



新世界百貨中國有限公司

New World Department Store China Limited

Corporate Presentation

March 2009

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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 1H 2008/09**
-  **Latest Update**
-  **Results Highlights**
-  **Operation Review**
-  **Future Strategies**
-  **Open Forum**

Key Achievements for 1H 2008/09

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Key Achievements

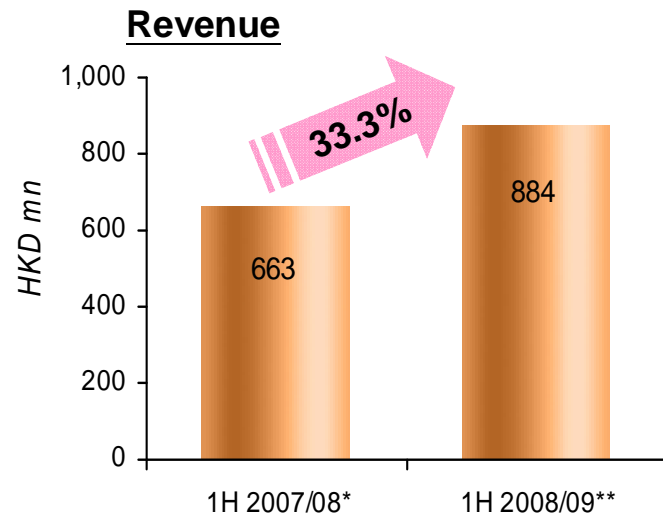
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Steady Growth

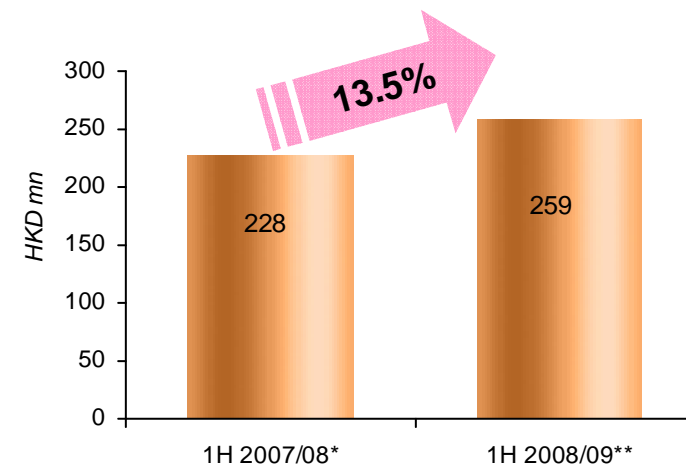
Revenue grew 33.3% to HK\$883.9 million and profit attributable to equity holders increased 13.5% to HK\$258.6 million

Maintain an upward trend

Operating profit increased 18.8% to HK\$324.3 million.



Profit attributable to equity holders



Key Achievements *(cont'd)*

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Extensive retail network

No. of stores increased from 32 in June 2008 to 33 as of 31 Dec 2008, with a total GFA of 1,042,570 sq. m. covering 17 cities

Strong customer base

Well-established VIP membership program with about 1.5 million members

Exceptional financial health

As of 31 December 2008, the Company remained debt-free and was in a net cash position with cash on hand of about HK\$3,104 million.

Maintain double-digit same-store sales growth

SSSG for all stores: 15.1%

SSSG for self-owned stores: 10.9%

Accredited as “Asia’s 200 Best Under a Billion”

Proved to be highly commendable internationally for its profitability, market position and corporate governance.

Key Achievements - Expansion

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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 commenced operation in Nov 2008
- Level 6 will commence operation before end of 2009



2 new stores in Beijing and Wuhan commenced operation during 1H 2008/09.

Key Achievements – Increasing Store Portfolio



Gross Floor Area (GFA) of Store Portfolio

(approx. sqm)	As of 30 June					As of 31 Dec 08
	2004	2005	2006	2007	2008	1H FY09
Self-owned stores	267,890 (12 stores)	285,170 (14 stores)	388,370 (17 stores)	* 395,170 (16 stores)	** 506,270 (19 stores)	549,270 (20 stores)
Managed stores	150,000 (3 stores)	150,000 (3 stores)	177,200 (4 stores)	* 422,300 (12 stores)	** 456,300 (13 stores)	#493,300 (13 stores)
Total	417,890 (15 stores)	435,170 (17 stores)	565,570 (21 stores)	817,470 (28 stores)	962,570 (32 stores)	1,042,570 (33 stores)

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

***Wuhan Store became self-owned store*

#HK Store ceased to be a managed store since July 2008

Latest Update



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Post Interim New Stores

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New Store

Taizhou Store



Location:

Jiaojiang District, Taizhou

Self-owned Store:

- Level 1-3 and basement carpark
- GFA: approx. 30,000 sq. m.
- Will have grand opening in 1st half of 2009



The opening of the new store in Taizhou will bring our store portfolio in Eastern China Region to 12 stores.

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 will be in full operation before May 2009



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 bring about greater brand diversification to widen its target customer group, as well as fully utilize the floor space and optimize merchandise mix.

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.

New Acquisition

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Kunming Store



Consideration:
HKD3,000,000

Location:
Level 1-4 and one
basement
432 Qingnian Road, Wuhua
District, Kunming, Yunnan

Size of store:
GFA: approx. 12,600 sq.m.

Ningbo Trendy Store



Consideration:
RMB2,000,000

Location:
Level 1 – 4
137 Zhongshan Dong Road,
Haishu District, Ningbo,
Zhejiang

Size of store:
GFA: approx. 10,600 sq.m.



The Company announces the acquisition of the store operation of both Kunming Managed Store and Ningbo Trendy Managed Store on 20 January 2009.



The Company will own the first self-owned store in Southwestern China which helps consolidate the Company's market position in the region.



Whereas the acquisition of Ningbo Trendy Store can further enhance the Company's presence in Zhejiang Province.

Results Highlights



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Financial Highlights

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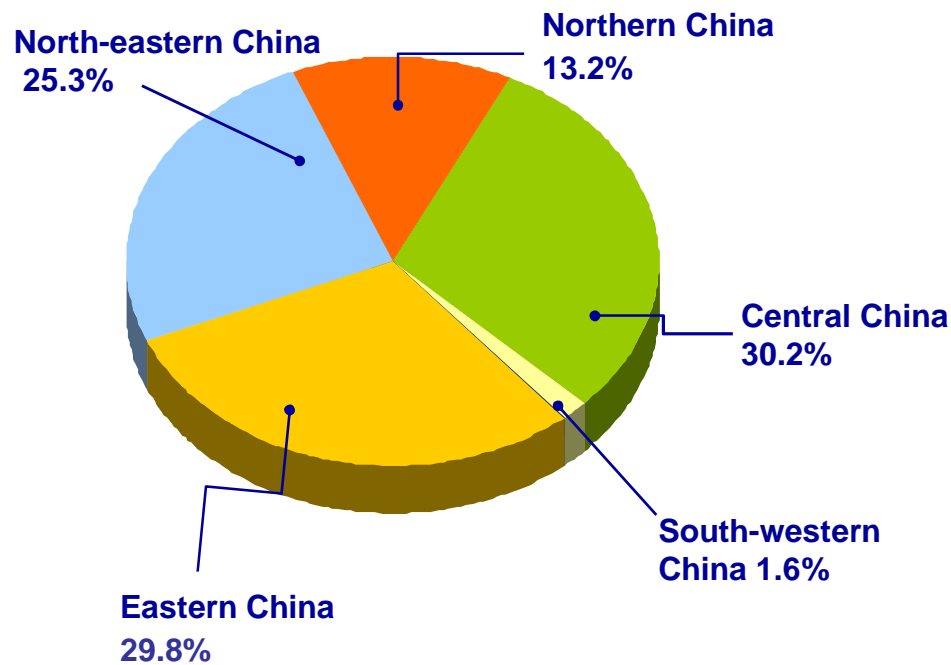
<i>For the interim period (HK\$'000)</i>	1H 2008/09**	1H 2007/08*	Change
Revenue	883,899	663,297	33.3%
Other income	61,995	70,583	-12.2%
Operating profit	324,348	272,992	18.8%
Operating profit margin	36.7%	41.2%	-4.5ppts
Profit before income tax	324,348	283,781	14.3%
Net profit ⁽¹⁾	258,592	227,844	13.5%
Net profit margin	29.3%	34.3 %	-5.0ppts
Cash on hand	3,104,190	3,932,117	-21.0%

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

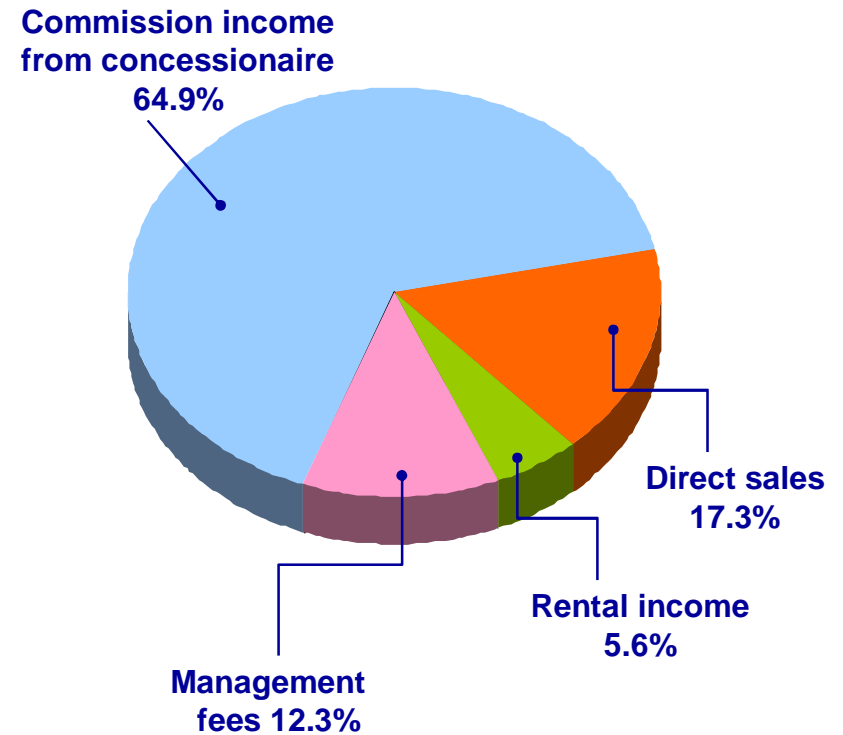
Revenue Analysis



**Revenue contribution by region
in 1H 2008/09****



**Revenue contribution by segment
in 1H 2008/09****

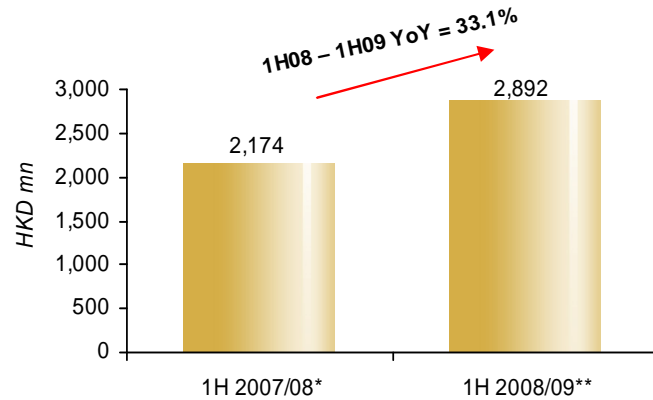


** For the six months ended 31 December 2008.

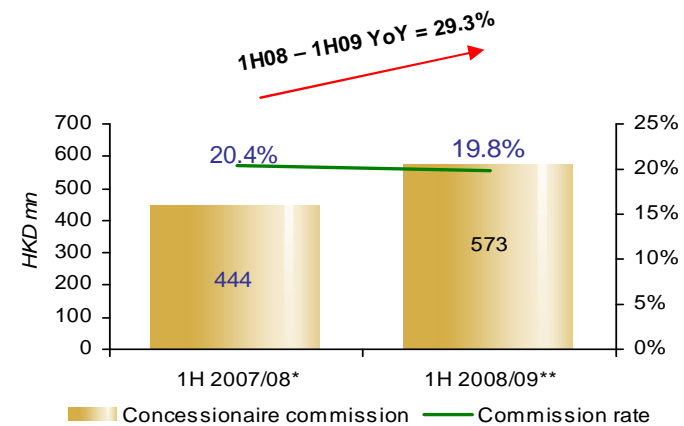
Revenue Analysis (cont'd)



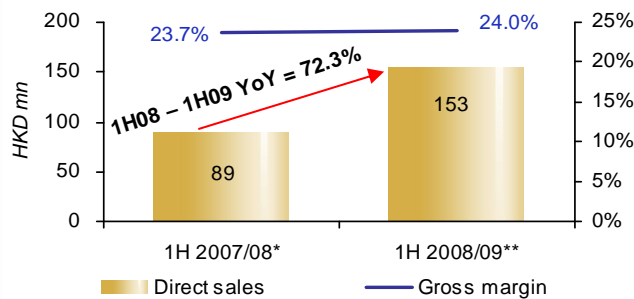
Concessionaire gross sales revenues



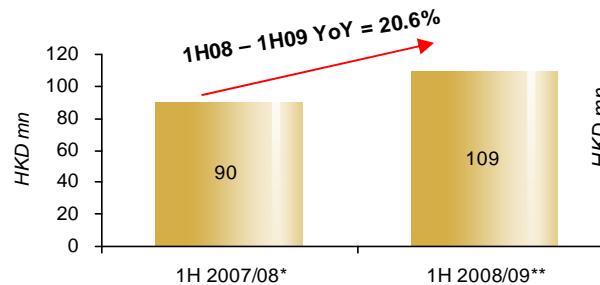
Concessionaire commission



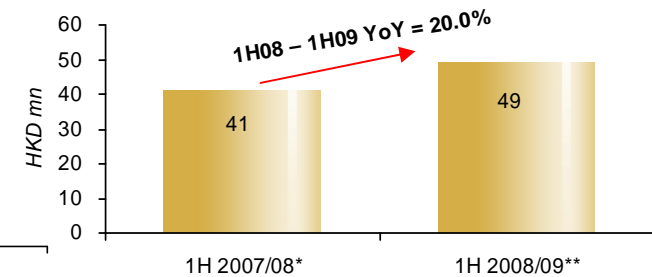
Direct sales and its gross margin



Management fee



Rental Income



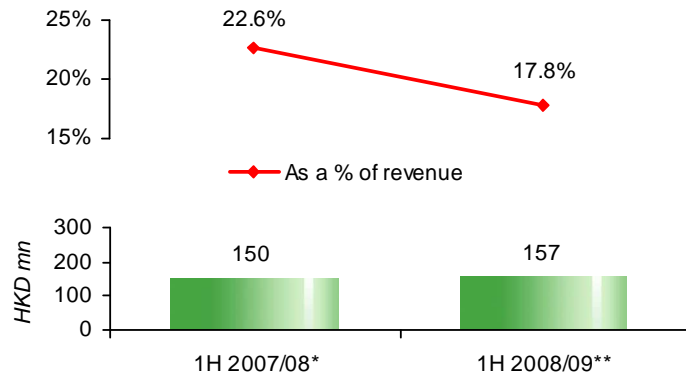
* For the six months ended 31 December 2007.

** For the six months ended 31 December 2008. 17

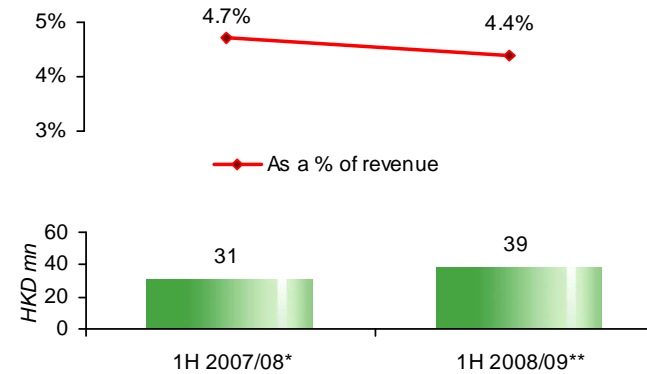
Stable Expense Ratios



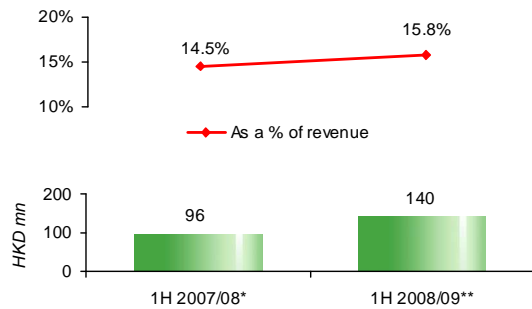
Rental expense



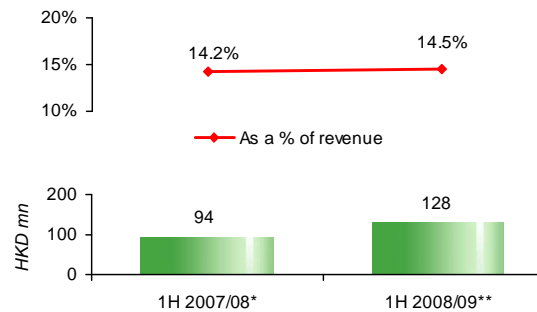
Selling expense



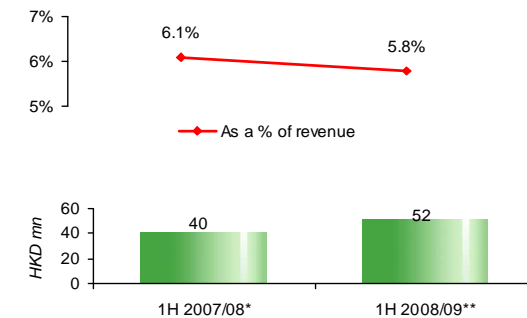
Staff expense w/ Share options



Staff expense w/o Share options



Water and electricity expense



Operation Review



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Flexible and Effective Operational Strategy

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Nationwide and Regional Promotion Program

- Effective joint promotions by utilizing the advantage of “multiple presences in a single city”
- Nationwide Bonus Point Scheme
- Talk-of-the-town thematic regional promotional programs
e.g. “Selection of Spokepersons for Ba Li Chun Tian”, “Icy Magic in Christmas” themed photo contest



Flexible and Effective Operational Strategy (cont'd)



Event Hall



Event Hall Concept

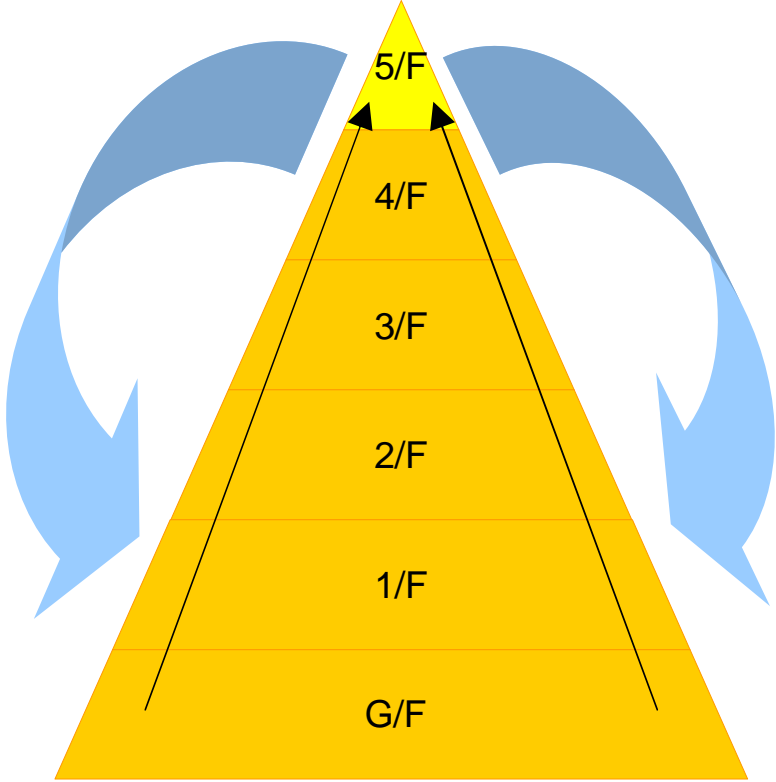


Uppermost level of our department stores with larger GFA are transformed into Event Hall

Advantage

Create a “showering” effect: Customers are attracted to event venue at upper floors, pedestrian flow will then spread from upper floors to the lower floors of the store

Pedestrian flow






Flexible and Effective Operational Strategy (cont'd)



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Outlet

Outlet Concept

-  Applied in selected stores with a smaller GFA
-  The entire store will carry popular brands with consistent image and counter design as other stores
-  Mainly sold out-seasoned item with discounted price throughout the year

Advantage

-  Opportunity for suppliers' stock clearance
-  Initiate customers' shopping sentiments with discounted label items year round



Future Strategies



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Operational Strategies to cope with Financial Tsunami

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Short-term Strategies



Brand Portfolio

 Mitigate our pace in upgrading brand portfolio




Boost Sales Promotion

 Launch intensive promotion program

e.g. Extending the marketing promotion period, organizing more sales promotion



Cost Control

 Stringent Cost control and generate new profit-making channels

Operational Strategies to cope with Financial Tsunami (*cont'd*)

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Mid-to-long term Strategies



Event Hall Concept

- Further apply this concept to stores with a larger GFA
Upper floors with less customer flow will be benefited
- Create a “showering effect” where customers will divert from upper floors to lower floors



Rebranding Program

- Current Department Stores in China are stereotyped for their dull and routine styles
- Lacking an insight to establish an unique “character” for department stores
- To enhance the NWDS brand equity through breaking the industry norm and creating characters for all our stores

Operational Strategies to cope with Financial Tsunami (cont'd)



Rebranding Program



Abandoning the Old

No more NWDS stores will be positioned by class-basis (e.g. high-end, middle-end, low-end etc.)



- Stores with smaller GFA
- Focus on “Mix & Match”
- Aim at becoming local “trendy” landmark



Creating the New

Introducing brand-new NWDS’ market positioning (“Fashion Style” and “Living Style”) for our stores



- Stores with larger GFA
- Department stores merge with elements of shopping mall
- About 30% of store GFA will be assigned for dining and leisure services

Consistent Expansion Strategies

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Open new stores

- ✧ Maintain our target of opening 2-3 self-owned stores per fiscal year
- ✧ Multiple stores within a single city / province
- ✧ 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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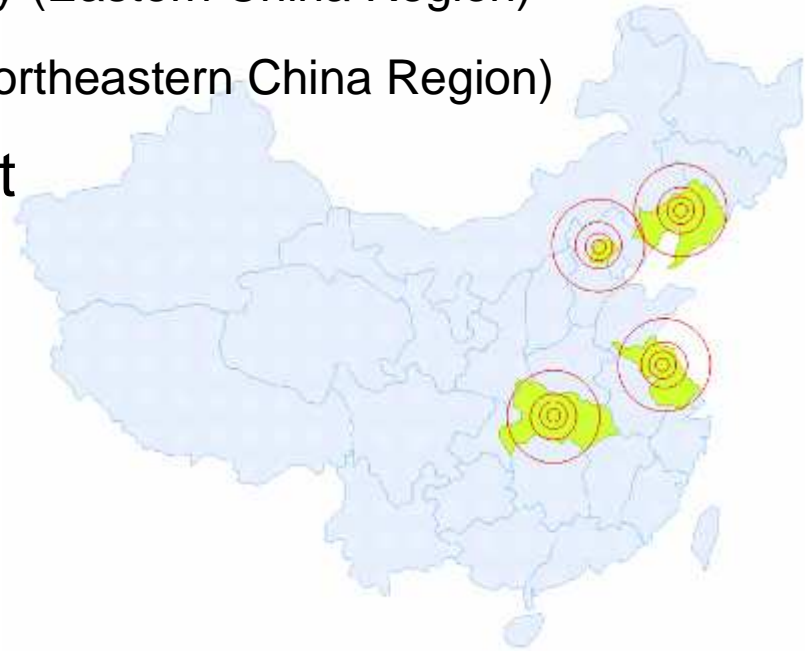
Multiple presences in a single city*

- 6 stores in Wuhan, Hubei (Central China Region)
- 3 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)



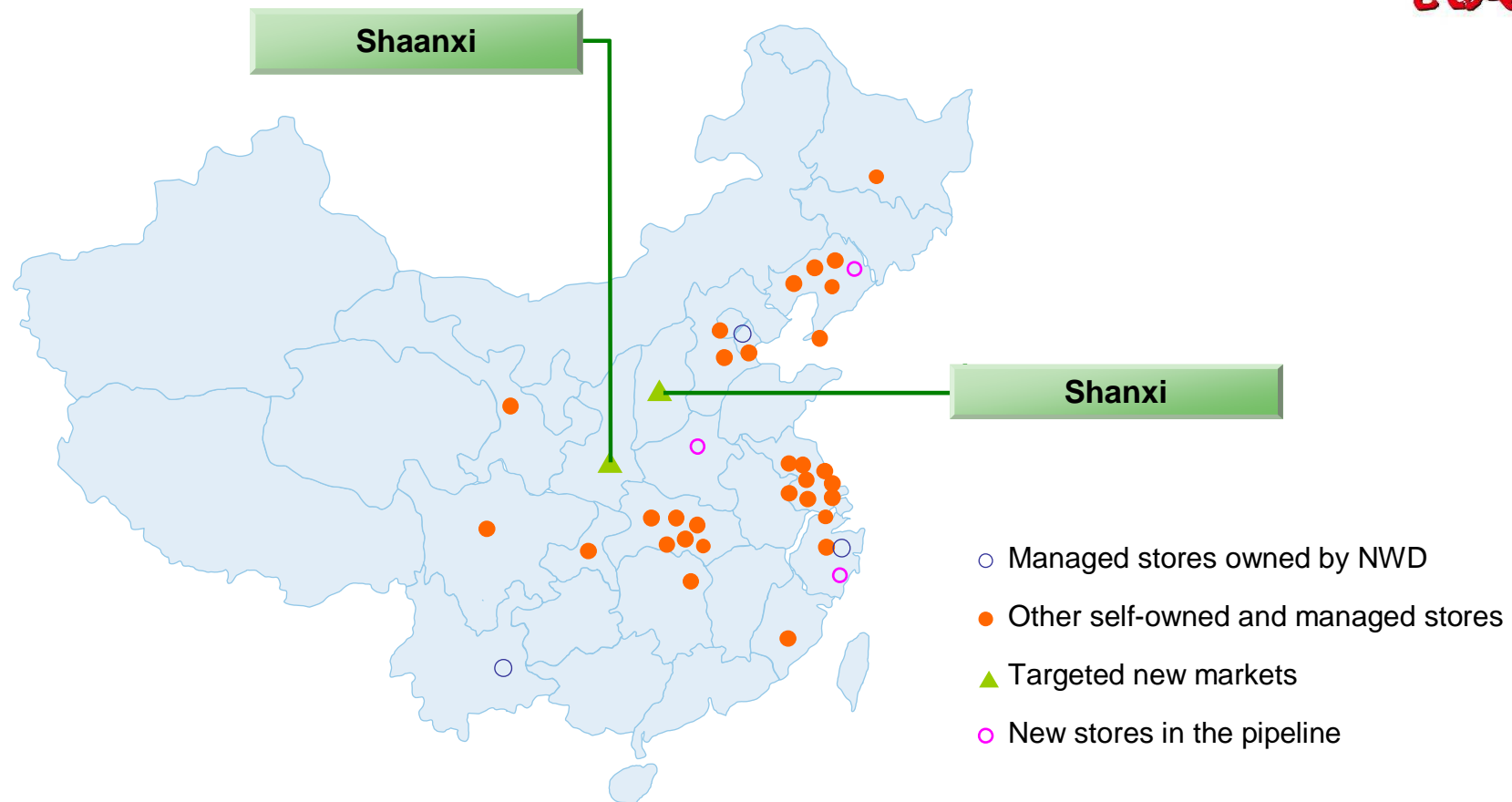
Expansion by radiation effect

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



Continue to Grow Our Retail Network

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~ As of 31 December 2008 ~

Our Mission

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Open Forum



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