

# Department Store

From fashion, accessories, cosmetics to household items, our department stores throughout major cities in Mainland China offer one-stop shopping experience with variety and quality. We strive to provide scrupulous care to customers. We bring comfort, relaxation and style to their daily shopping.



Harbin Store



Shanghai Wujiaochang Branch Store

In FY2009, the total revenue of New World Department Store China Limited ("NWDS") amounted to HK\$1,721.2 million, a growth of 15.6% year-on-year. Net profit stood at HK\$547.3 million, an increase of 14.8% compared to the previous year.

In the year under review, NWDS opened three new stores in Beijing, Wuhan and Taizhou. They included two self-owned stores of Wuhan Hanyang Branch Store (武漢漢陽店) and Taizhou Store (台州店), as well as one managed store of Beijing Liying Store (北京利瑩店). The expansion of Harbin Store (哈爾濱店) has been in phased operation starting from May 2009.

NWDS made two acquisitions during the period under review. Two managed stores, namely Kunming Store (昆明店) and Ningbo Trendy Store (寧波匯美店), were acquired and converted to self-owned stores in March and April 2009 respectively. After the acquisition, NWDS owns its first self-owned store in Southwestern China, which helps consolidate its market position in the region.

At the end of June 2009, NWDS business network comprised 22 self-owned stores and 11 managed stores, with a total GFA of about 1,063,470 sq m. Located in five operational regions, namely Northeastern China, Northern China, Eastern China, Central China and Southwestern China, the stores covered 17 major cities in the PRC. These included Wuhan, Shenyang, Wuxi, Harbin, Tianjin, Ningbo, Beijing, Shanghai, Dalian, Kunming, Lanzhou, Taizhou, Changsha, Chongqing, Chengdu, Anshan and Nanjing.

In the period under review, the Central China Region contributed the most to NWDS's revenue, accounting for 31.8% of total revenue, followed by the Eastern China Region and the Northeastern China Region, accounting for 28.6% and 25.1% respectively.

In June 2009, NWDS announced to rebrand its image with new operation concept of "Fashion Style" and "Living Style", offering customers an entirely new shopping experience. The new NWDS concept abandons the conventional class-basis positioning and initiates "Fashion Style" and "Living Style" concept in the retail industry by categorizing the stores into two types: "Fashion Gallery" and "Living Gallery". Stores with a smaller GFA will be converted to "Fashion Gallery" while selected stores with a larger GFA will be transformed into "Living Gallery".

Rebranding of NWDS will be implemented by phases in different regions. Northeastern region will be the first region to be inaugurated with Shenyang as the pilot city. Northern region and Eastern region will commence the rebranding project in 2010 with Beijing and Shanghai as the pilot cities respectively. Central region and Southwestern region will start the revamp in 2011 whereas Wuhan and Chengdu as the respective cities to embark on. The whole project is expected to be completed in two years.

The rebranding project will be implemented by three stages in order to offer a refreshing outlook to consumers. Revamping the merchandize mix will be the first phase; refining the graphic design and decoration of the stores will be the second phase; upgrading the exterior and interior design as well as the shopping atmosphere of the stores will be the third phase.





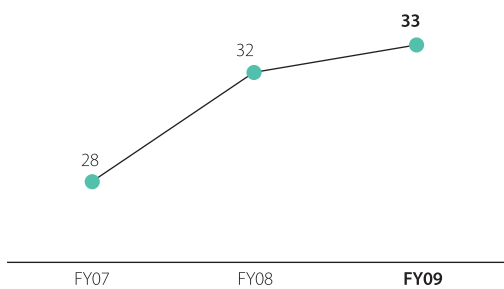
Wuhan Hanyang Branch Store



Kick-off Ceremony of NWDS rebranding

Region	City	No. of Stores	GFA (sq m)
Northeastern China	Harbin, Shenyang, Dalian, Anshan	6	185,690
Central China	Wuhan, Changsha	7	237,650
Eastern China	Shanghai, Wuxi, Ningbo, Nanjing, Taizhou	12	296,430
Northern China	Beijing, Tianjin, Lanzhou	5	259,600
Southwestern China	Chongqing, Kunming, Chengdu	3	84,100
<b>Total</b>		<b>33</b>	<b>1,063,470</b>

Number of stores by year



GFA by year (sq m)

