

Latest MasterCard Report Reveals Hong Kong is The Most Preferred Shopping Destination by Affluent Chinese

Hong Kong, 21 February 2008 – Big foreign brand names continue to dominate as top brands for the affluent Chinese consumer, with the environment and quality being key factors determining brand choice. This is according to the latest Insights report *Brand Preference of the China Affluent* released by MasterCard Worldwide today.

The report confirms that brands are important to the affluent consumers in China, with those in Shanghai and Guangzhou placing greater emphasis on brand names compared to their counterparts in Beijing. Among the various brands, the affluent continue to favor foreign brands over domestic brands. 36.3% of respondents surveyed prefer foreign brands compared to 19.8% of respondents who prefer up market domestic brands. Shanghai has the highest percentage of affluent consumers stating a preference for domestic Chinese brands.

While quality (as indicated by 92.7% of the affluent consumers surveyed) is the most important attribute behind brand preference, wide recognition of the brand (68.3%), a fashionable design (58.5%) and being environmentally friendly (48%) are also important factors determining brand choice.

"In stating their brand preference, the affluent consumers of China demonstrate a high degree of sophistication; and their preference for well known foreign brands are not simply driven by the demand for status symbols as commonly assumed, but real concerns over product quality, design, and environmental considerations," observed Dr. Yuwa Hedrick-Wong, economic advisor, Asia/Pacific, MasterCard Worldwide.

The study, based on a survey of 1800 qualified respondents (600 each in Beijing, Shanghai and Guangzhou), identifies the top brands of affluent consumers in key spend categories, such as automobiles, consumer electronics, fashion, sports wear, jewelry, airlines, alcoholic drinks and shopping destinations.

Highlights of the top brands in the categories surveyed include:

- **Most Preferred Shopping Locations and Areas**
Hong Kong (as indicated by 49.7% of the respondents) is the undisputed shopping destination for the affluent Chinese. Interestingly, home cities rank after Hong Kong, followed by Europe and South-East Asia. In terms of top sources of information on shopping, fashion magazine advertising appears the most powerful, followed by TV advertising and the Internet.

- **Most Preferred Auto Brands**

The top 10 preferred auto brands are all foreign brands, with German auto brands enjoying the highest level of preference in all three cities. BMW, Volkswagen and Mercedes Benz are the top three brands in the category.

- **Most Preferred Electronics Brands**

With the exception of household appliances, foreign brands are preferred by the Chinese affluent consumer. Sony ranks well among the electronics brands, coming in as most preferred for cameras and second for notebooks and household appliances. Nokia is the most preferred brand for mobile phones and Haier the most preferred for household appliances.

- **Fashion/Watches/Jewelry/Apparel**

While international foreign brands are preferred when it comes to shopping for watches, fashion, sportswear and sports footwear, a Hong Kong brand emerged most preferred for jewelry. Hong Kong jeweler retailer Chow Tai Fook (as indicated by 29% of the affluent consumers surveyed) commands the lead as the top brand for the affluent Chinese consumer, well ahead of second placed Cartier (14.2%).

Chanel (15.3%) is the most preferred fashion brand for the affluent Chinese, with Giorgio Armani (15.1%) close behind. For sports brands, Nike (78% for sportswear and 51.5% for sports footwear) is a clear leader ahead of Adidas (68.8% for sportswear and 37.4% for sports footwear) and the rest of the other brands.

- **Travel**

Air China is the dominant brand when it comes to both domestic and international travel, with Singapore Airlines as the most preferred international airline for the affluent.

- **Most Preferred Alcoholic Drinks**

While French wine is most preferred by the affluent (80.7% of the respondents), Chinese wine is becoming increasingly popular, ranking third ahead of Spanish, Australian and German wines.

In terms of leading Chinese liquor brands, Wu Liang Ye is the top brand preferred by the affluent, closely followed by Mao Tai. There seems to be a difference in taste between consumers in northern and southern China, with Mao Tai being the most preferred in Guangzhou and Wu Liang Ye ranking tops in Beijing and Shanghai.

Research Methodology

Field research was conducted by the China Economic Monitoring and Analysis Center in the second half of 2007 in Beijing, Shanghai and Guangzhou. Random surveys were carried out in city centers and key shopping malls; and only those respondents with an annual income exceeding US\$16,000 per year are included in the data analysis. A total of 600 qualified samples were collected in each of the three cities.

About MasterCard Worldwide Insights Reports

This report is part of the MasterCard series of ongoing research and analysis of business dynamics, financial policies and regulatory activities in the Asia/Pacific region. Over 50 reports have been published to date. Reports pertaining to China and Chinese consumers include:

- Understanding the Affluent Consumers of China
- China and Sustainable Economic Growth
- MasterCard Worldwide Index of China's Affluent - Discretionary Spending and Lifestyles
- China and the New Global Economy
- China's Emerging Consumer Market - A Geographical Perspective
- China's Currency in the Global Currency Market - Challenges of Asymmetry

All MasterCard Worldwide Index reports are available at www.masterintelligence.com.

About MasterCard Worldwide

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Forward-Looking Statements

Statements in this press release which are not historical facts, including statements about MasterCard's plans, strategies, beliefs and expectations, are forward-looking and subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements speak only as of the date they are made. Accordingly, except for the company's ongoing obligations under the U.S. federal securities laws, the company does not intend to update or otherwise revise the forward-looking information to reflect actual results of operations, changes in financial condition, changes in estimates, expectations or assumptions, changes in general economic or industry conditions or other circumstances arising and/or existing since the preparation of this press release or to reflect the occurrence of any unanticipated events. Actual results may differ materially from such forward-looking statements for a number of reasons, including those set forth in the company's filings with the Securities and Exchange Commission (SEC), including the company's Annual Report on Form 10-K for the year ended December 31, 2006 and quarterly reports on Form 10-Q and Current Reports on Form 8-K that it has filed with the SEC during 2007, as well as reasons including difficulties, delays or the inability of the company to achieve its strategic initiatives set forth above. Factors other than those listed above could also cause the company's results to differ materially from expected results.

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List of Most Preferred Brands among Affluent Chinese Consumers

Most Preferred Shopping Locations and Areas

Ranking	Shopping Locations	Shopping Areas
1	Hong Kong	Shopping malls
2	Home City	Shopping district
3	Europe	Designer brand franchise stores
4	SE Asia	Specialty malls
5	America	

Most Preferred Auto Brands

Ranking	Automobiles
1	BMW
2	Volkswagen
3	Mercedes Benz
4	Toyota
5	Audi
6	Honda
7	Buick
8	Ford
9	Nissan
10	Peugeot

Most Preferred Electronics Brands

Ranking	Mobile phones	Notebooks	Digital Video Camera	Digital cameras	Household appliances
1	Nokia	IBM	Sony	Sony	Haier
2	Samsung	Sony	Canon	Canon	Sony
3	Sony Ericsson	Lenovo	Samsung	Nikon	Siemens
4	Motorola	HP	Nikon	Samsung	Panasonic
5	Dopod	Dell	Panasonic	Olympus	Samsung
6	Apple	Apple	JVC	Kodak	Philips
7	LG	Samsung	Olympus	Panasonic	LG
8	BlackBerry	Asus	Kodak	Casio	Midea
9	Siemens		Casio	Pentax	Sharp
10	Lenovo		Fuji Film	Fuji Film	Electrolux

Most Preferred Fashion/Watches/Jewelry/Apparel Brands

Ranking	Watches	Jewelry	Fashion	Sportswear	Sports footwear
1	Rolex	Chow Tai Fook	Chanel	Nike	Nike
2	Omega	Cartier	Giorgio Armani	Adidas	Adidas
3	Longines	Chow Sang Sang	Gucci	Puma	Li Ning
4	Citizen	Tiffany	Dior	Li Ning	Anta
5	Casio	Link Fook	Louis Vuitton	Reebok	Belle

6	Tissot	Diamond	Versace	Kappa	Puma
7	Swatch	Lasmiao	Ports	Anta	Reebok
8	Rado	TSL	Only	Converse	ECCO
9	Cartier	Swarovski	Prada	New Balance	Converse
10	Seiko	Chow Tai Seng	Calvin Klein	Yonex	Hush Puppies

Most Preferred Airlines

Ranking	Airlines for Domestic Travel	Airlines for International Travel
1	Air China	Air China
2	China Southern Airlines	China Southern Airlines
3	China Eastern Airlines	China Eastern Airlines
4	Shanghai Airlines	Singapore Airlines
5	Hainan Airlines	Shanghai Airlines
6	China United	ANA
7	Shenzhen Airlines	Dragon Airlines
8	Xiamen Airlines	Cathay Pacific
9	Shandong Airlines	Hainan Airlines
10	Sichuan Airlines	Thai Airways International

Most Preferred Alcoholic Drinks

Ranking	Wine	Foreign Liquor	Chinese Liquor Brands
1	French	Hennessy	Wu Liang Ye
2	Italian	Remy Martin	Mao Tai
3	Chinese	Chivas Regal	Jian Nan Chun
4	Spanish	Martel	Shui Jing Fan
5	Australian	Royal Salute	Guo Jiao
6	German	Johnny Walker	Jin Liu Fu
7		Baileys	Guo Cang Fen Jiu
8		Courvoisier	She De
9		Absolute Vodka	Others
10		Ballentine	