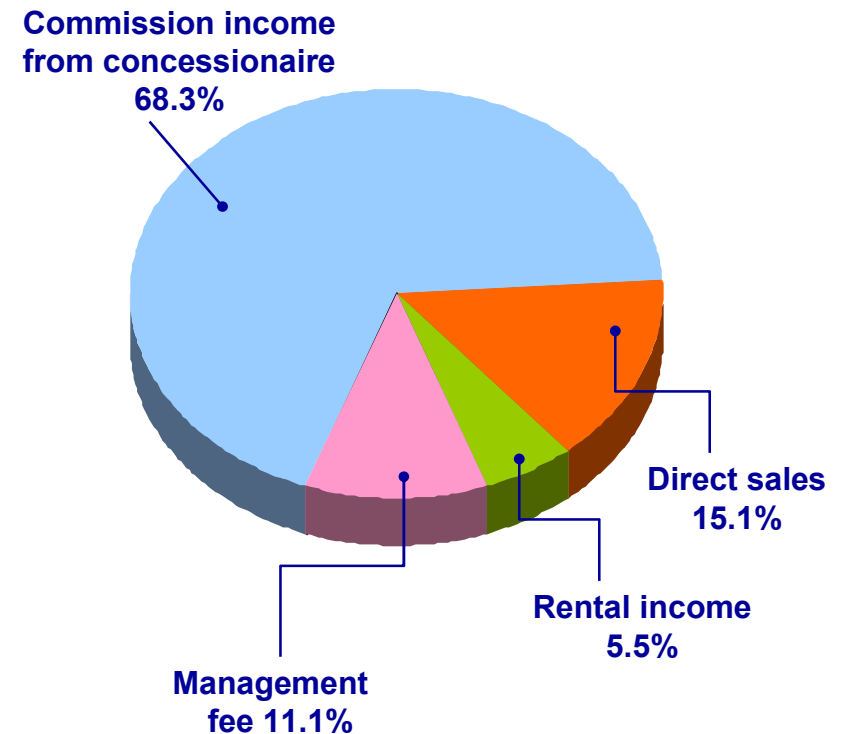
Revenue Analysis

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Revenue contribution by region
in FY2008



Revenue contribution by segment
in FY2008

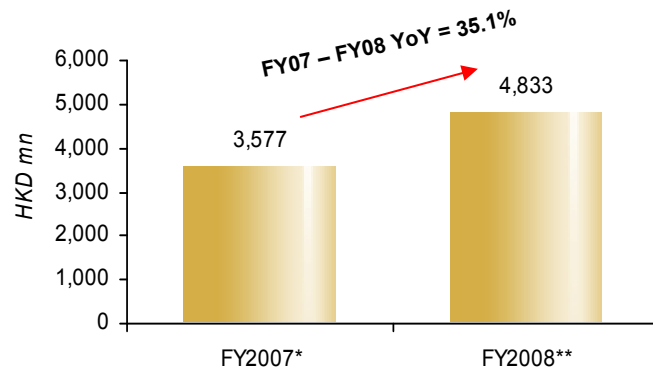


** For the year ended 30 June 2008.

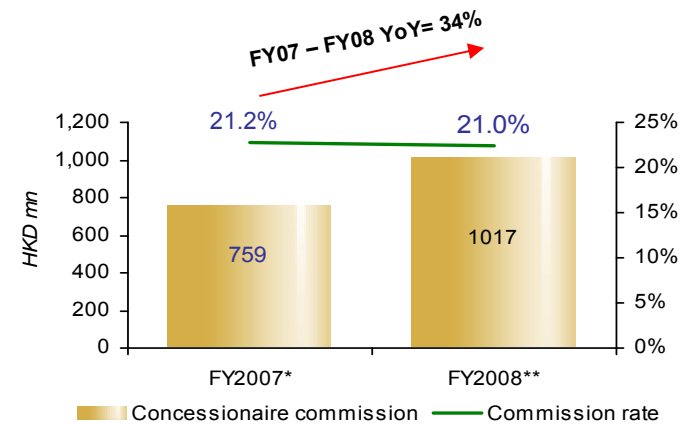
Revenue Analysis (cont'd)



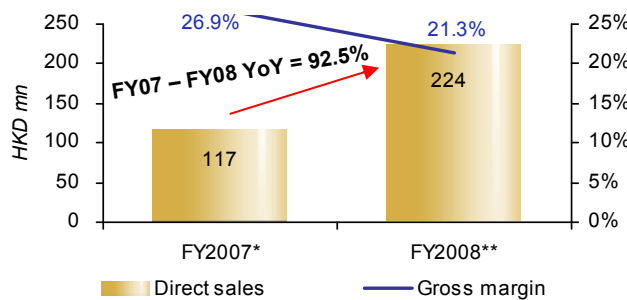
Concessionaire gross sales revenues



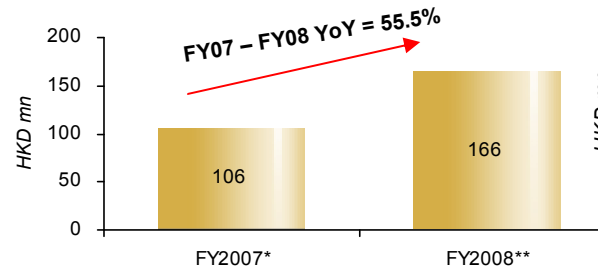
Concessionaire commission



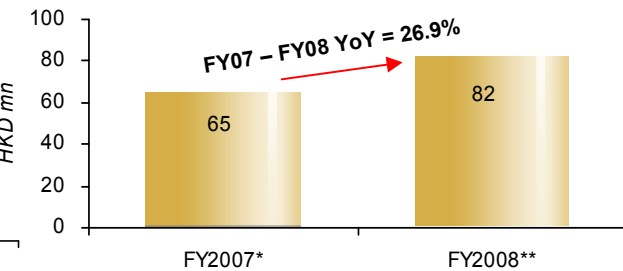
Direct sales and its gross margin



Management fee



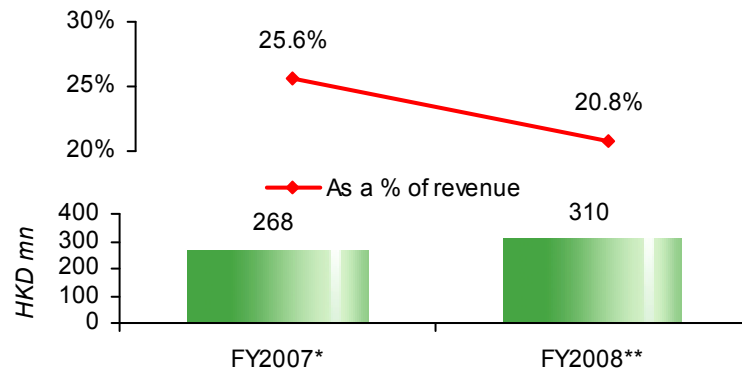
Rental Income



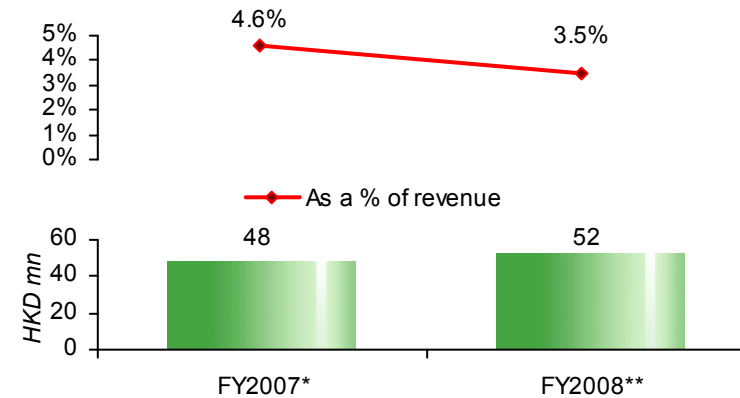
Stable Expense Ratios

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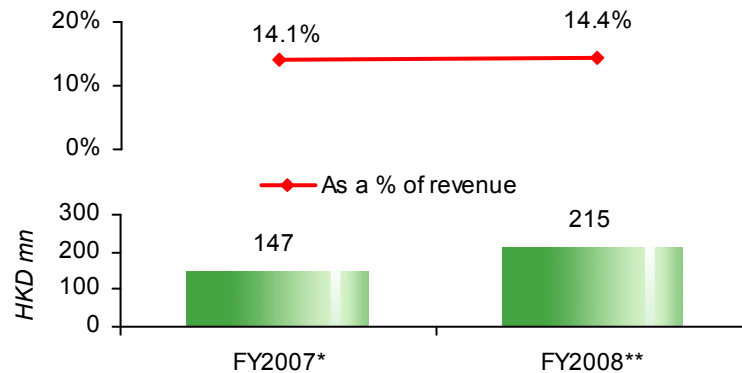
Rental expense



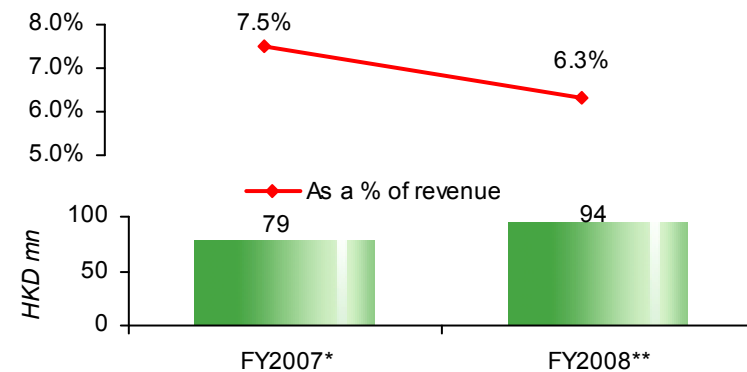
Selling expense



Staff expense



Water and electricity expense



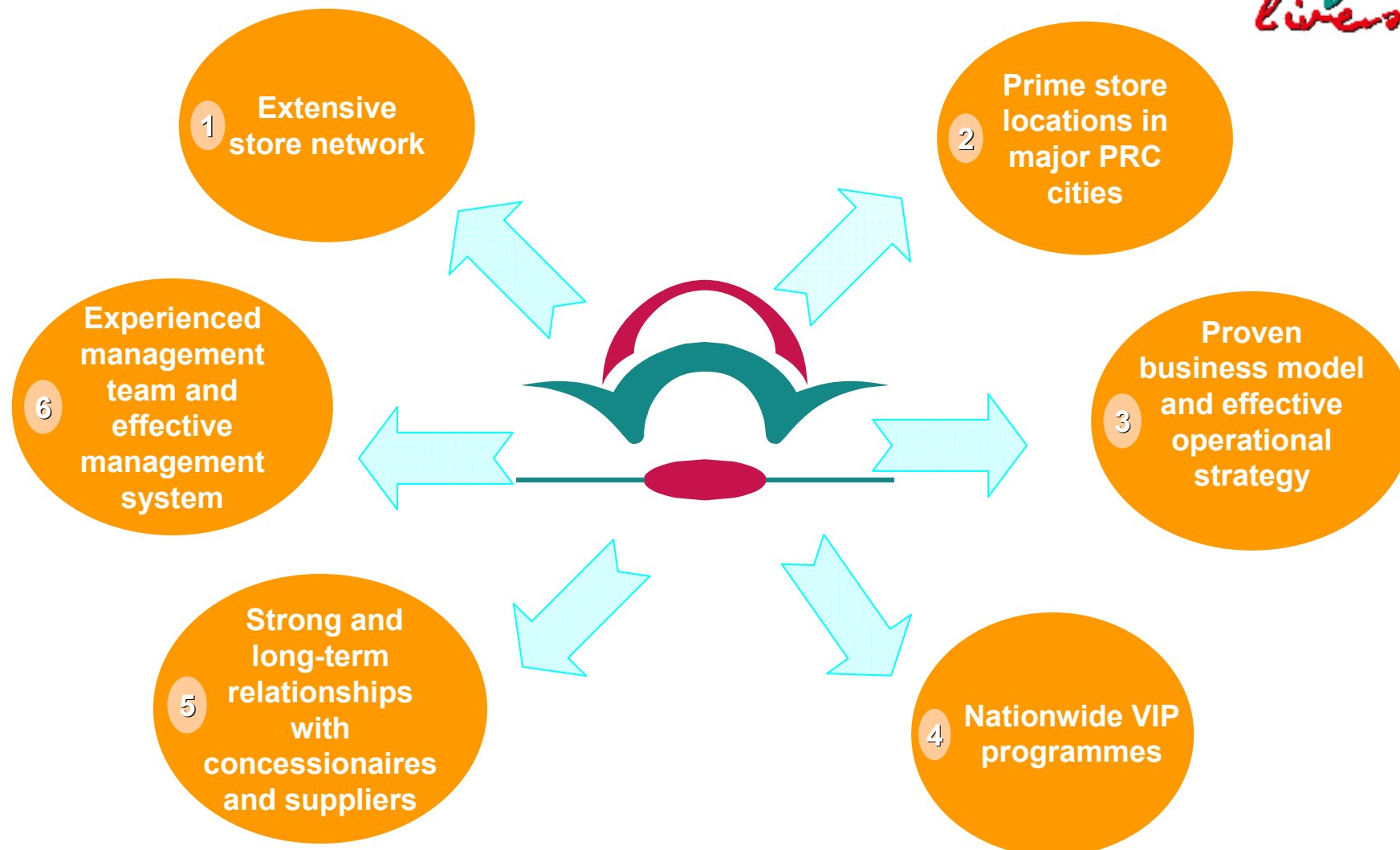
Business Review



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Highlights

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1 Extensive store network



PRC regions where NWDS has presence

City / Province	*GDP per capita rank	*Disposable income per capita rank	*Disposable income '05-'07-CAGR	# No. of NWDS stores
Shanghai	1	1	12.6%	7
Beijing	2	2	11.6%	2
Tianjin	3	6	13.8%	1
Zhejiang	4	3	12.4%	3
Jiangsu	5	5	15.3%	1
Liaoning	9	11	16.2%	5
Fujian	10	7	12.2%	1
Heilongjiang	12	30	11.3%	1
Hubei	17	17	14.3%	5
Chongqing	18	9	15.7%	1
Hunan	20	12	13.6%	1
Sichuan	25	23	15.0%	1
Yunan	30	16	11.4%	1
Gansu	29	31	11.3%	1

Note: Hong Kong Store was not included here.

*Source: National Statistics Bureau of China, China Online, Xinhua Net (Data of Year 2007)

2 Prime Store Locations in Major PRC Cities

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Shanghai Huaihai Store



Location:

- Huaihai Zhong Road, Luwan District, Shanghai
- Self-owned store
- GFA: approx. 22,500 sqm

Wuhan Store



Location:

- Jianshe Avenue, Hankou District, Wuhan
- Self-owned store
- GFA: approx. 42,000 sqm

Wuxi Store



Location:

- Zhongshan Road, Wuxi City

Harbin Store



Location:

- Garden Street, Nangang District, Harbin City

Shenyang Nanjing Store



Location:

- Nanjing Street, Heping District, Shenyang City

Ningbo Jiangdong Store



Location:

- Zhongshan East Road, Jiangdong District, Ningbo City

Wuhan Qiaokou Store



Location:

- Jiefang Avenue, Hankou District, Wuhan



2 Prime store locations in major PRC cities (cont'd) Secure Long-term Presence in Prime Locations

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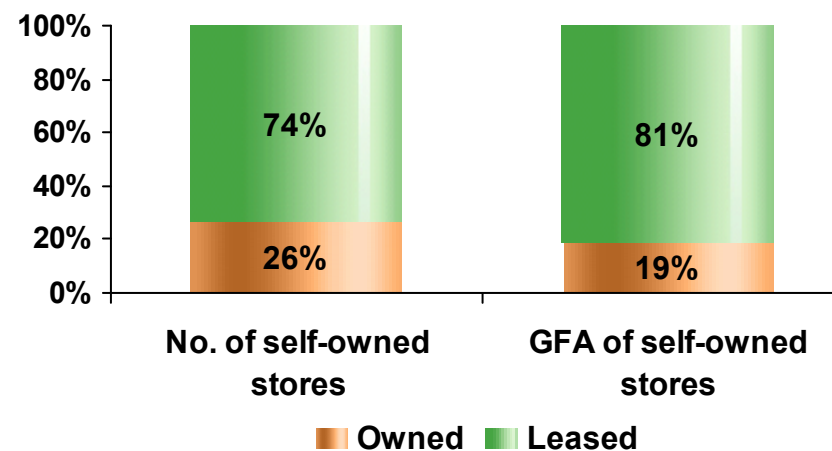
Property ownership



New project sites

- Close relationships with leading property developers in China market who provide:
 - new property information
 - regular property market updates
- Leverage strong local connections of the NWD Group

Leased versus owned properties



- Majority of properties are leased, with an average unexpired term of approximately 16 years
- 5 owned properties of 32 stores
- Total owned property GFA of approximately 97,290 square meters, representing around 19.2% of total self-owned stores' GFA

~ Figures as of 30 June 2008

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Proven Business Model and Effective Operational Strategy

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Proven business model

- **Concessionaire sales**
 - multi-brand platform reduces business risk
 - flexibility to optimize merchandise and supplier mix
 - no inventory risk
 - attractive working capital cycle
- **Direct sales**
 - enhance product portfolio with comprehensive merchandise mix
- **Management consultancy services**
 - stable income generation at minimal capital outlay
 - leverage on our brand equity and reputation
 - provide market information for future acquisition opportunities
- **Rental Income**
 - Sublet portions of store areas to third parties and earn rental income

Transparent Growth strategy

- **Organic growth**
 - open new stores in cities where we already have a presence and in new cities, such as Xi'an and Taiyuan
 - expand and upgrade existing stores
- **Acquisition strategy**
 - option or right of first refusal to acquire our managed stores
 - acquire other department stores

3

Proven Business Model and Effective Operational Strategy (cont'd)

Mid-high to High-end Positioning

- **Brand Lineup and merchandise mix**
 - Position ourselves at mid-high to high-end of the PRC retail market by lifting our brand portfolio
 - Adjusted merchandise mix
 - Reinforced carriage of international brands
 - Enlarged coverage of exclusive labels
- **Diversified promotional tactics**
 - Joint promotions by utilizing the advantage of “multiple presences in a single city”
 - A combination of discounted sales package, price-reduced items and gift items
 - Thematic promotional programme
 - Bonus point scheme
 - Improve store environment and decoration



4 Nationwide VIP Programmes

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Well-established & nationwide VIP membership program



- **VIP card was first launched in 1996**
- **Over 1.35 million members as of 30 June 2008**
- **To further expand the VIP customer base**
 - VIP Platinum Card was launched in 2005
 - Co-branded credit card with Bank of Communications was launched in February 2007
- **Successful in promoting customer loyalty and stimulating purchases at our stores**

5

Strong and Long-term Relationships with Major Concessionaires and Suppliers

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Representative brands

Fashion	Burberry Hugo Boss	Ermenegildo Zegna Esprit Carlo Castello	Aquascutum only Triumph	Nike Ports International	Cerruti 1881 Autason
Accessory & Footwear	Chow Tai Fook OMEGA	Fed	CHJ Walker shop	Belle	SWAROVSKI ECCO
Cosmetics	Lancome Guerlain	FANCL	Shiseido OLAY	Christian Dior Aupres	Estee Lauder L'Oreal
Household, electrical goods and others	Osim FISSLER	SONY	PHILIPS TWIN	OMRON AUSSINO	Tayohya CASABLANCA

- ▶ 88% of our top 50 concessionaires and over 50% of our top 10 direct sales suppliers have maintained business relationships with us for at least 5 years
- ▶ Top 5 concessionaires accounted for less than 9 % of our gross concessionaires sales during the year under review

5

Strong and Long-term Relationships with Major Concessionaires and Suppliers (cont'd)

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	Description	Benefits
	<ul style="list-style-type: none"> ▶ Established in 2002, a communication platform for our concessionaires and direct sales suppliers ▶ More than 760 well-known international and domestic members 	<ul style="list-style-type: none"> ▶ Enhance relationships with our concessionaires and suppliers ▶ Encourage them to provide latest market information to us
<p>Strategic Partnership Scheme</p>	<ul style="list-style-type: none"> ▶ Strategic cooperation with some of the key concessionaires who indicated they intend to establish counters in the new stores we open 	<ul style="list-style-type: none"> ▶ Greatly bolster our expansion potential and facilitate opening of new stores

6

Experienced & Stable Management Team and Effective Management System



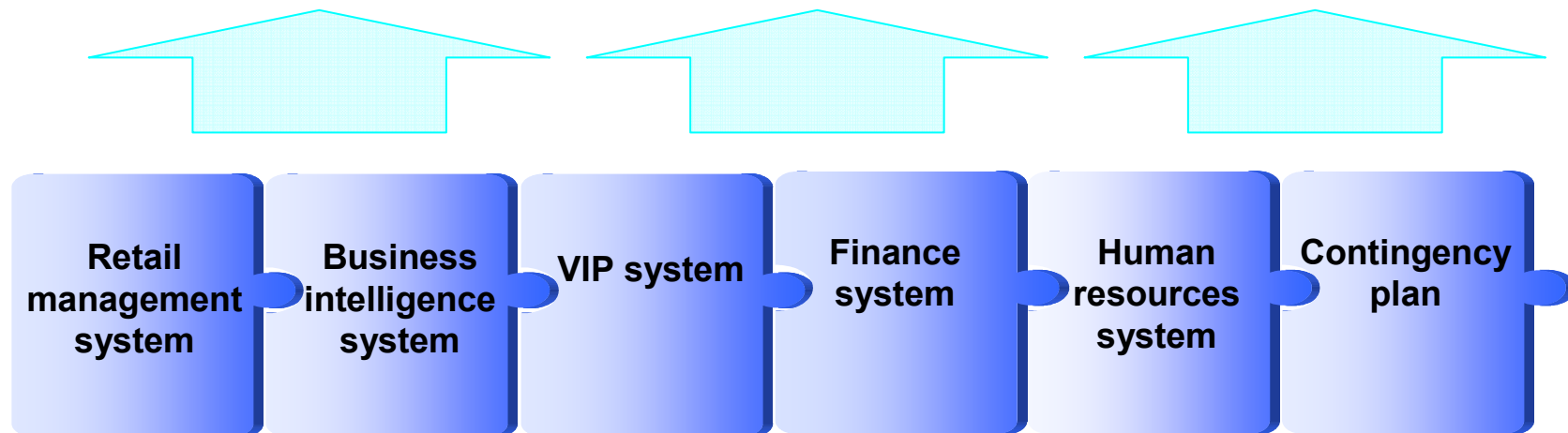
<p>Henry Cheng <i>Chairman</i></p> <ul style="list-style-type: none"> ▶ Responsible for overall planning, strategic development and major policy making ▶ Managing director of NWD, chairman and managing director of New World China Land Limited 		<p>Adrian Cheng <i>Executive Director</i></p> <ul style="list-style-type: none"> ▶ Responsible for overseeing the corporate affairs of NWDS ▶ Executive director of NWD and New World China Land Limited 		<p>Philip Cheung <i>Managing Director</i></p> <ul style="list-style-type: none"> ▶ Joined the Group in 1993 ▶ Responsible for the overall management ▶ Extensive experience in managing retailing businesses in PRC, Hong Kong and Taiwan 	
<p>David Lin <i>COO & Executive Director</i></p>	<p>Kenneth Wong <i>CFO & Executive Director</i></p>	<p>Johanna Lau <i>Commercial Director</i></p>	<p>Ringo Ma <i>Director, HR and Administration</i></p>	<p>Rebecca Woo <i>Director, Corporate Affairs</i></p>	<p>Kenny Lai <i>Director, Project Development</i></p>
<p>Over 25 years of retail industry experience</p>	<p>Over 10 years of experience in retail and a member of ACCA and HKICPA</p>	<p>Over 20 years of experience in emporium retailing</p>	<p>Over 20 years of experience in human resources, training and administration</p>	<p>Over 10 years of experience in project administration and business development</p>	<p>Over 10 years of experience in project planning and project management</p>
<p>7 years with NWDS</p>	<p>13 years with NWDS</p>	<p>15 years with NWDS</p>	<p>12 years with NWDS</p>	<p>15 years with NWDS</p>	<p>12 years with NWDS</p>

6 Experienced & Stable Management Team and Effective Management System (cont'd)

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Efficient management information system

- ◆ Providing the data needed to effectively carry out our merchandising, inventory control, cash control, financial management and human resources management.
- ◆ Enhancing management control and analysis



Group-wide software and a centralised information system have been adopted.

Future Strategies



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Expansion Strategies

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Open new stores

- ✧ Multiple stores within a single city
- ✧ To enter new markets with radiation effect from cities where the Company has a strong presence

Acquisitions

- ✧ Acquire managed stores
- ✧ Acquire own leased properties
- ✧ Acquire stores in prime locations





Greenfield projects

- ✧ Looking for opportunities on greenfield projects





Strategies to open new stores

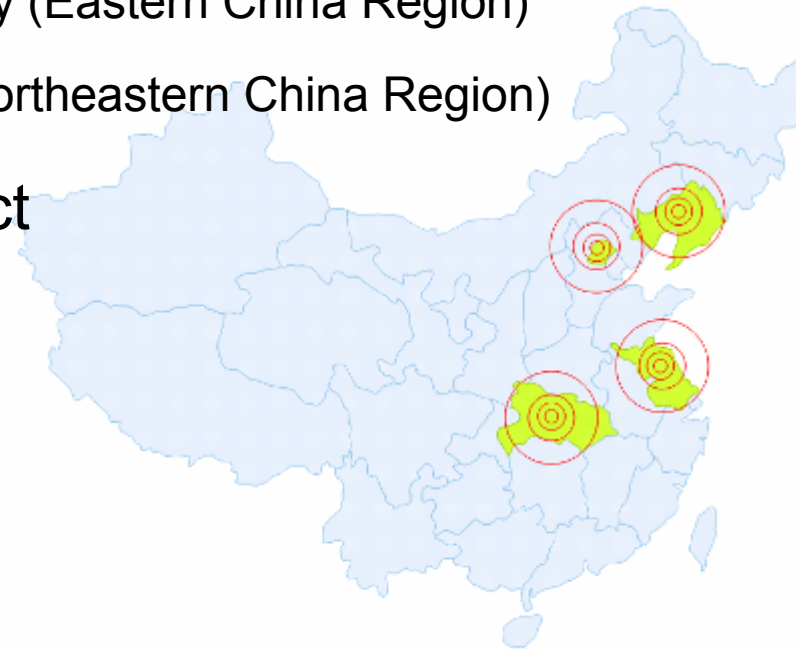
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Multiple presences in a single city*

-  5 stores in Wuhan, Hubei (Central China Region)
-  2 stores in Beijing Municipal City (Northern China Region)
-  7 stores in Shanghai Municipal City (Eastern China Region)
-  3 stores in Shenyang, Liaoning (Northeastern China Region)

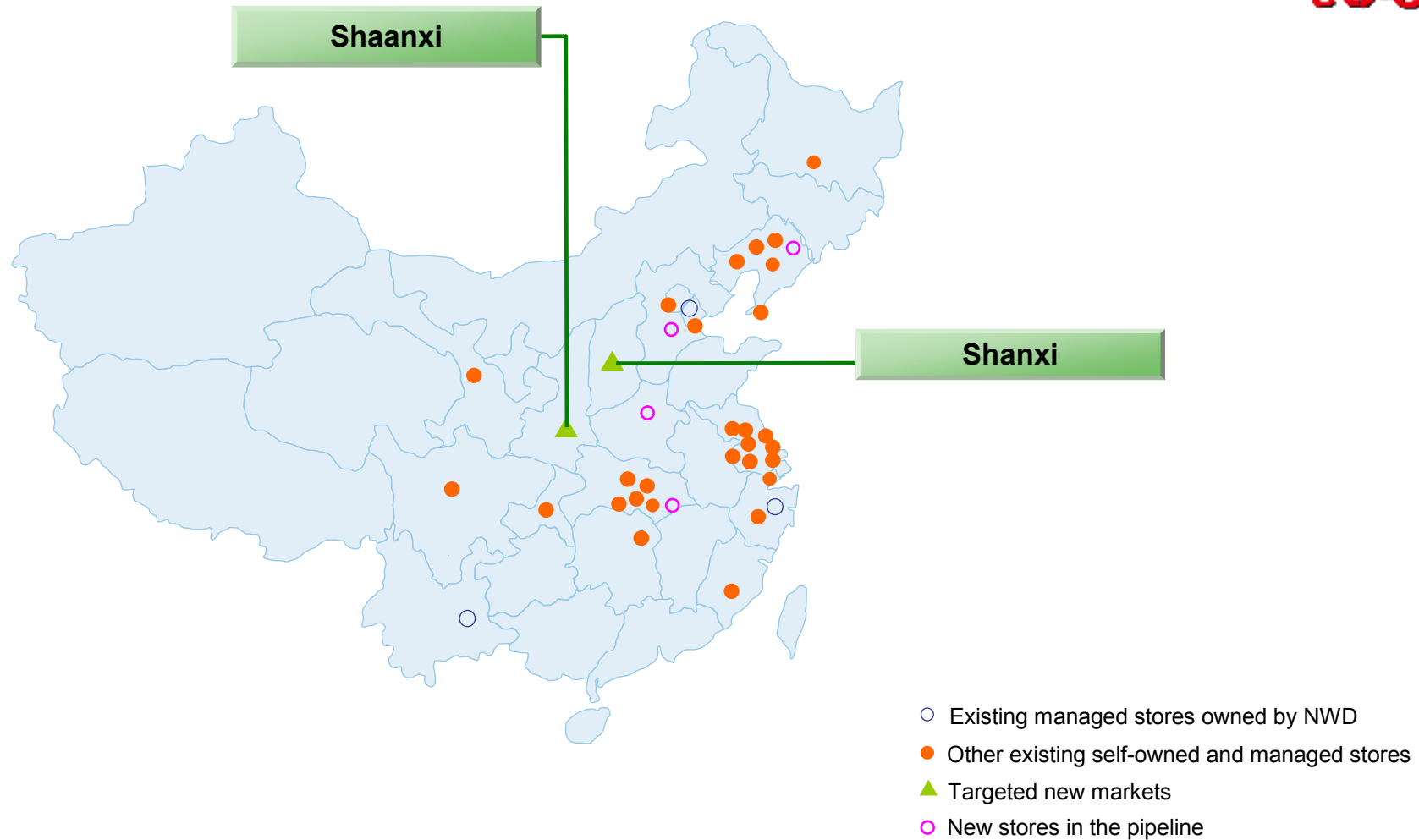
Expansion by radiation effect

-  Zhengzhou in Henan Province
-  Nanjing in Jiangsu Province
-  Changsha in Hunan Province
-  Anshan in Liaoning Province



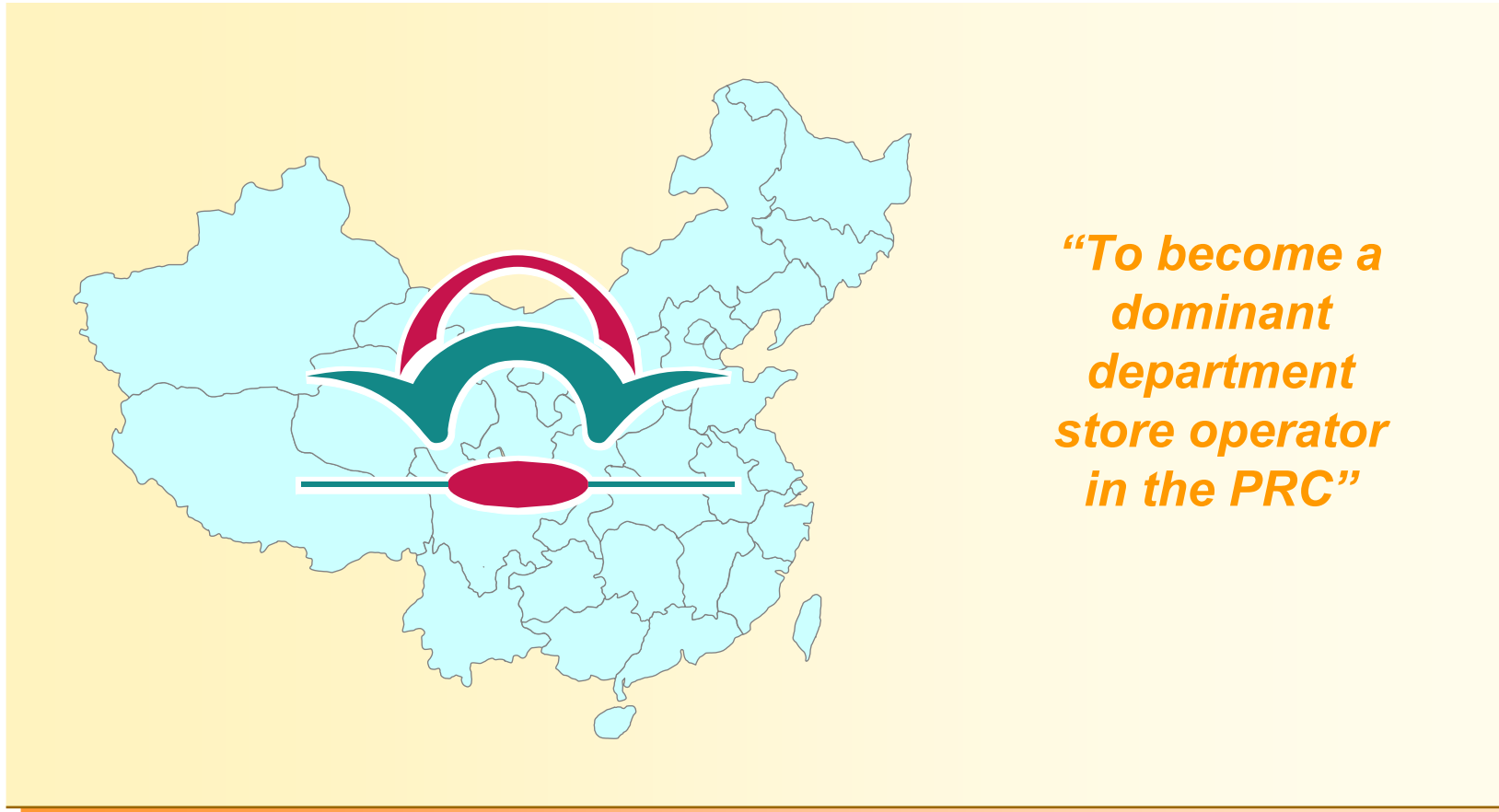
Continue to Grow Our Retail Network

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Our Mission

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*“To become a
dominant
department
store operator
in the PRC”*

Open Forum



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