

FY16 Interim Results Presentation (22 Feb 2016)



happy shopping ★ bespoke experiences



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.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

Agenda

 Summary for 1HFY16

 Results Highlights

 Our Strategy

 Store Pipelines

 Open Forum





Summary for 1HFY16



Financial Summary for 1HFY16

Same-store sales

SSS for self-owned stores declined by 8.5%

Decline in Revenue

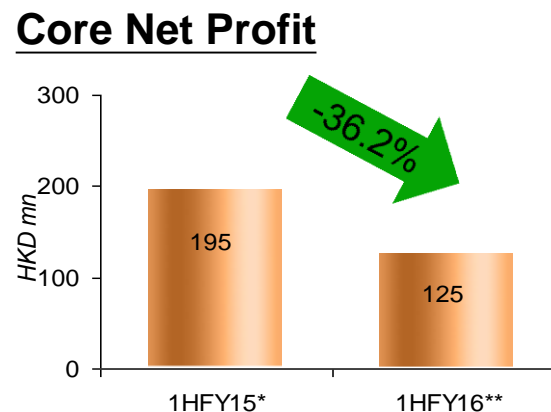
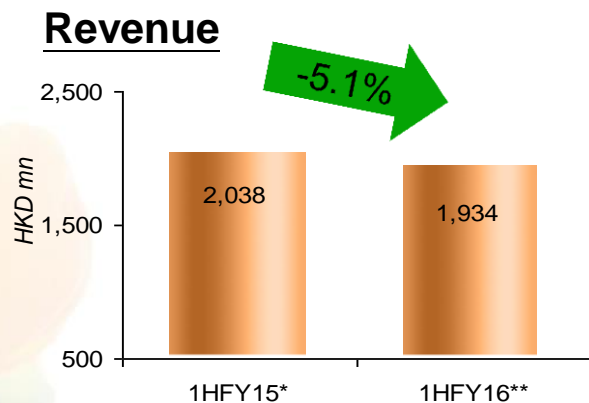
- Revenue declined 5.1% from HK\$2,037.8 million in 1HFY15 to HK\$1,934.3 million in 1HFY16

Profit for the Period

- Profit for the period was HK\$59.8 million

Core Net Profit

- Core net profit for the period decreased to HK\$124.5 million in 1HFY16 from HK\$195.2 million in 1HFY15



Core net profit excludes:

- Net other gains
- Changes in fair value of investment properties and its related income tax expense
- Other non-core items

*For the six months ended 31 December 2014

** For the six months ended 31 December 2015

Summary for 1HFY16

Cash position

As of 31 December 2015, the Company was in a net cash position. Cash and deposits were HK\$2,363.2 million

Retail network

- No. of stores was 43 as of 31 December 2015, with a total GFA of 1,667,980 sq.m. covering 21 cities in the PRC
- Terminated operation of Beijing Shishang Store in Jan 2016

Customer base

- VIP membership program with over 3.9 million members
- VIP contribution
 - VIP contributed approx. 51% of the total sales turnover in 1HFY16

Effective Cost Control

Measures implemented in 1HFY16

- Successfully re-negotiated rental rate at Shenyang Zhonghua Road Branch Store and Ningbo Store with landlords
- Successfully controlled operating costs

(HKD Mn)	1HFY15	1HFY16	Changes
Rental expense	586	603	+3.0%
Staff expense	378	324	-14.2%
Promotion expense	143	96	-32.8%
Water and electricity expense	91	75	-17.5%
Depreciation and amortisation expense	171	156	-9.1%
Total operating expense	1,547	1,495	-3.4%

Store Portfolio

Gross Floor Area (GFA) of Store Portfolio

	As of 31 December					As of 22 Feb
(approx. sq.m.)	2011	2012	2013	2014	2015	2016
Self-owned stores	1,193,970 (35 stores)	1,348,280 (37 stores)	1,493,590 (39 stores)	1,522,380 (39 stores)	1,512,280 (39 stores)	1,472,280 (38 stores)
Managed stores	159,700 (4 stores)	141,700 (4 stores)	137,200 (4 stores)	155,700 (4 stores)	155,700 (4 stores)	155,700 (4 stores)
Total	1,353,670 (39 stores)	1,489,980 (41 stores)	1,630,790 (43 stores)	1,678,080 (43 stores)	1,667,980 (43 stores)	1,627,980 (42 stores)

Changsha Trendy Plaza, Beijing Trendy Store and Chongqing Store became self-owned store in Jan, Mar and Apr 2011 respectively
Wuxi Store ceased to be a self-owned store since May 2011
Lanzhou Store became self-owned store since Nov 2011
Beijing Liying Store became self-owned store since Jan 2012
Taizhou Store ceased to be a self-owned store since Nov 2012
Shenyang Nanjing Street Branch Store was closed in Feb 2013 for redevelopment and is expected to reopen in FY18
Shanghai Wujiaochang Branch Store became self-owned store in Nov 2013
Wuhan Qiaokou Branch Store ceased to be a self-owned store since Nov 2014
Phase two of Shenyang Jianqiao Road Branch Store ceased to be a self-owned store since Mar 2015
Beijing Shishang Store ceased to be a self-owned store since Jan 2016

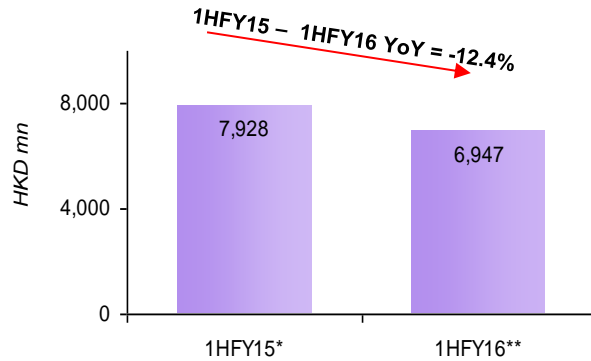


Results Highlights

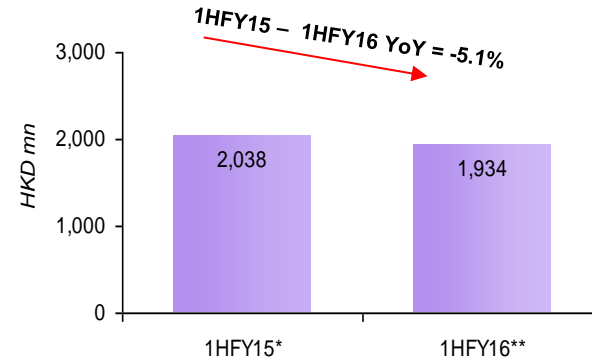


Financial Highlights

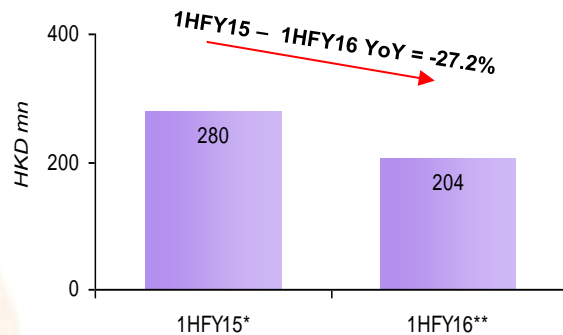
GSP



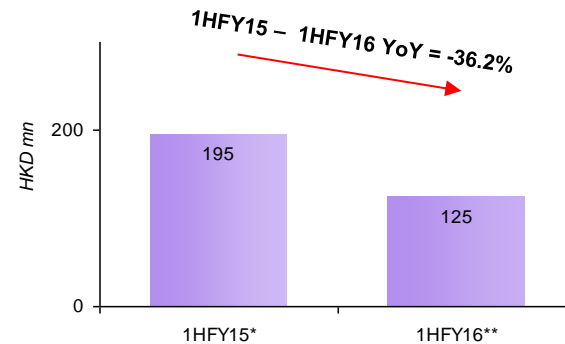
Revenue



EBIT (Core)



Net Profit (Core)



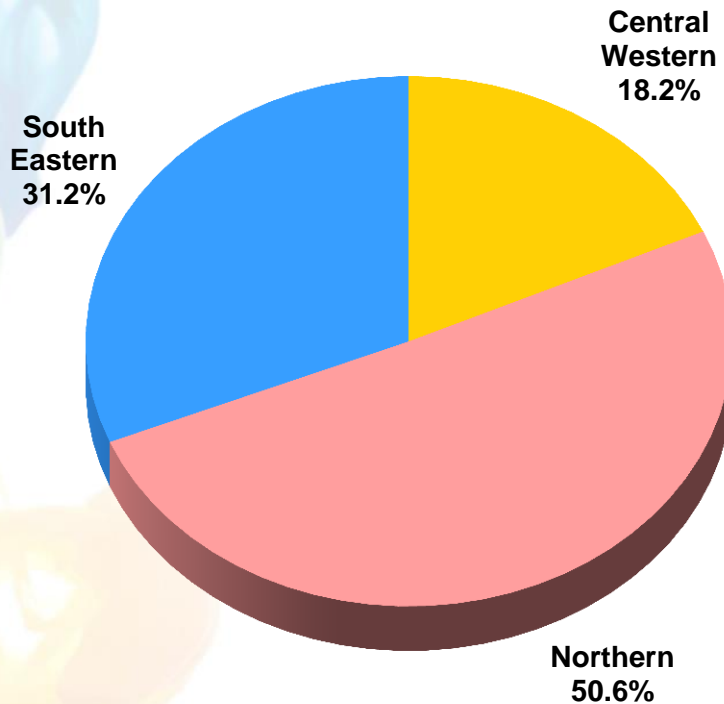
GSP includes concessionaire sales (net of VAT), direct sales (net of VAT), rental income, management and consultancy fees and other income.

Core net profit excludes:

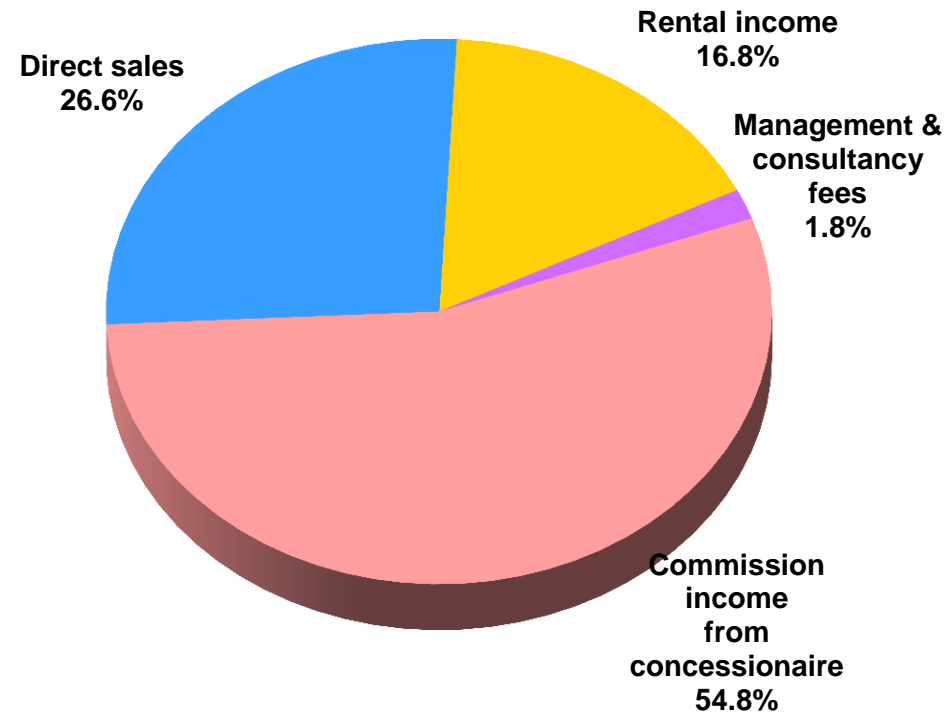
- Net other gains
- Changes in fair value of investment properties and its related income tax expense
- Other non-core items

Revenue Analysis

Revenue contribution by region

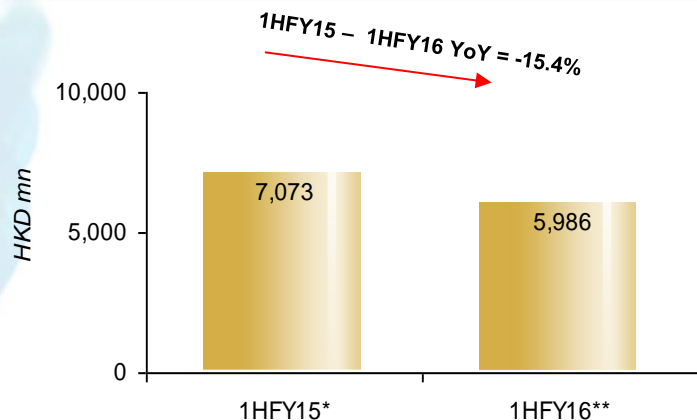


Revenue contribution by segment

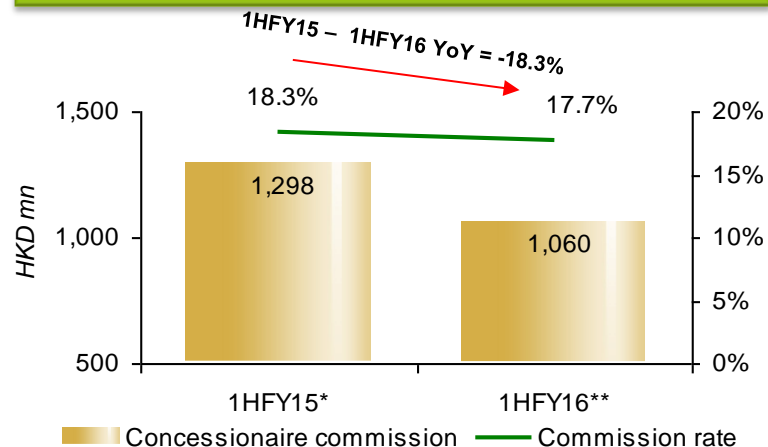


Revenue Analysis

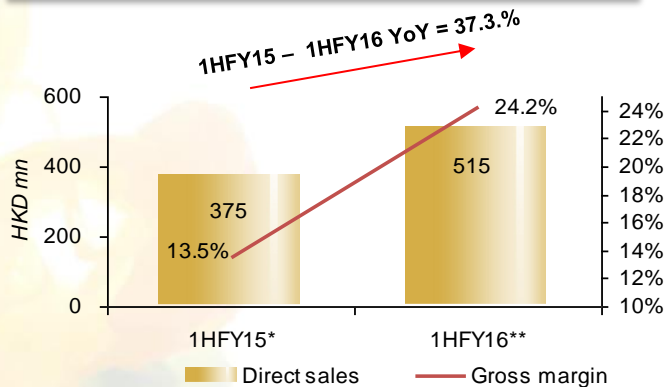
Concessionaire gross sales revenue



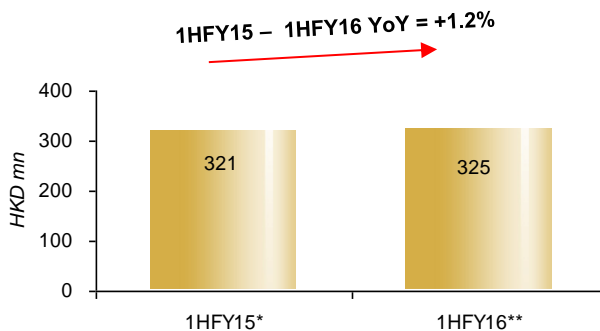
Concessionaire commission



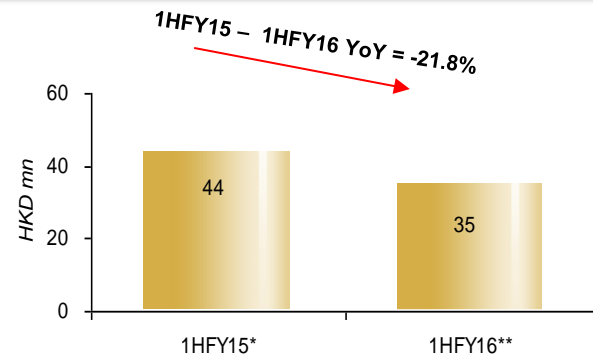
Direct sales and its gross margin



Rental income

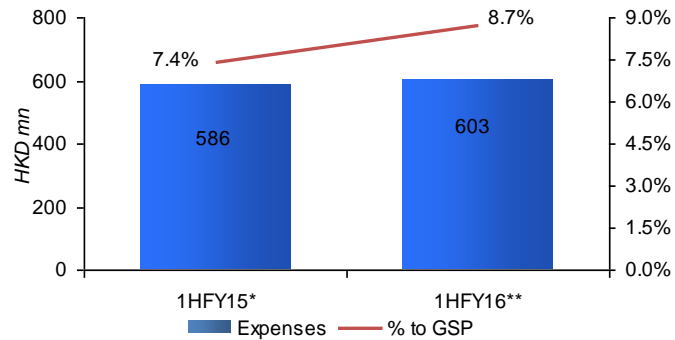


Management & consultancy fees

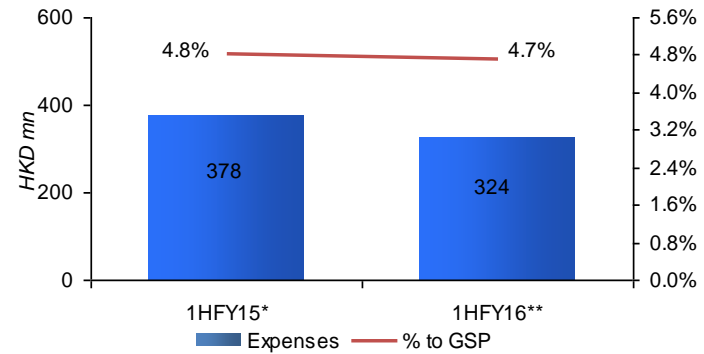


Expense Ratios

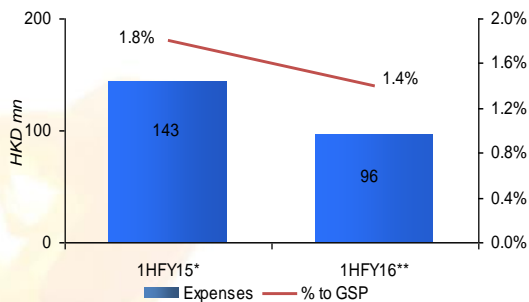
Rental expense



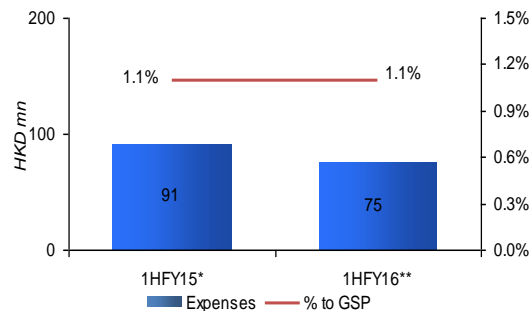
Staff expense



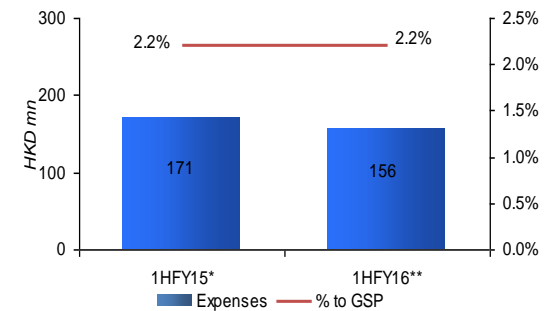
Promotion, advertising & related expense



Water & electricity expense



Depreciation & amortisation expense





Our Strategy



1. Operation-comes-first Strategy

Expanding Direct Sales

- Increase proportion of direct sales, reduce proportion of concessionaire sales
- Introduce and strengthen LOL, Well Metro, n+

Optimizing Concessionaire Business

- Introduce leading online brands to stores

Strengthening Hybrid Model

- Incorporate more in-store lifestyle complementary facilities
- Forming joint ventures with F&B brands

2. Direct Sales: LOL and Well Metro Group

LOL

- Target customers: middle class with taste
- Strategy: experiential services and unique lifestyle products
- Widened product portfolio to floral displays, small home appliances, and derivatives from art exhibition
- Source “same-day worldwide release, nationally exclusive, international debuts, limited edition and designer models”
- As of 31 December 2015, 14 shops in total and a flagship store on Tmall.com
- Future plan
 - ✓ Continue to widen product portfolio
 - ✓ Introduce coffee, light meal and snacks
 - ✓ Develop OEM products



Well Metro Group

- The agent and distributor of Italian high-end fashion brands, MOSCHINO, LOVE MOSCHINO, and REDValentino in Mainland China
- As of 31 December 2015, 39 specialty stores spreading in major cities e.g. Beijing, Shanghai, Hangzhou, Chengdu, etc.

MOSCHINO

**RED
VALENTINO**

**LOVE
MOSCHINO**

3. Direct Sales: Bakery n+

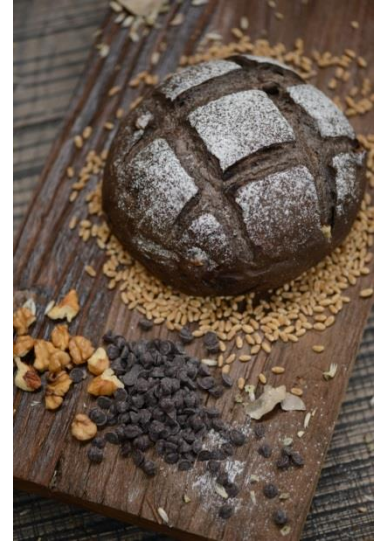
Bakery

- Brand name: n+
- Core value: “Natural Taste Plus”
- Offer low-oil, low-fat and low-sugar European-style artisan bread
- Handmade and store-baked bread
- Target customers: aged 25-40 who seek healthy food

- Store opening schedule
 - ✓ First bakery to open in 2HFY16
 - ✓ Target: over 20 bakeries in 3 years

- Advantages
 - ✓ Attract more foot traffic by strengthening consumer staple offerings
 - ✓ Complement our community-based stores
 - ✓ Enhance shopping experience

- Future plan
 - ✓ Expand into cafe, dessert shops



4. Optimizing Concessionaire Business

INMAN – Craftsmen for linen&cotton

- A ladieswear brand
- Ranks Top 3 among online brands
- Opened the first O2O experiential shop in Shanghai Pujian Branch Store
- Real-time online and offline synchronization of product offering and pricing
- Future plan
 - ✓ Expand collaboration with INMAN to stores in 4 cities including Wuhan, Shanghai, Beijing and Yantai
 - ✓ Explore collaboration with other online brands to open physical stores



5. Strengthening Hybrid Model

Children-oriented leasing projects

- Themed recreational facilities
- Educational leasing projects



Restaurants and other lifestyle complementary facilities

- More cuisine options e.g. Korean food, buffet
- More complementary facilities e.g. fitness centers, beauty salons



- Forming joint ventures with F&B brands
 - ✓ Advantages
 - Generate investment income
 - Attract foot traffic

6. Happy Shopping Experiences



“Happy New World” Project

- Launch new in-store recreational facilities

In-store Marketing activities

- Wide range of on-trend activities to draw foot traffic and to create noise



Experiential Activities

- Lifestyle experiential activities to engage with VIP members
- Plan to introduce coffee and light meals for customers to enjoy relaxing lifestyle



7. Technology-facilitated Promotions

O2O Marketing Activities

- Organize in-store marketing activities with technology companies
 - ✓ Video game group playing
 - ✓ Mobile recording activities
- O2O promotions with Internet companies e.g. Weibo, WeChat, Alibaba, Baidu, Dianping.com



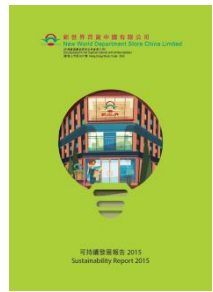
Enhance In-store shopping experiences

- Develop iBeacon
 - ✓ Vouchers
- Develop a mobile APP with Chow Tai Fook and K11 to facilitate shopping by customers
 - ✓ Product and activities information
- Mobile payment
 - ✓ Completed the infrastructure of WeChat payment to introduce more mobile payment methods



8. Sustainability Achievements

Published the Second Standalone NWDS ESG Report



Community Services

- Held the “**NWDS @Dream Annual Games**” to increase public awareness on under-resourced children, generating media value of around HK\$ 2 million
- Title-sponsored “**NWDS Sowers Action Challenging 12 Hours Charity Marathon**” for the second time, and donated HK\$0.45 million
- Organized about **charitable activities** to give back to society

Environmental Protection

- Dedicated our continual effort on optimizing energy conservation and carbon emissions reduction actions and developed “**Green Office Policy**” and **Sustainable Office Guide** to advocate green operations
- Organized about **green activities** to promote green living, resource recycling and waste reduction



Staff Benefits & Development

- Continued “**Certificate Program of Further Studies in Retail Operation and Management 2015**” and “**Advanced Project Feipeng – NWDS Management ‘Golden Ladder’ Nurturing Program**” and organized other **training programs** to nurture talents
- Organized a nationwide staff talent contest, “**NWDS’ got Talent**” and held about **staff caring activities**

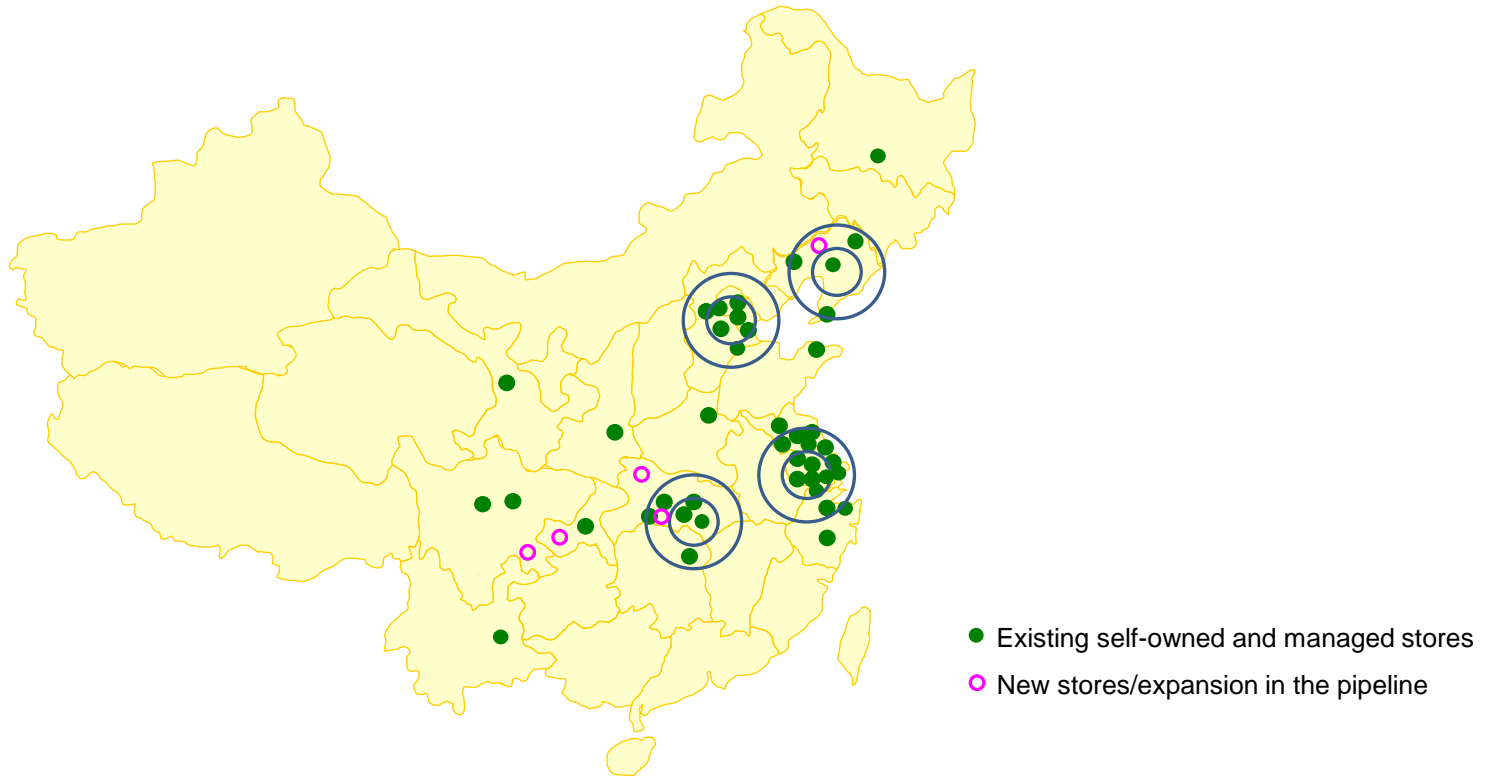




Store Pipelines



Our Retail Network



As of 22 Feb 2016

Stores in the Pipeline

	FY12	FY13	FY14	FY15	FY16	FY17*	FY18*	Total
Self-owned stores	Mianyang Store: 35,000 sq.m. (Opened)	Yancheng Store: 51,400 sq.m. (Opened)	Yantai Store: 55,000 sq.m. (Opened)	Shanghai 118 Branch Store: 62,600 sq.m. (Opened)		Phase II of Shenyang Nanjing Street Store Project: 25,400 sq.m. (Greenfield)	Phase I of Shenyang Nanjing Street Store Redevelopment Project: 26,300 sq.m. (Greenfield)	
	Shenyang Jianqiao Road Branch Store (expansion): 34,000 sq.m. (Opened)	Xi'an Store: 58,500 sq.m. (Opened)	Shanghai Hongxin Trendy Plaza: 43,000 sq.m. (Acquired)			Hubei Shiyan Project: 50,000 sq.m. (Greenfield)	Hubei Jingmen Project: 35,000 sq.m. (Greenfield)	
	Shanghai Shaanxi Road Store (previously named as Channel 1): 42,000 sq.m. (Acquired)		Shanghai Wujiaochang Branch Store: 44,000 sq.m. (Acquired)					
	Lanzhou Store: 27,200 sq.m. (Acquired)							
	Beijing Liying Store: 52,000 sq.m. (Acquired)							
Sub-total	190,200 sq.m.	109,900 sq.m.	142,000 sq.m.	62,600 sq.m.	-	75,400 sq.m.	61,300 sq.m.	641,400 sq.m.
Managed Store		Ningbo Store: 60,000 sq.m. (Opened)				Sichuan Yibin Project: 32,000 sq.m.	Chongqing Tongliang Project: 26,200 sq.m.	
		Yanjiao Store: 32,000 sq.m. (Opened)						
Total	190,200 sq.m.	201,900 sq.m.	142,000 sq.m.	62,600 sq.m.	-	107,400 sq.m.	87,500 sq.m.	791,600 sq.m.

*The above schedule is for reference only and may be subject to change.

New Stores in FY17

Redevelopment
and Expansion

Phase I and Phase II of Shenyang Nanjing Street Store Project



Location:

Level 1-5 of Nanjing South Road, Shenyang,
Liaoning Province

Self-owned Store:

- Phase II expand GFA: approx. 25,400 sq.m.
Expected to commence operation in FY17
- Phase I Redevelopment: GFA approx. 26,300 sq.m.
Expected to be completed in FY18

时尚馆



Self-owned
Store

Shiyan Project

生活馆



Location:

Wonderful World, 93 Renmin Road, Shiyan,
Hubei Province

Self-owned Store:

GFA: approx. 50,000 sq.m.

Expected to commence operation in FY17

- ① Phase I Redevelopment and Phase II of Shenyang Nanjing Street Store Project enhance the Company's competitive edge in Taiyuan Street commercial circle
- ② The new self-owned store helps explore market in Shiyan and expand our presence in Hubei Province



新世界百貨中國有限公司

New World Department Store China Limited

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New Stores in FY17

New
Managed
Store

Yibin Project

生活馆



Location:

Ideal City, Eastern CuiBai Road, Yibin, Sichuan Province

Managed Store:

GFA: approx. 32,000 sq.m.

Expected to commence operation in FY17



The new managed store in Yibin further reinforce our “radiation city” strategy

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New Store in FY18

Self-owned
Store

Jingmen Project

生活馆 



Location:

Xingqiu Commercial Center, 11 Huyaguan Boulevard,
Duodao District, Jingmen, Hubei Province

Self-owned Store:

GFA: approx. 35,000 sq.m.

Expected to commence operation in FY18



The new store helps explore the market in Jingmen and further expand our presence in Hubei Province

*The above schedule is for reference only and may be subject to change.

New Store in FY18



New
Managed
Store

Tongliang Project



生活馆



Location:

Intersection of Jinlong Road and Zhongxing Road,
Tongliang District, Chongqing

Managed Store:

GFA: approx. 26,200 sq.m.

Expected to commence operation in FY18



The new store helps reinforces our “radiation city” strategy and market position in Chongqing

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Our Mission



“To create a modern, metropolitan lifestyle with creativity, foresight and efficiency in China”



Open Forum

