



新世界百貨中國有限公司

New World Department Store China Limited

FY11 Annual Results Presentation (27 Sept 2011)



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

- ① **Key Achievements in FY2011**
- ② **Latest Update**
- ③ **Store Pipelines**
- ④ **Results Highlights**
- ⑤ **Operational Review and Marketing Strategies**
- ⑥ **Expansion Strategies**
- ⑦ **Open Forum**

Key Achievements in FY2011



Key Achievements

Steady Growth

Revenue grew 46.8% to HK\$2,749.5 million

Improvement in Operating Profit

Operating profit increased by 37.2 % to HK\$1,113.2 million in FY11 from HK\$ 811.5 million in FY10

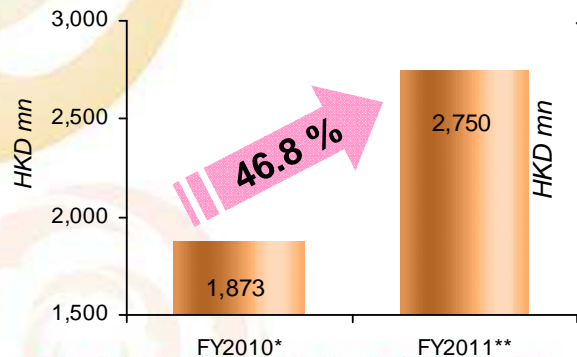
Profit for the Year rose steadily

-Profit for the Year increased to HK\$855.6 million in FY2011 from HK\$ 577.6 million in FY2010.
 -If excluding changes in fair value of investment properties and its related income tax expense and other gains#, profit for the year increased to HK\$509.1 million in FY11 from HK\$ 479.3 million in FY10##.

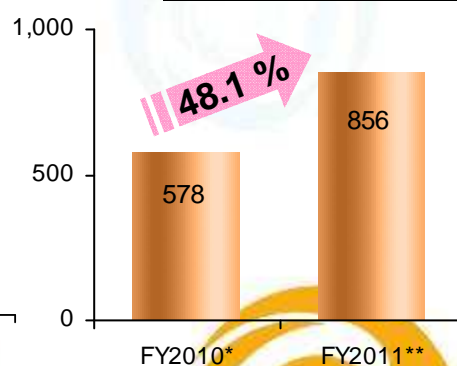
#gain on disposal of available-for-sale financial assets, net post-tax disposal gain on a certain portion of property and land use right of Wuxi Store

##profit excluded a post-tax gain on disposal of a property and land use right of Shenyang Taiyuen Street Branch Store

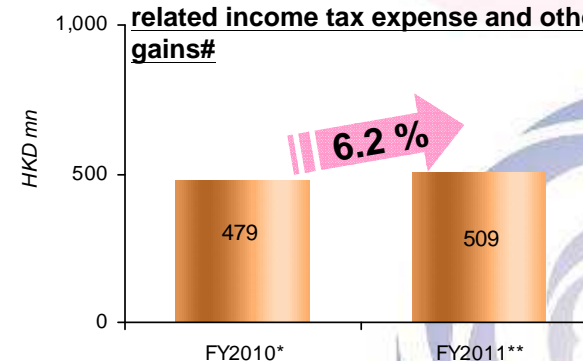
Revenue



Profit for the Year



Profit for the Year excluding changes in fair value of investment properties and its related income tax expense and other gains#



Key Achievements (cont'd)

Extensive retail network

No. of stores increased to 37 as of 30 June 2011, with a total GFA of 1,275,320 sq. m. covering 17 cities

Strong customer base

Well-established VIP membership program with about 2.16 million members

Stable financial foundation

As of 30 June 2011, the Company remained debt-free and was in a net cash position with cash on hand of about HK\$4,153.0 million.

Sound same-store sales growth

SSSG for self-owned stores : 18.2%

Received Strong Accreditation in the Region

Accredited as “Asia’s 200 Best Under a Billion” for the third consecutive year

Key Achievements – Expansion

New Store

Beijing Qianzi Store



New Store

Zhengzhou Store



New Store

Shenyang Jianqiao
Road Branch Store



District:

Shunyi District, Beijing

**Self-owned Store:
(Living Gallery)**

GFA: approx. 40,000 sq. m. with
300 car parking spaces
Commenced operation in Sept 2010



District:

Level 1- 4 on Shangchang Road
North and Zijingshan Road East ,
Zhengzhou, Hunan Province

**Self-owned Store:
(Living Gallery)**

GFA: approx. 35,500 sq.m.
Commenced operation in April 2011



District:

Level 1 – 7 on Jianqiao Road South,
Dadong District, Shenyang, Liaoning
Province

**Self-owned Store:
(Living Gallery)**

GFA: approx. 34,000 sq.m.
Commenced operation in May 2011

In FY11, 3 self-owned stores commenced operation in Beijing, Zhengzhou and Shenyang.



新世界百貨中國有限公司
New World Department Store China Limited

Key Achievements - Property Acquisition

Acquisition

Property in Shenyang Nanjing South Road



Property Acquisition Consideration:
Approx. RMB 456,534,000

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

GFA: approx. 25,400 sq.m.

© The acquisition of the building ownership right and land use right allows more flexibility for Shenyang Nanjing Street Branch Store's future expansion and development.

Key Achievements – Operating Right Acquisition

Acquisition

Beijing Store



Operating Right Consideration:
RMB150,000,000 less the outstanding registered capital

Location:
Chongwen District, Beijing

Self-owned Store:
GFA: approx. 93,000 sq. m.

Completed in Aug 2010

生活館



Acquisition

Chengdu Store



Operating Right Consideration:
Approx. RMB2,000,000

Location:
Shun Cheng Avenue, Jinjiang District, Chengdu, Hubai Province

Self-owned Store:
GFA: approx. 29,500 sq. m.

Completed in Oct 2010

時尚館



In FY11, we have acquired the operating rights of 5 managed stores.

Key Achievements – Operating Right Acquisition

Acquisition

Changsha Trendy Plaza



Operating Right

Consideration:

Approx. RMB 10,000,000

Location:

153 Wuyi Xi Road, Changsha,
Hunan, Province

Self-owned Store:

GFA: approx. 35,000 sq. m.

Completed in Dec 2010

Acquisition

Beijing Trendy Store



Operating Right Consideration:

Approx. RMB5,000,000

Location:

Chaoyang District, Beijing

Self-owned Store:

GFA: approx. 31,200 sq. m.

Completed in March 2011

Acquisition

Chongqing Store



Operating Right Consideration:

Approx. RMB5,000,000

Location:

Guan Yin Qiao, Jiang Bei District,
Chongqing, Hubei Province

Self-owned Store:

GFA: approx. 42,000 sq. m.

Completed in Apr 2011

◎ The operating right acquisition of these 5 stores further consolidate our development in Central Western and Northern China Regions.

Store Portfolio

Gross Floor Area (GFA) of Store Portfolio

| As of 30 June | | | | | |
|-------------------|------------------------|------------------------|--------------------------|--------------------------|--------------------------|
| (approx. sqm) | 2007 | 2008 | 2009 | 2010 | 2011 |
| Self-owned stores | 395,170 (16 stores) | 506,270 (19 stores) | 601,370 (22 stores) | 756,930 (25 stores) | 1,088,420 (32 stores) |
| Managed stores | 422,300 (12 stores) | 456,300 (13 stores) | 462,100 (11 stores) | 417,600 (10 stores) | 186,900 (5 stores) |
| Total | 817,470 (28 stores) | 962,570 (32 stores) | 1,063,470 (33 stores) | 1,174,530 (35 stores) | 1,275,320 (37 stores) |

Both KM and NB Trendy Store were disposed from self-owned to managed since Jan 2007

Wuhan Store became self-owned store since Feb 2008

Hong Kong Store ceased to be a managed store since July 2008

Kunming & Ningbo Trendy stores became self-owned store since Mar and Apr 2009 respectively

Xiamen Store ceased to be a self-owned store since June 2009

Shenyang Taiyuan Street Branch Store ceased to be a self-owned store since Apr 2010

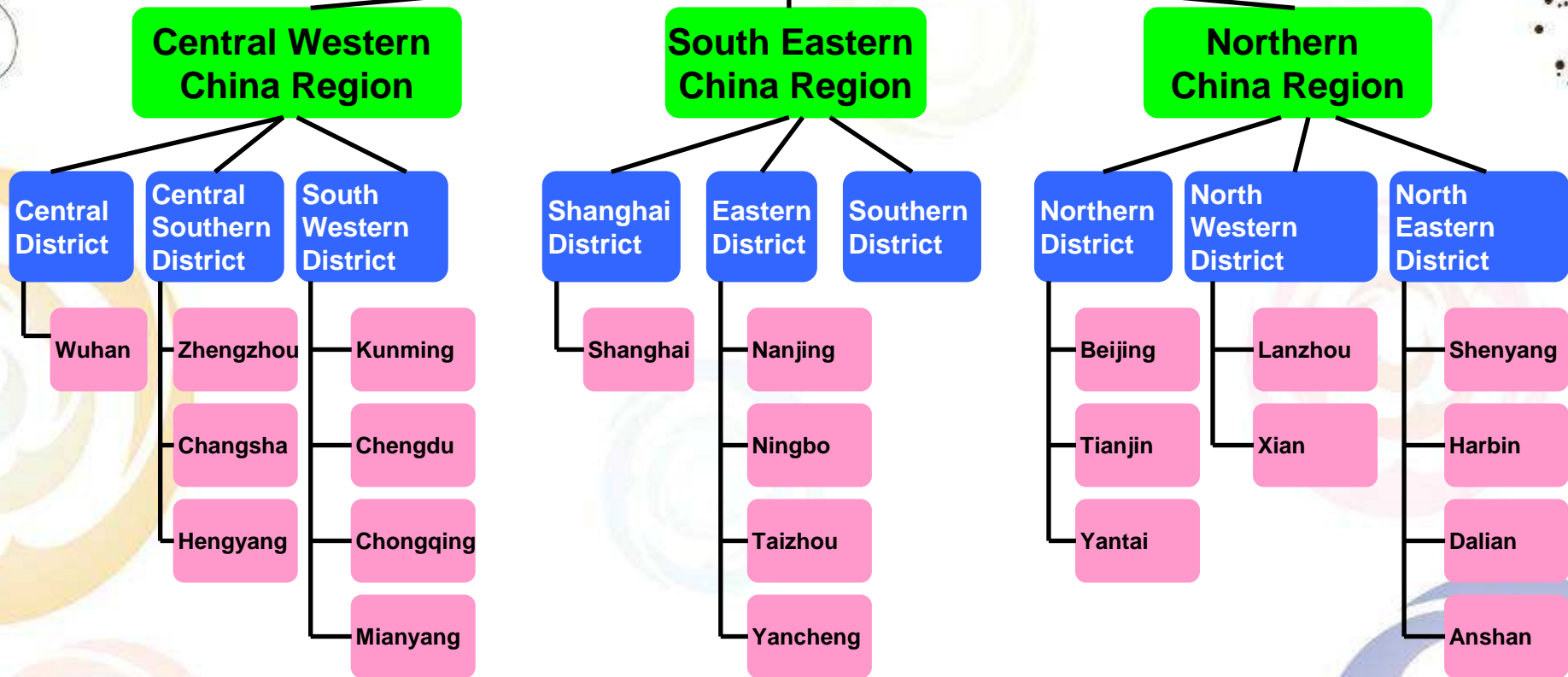
Beijing Store and Chengdu Store became self-owned store since Aug and Oct 2010 respectively

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

Latest Update

New Structure of Operational Region



© Tying in with our development strategy to further spread through China, we have optimized the structure of our operational region into 3 regions and 9 districts

Store Pipelines



Property and Operating Right Acquisition in FY12

Acquisition

Channel One



Location:

155 Changshou Road, Putuo District, Shanghai

Aggregate Gross Consideration:

RMB1,460,000,000

(which is subject to the deductions and adjustments based on the terms and conditions of the agreement)

GFA: approx. 42,000 sq. m.

- Channel One form part of the composite development.

The composite development comprises two adjacent residential blocks, namely the North Block and the South Block, erected over Channel One.

Acquisition expected to complete in December 2011

◎ The acquisition of Channel One in Shanghai brings the Company to the promising Putuo district, further consolidating the Company's presence in Shanghai market.

New Stores and Expansion in FY12

New Store

Mianyang Project



Location:

Level 1-5, 72 Linyuan Road East Section, Mianyang, Sichuan Province

Self-owned Store:

GFA: approx. 35,000 sq. m.

Expected to commence operation in FY12

Expansion

Shenyang Jianqiao Road Branch Store



District:

7 Jianqiao Road, Dadong District, Shenyang, Liaoning Province

Self-owned Store:

GFA: approx. 34,000 sq.m.
After expansion, total GFA will increase to approx. 68,000 sq.m

Expanded area is expected to commence operation in FY12

New Store

Yancheng Project



Location:

Jianjun Middle Road, Yancheng, Jiangsu Province

Self-owned Store:

GFA: approx. 54,000 sq. m.

Expected to commence operation in FY12

2 new self-owned stores and one store expansion are expected to commence operation in FY12

New Store in FY13

Phase II of Shenyang Nanjing Street Store

Phase II of Shenyang Nanjing Street Store



Location:

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

Self-owned Store:

GFA: approx. 25,400 sq.m.

Expected to commence operation in FY13

时尚馆

New Store

Xian Project

生活馆



Location:

North Street West, Lianhu District, Xian, Shaanxi Province

Self-owned Store:

GFA: approx. 58,500 sq.m.

Expected to commence operation in FY13

- Phase II of Shenyang Nanjing Street Store will enhance the Company's competitive edge in Taiyuan Street commercial circle
- The opening of store in Xian will bring our foothold into Northwestern region

New Stores in FY14

New Store

Hengyang Project



Location:

Jiefang West Road, Hengyang,
Hunan Province

Self-owned Store:

GFA: approx. 42,200 sq.m.

Expected to commence operation in FY14

生活馆



New Store

Yantai Project



Location:

Laishan District, Yantai, Shandong Province

Self-owned Store:

GFA: approx. 55,000 sq.m.

Managed Shopping Mall:

GFA: approx. 46,000 sq.m.

Expected to commence operation in FY14

生活馆



 **2 new self-owned stores and 1 managed shopping mall are targeted to commence operation in FY14.**

Stores in Pipeline

| | FY12 | FY13 | FY14 | Total |
|------------------------------|---|---|----------------------------|----------------------|
| Self-owned stores | Shanghai : 42,000 sq.m. | Phase II of Shenyang Nanjing Street Store: 25,400 sq.m. | Hengyang : 42,200 sq.m. | |
| | Mianyang : 35,000 sq.m. | Xian : 58,500 sq.m. | Yantai : 55,000 sq.m. | |
| | Shenyang Jianqiao Road Branch Store expansion: 34,000 sq.m. | | | |
| | Yancheng : 54,000 sq.m. | | | |
| Managed Shopping Mall | | | Yantai : 46,000 sq.m. | |
| Total | 165,000 sq.m. | 83,900 sq.m. | 143,200 sq.m. | 392,100 sq.m. |

Results Highlights

Financial Highlights

| <i>For the year ended 30 June (HK\$'000)</i> | FY2011 | FY2010 | Change |
|--|------------------------|------------------------|----------|
| Revenue | 2,749,485 | 1,872,905 | 46.8% |
| Other income | 195,661 | 81,954 | 138.7% |
| Operating profit | 1,113,215 | 811,507 | 37.2% |
| Operating profit margin | 40.5 % | 43.3 % | -2.8 pts |
| Profit before income tax | 1,113,215 | 811,304 | 37.2% |
| Net profit ⁽¹⁾ | 855,588 | 577,607 | 48.1% |
| Net profit ⁽¹⁾ if excluding changes in fair value of investment properties and its related income tax expense and /or other gains ⁽²⁾⁽³⁾ | 509,109 ⁽²⁾ | 479,246 ⁽³⁾ | 6.2% |
| Net profit margin | 31.1% | 30.8% | 0.3 pts |
| Cash on hand | 4,153,037 | 3,596,699 | 15.5% |
| Earnings per share (HK\$ per share) | 0.51 | 0.34 | 50% |

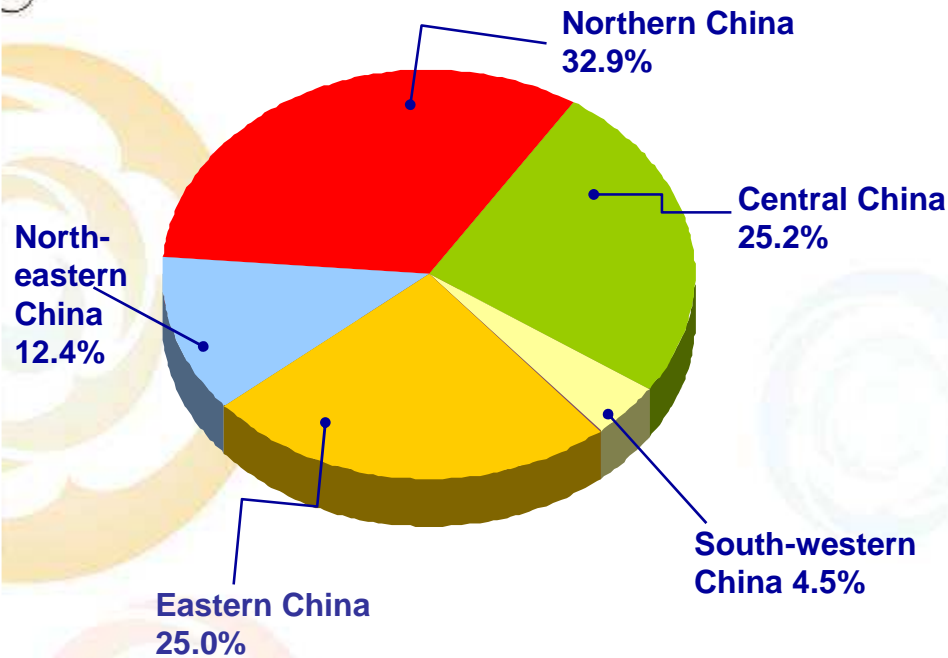
(1) Net profit refers to profit attributable to equity holders

(2) Net profit excluding changes in fair value of investment properties and its related income tax expense, gain on disposal of available-for-sale financial assets, net post-tax disposal gain on a certain portion of property and land use right of Wuxi Store

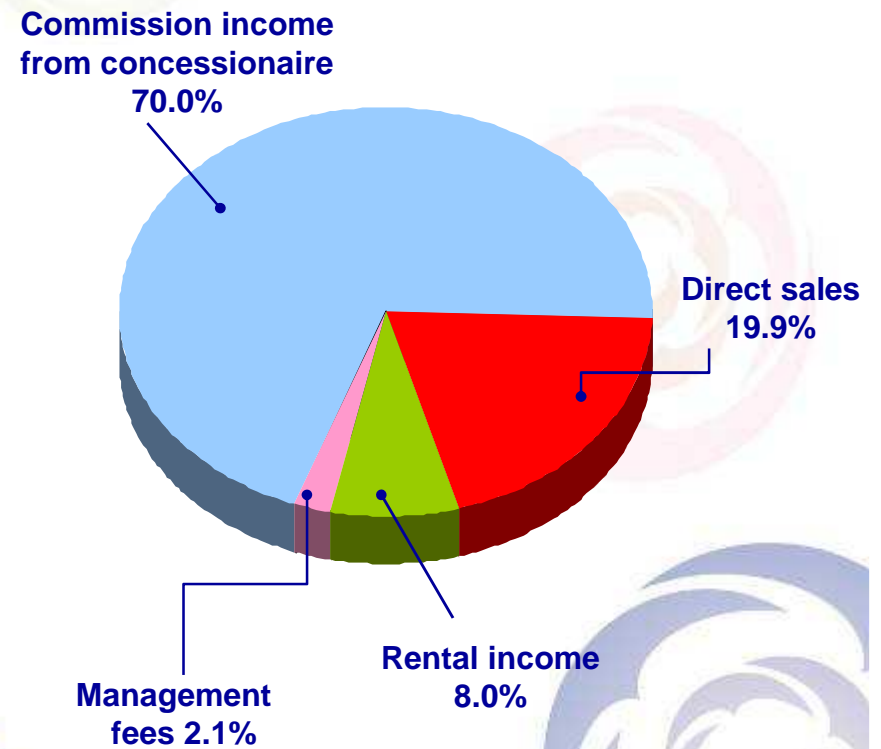
(3) Net profit excluding a post-tax gain on disposal of a property and land use right of Shenyang Taiyuen Street Branch Store

Revenue Analysis

Revenue contribution by region in FY2011



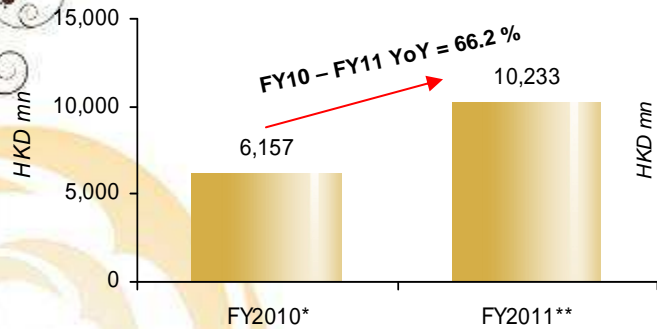
Revenue contribution by segment in FY2011



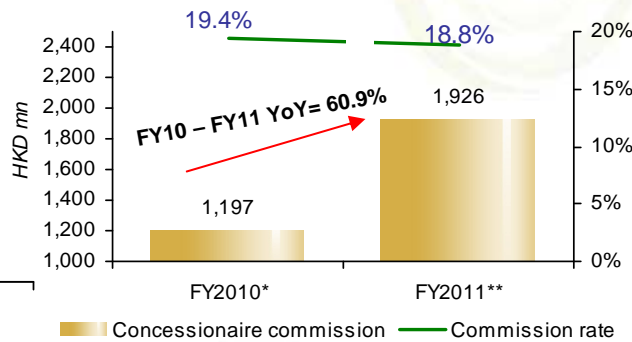
** For the year ended 30 June 2011.

Revenue Analysis (cont'd)

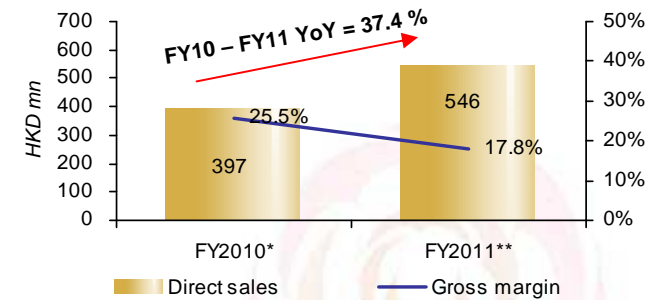
Concessionaire gross sales revenues



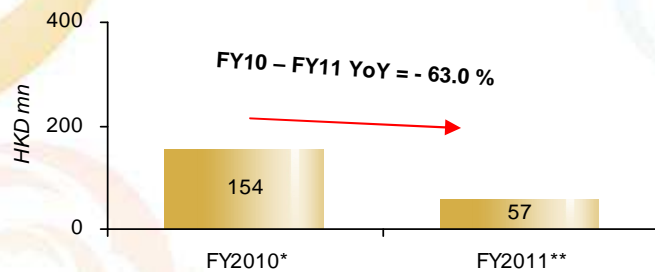
Concessionaire commission



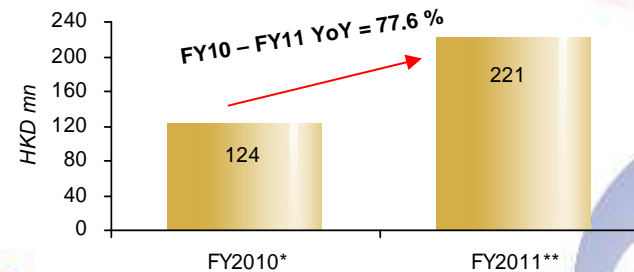
Direct sales and its gross margin



Management fees

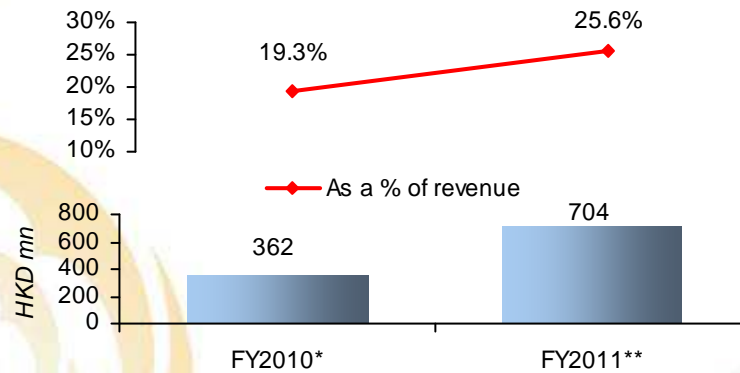


Rental Income

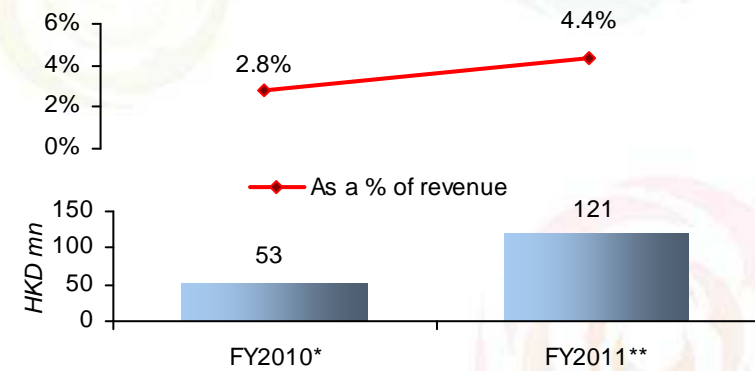


Expense Ratios

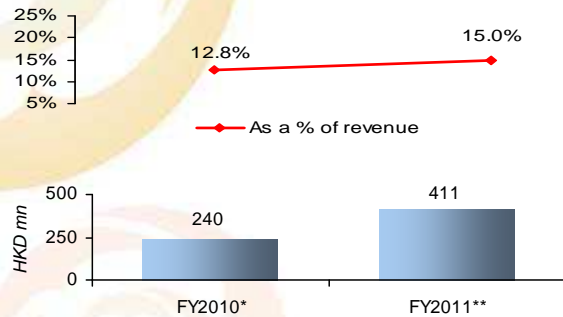
Rental expense



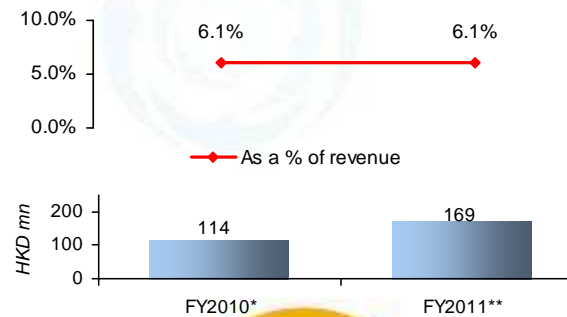
Selling expense



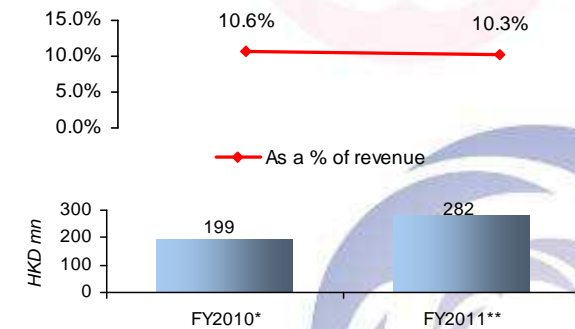
Staff expense



Water and electricity expense

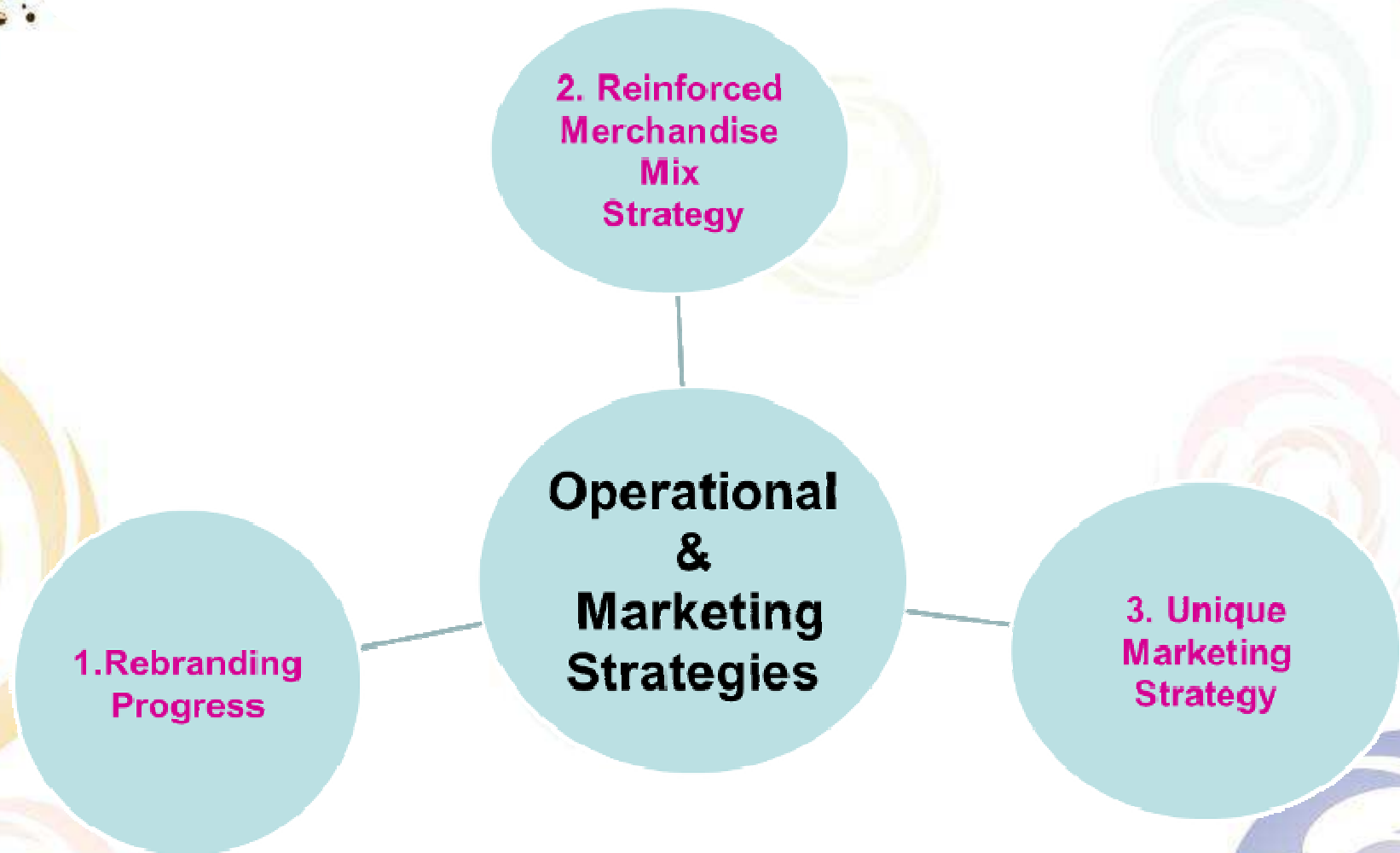


Depreciation and amortisation expense



Operational Review & Marketing Strategies

Operational Review & Marketing Strategies



1. Rebranding & Renovation Progress

| Cities | Status |
|-------------------------------|--|
| Shenyang | Completed |
| Harbin | Completed |
| Tianjin | Completed |
| Beijing* | Completed |
| Anshan and Dalian | In progress, expected to finish in 2012 |
| Shanghai | 2 stores Completed, other 5 stores expected to finish at the end of 2011 |
| Ningbo**, Nanjing and Taizhou | In progress, expected to finish in 2012 |
| Lanzhou | In progress, expected to finish in 2012 |
| Wuhan | 1 store Completed, other 5 stores expected to finish in 2012 |
| Changsha | In progress, expected to finish in 2012 |
| Chongqing | In progress, expected to finish in 2012 |
| Chengdu | In progress, expected to finish in 2012 |
| Kunming | In progress, expected to finish in 2012 |

Note: The above schedule may subject to change.

**Until the end of 2014 (estimated), roads surrounding Ningbo Trendy Store are blocked due to the construction of underground station.

*Beijing Trendy Store was finished on Aug 2011

2. Reinforced Merchandise Mix Strategy

- ③ Strengthen international and well-known brands
 - ③ Introduce more N-only exclusive merchandise for differentiation
 - ③ Render tailored brand services
- ③ Expand leasing area to provide complementary services such as food & beverage, entertainment, etc.
 - ③ Increase the portion of female-related services, e.g. beauty centre, spa, etc., to extend customers' hour of stay in-store
- ③ Adjust merchandise focus
 - ③ More consumption-oriented
- ③ Concessionaires
 - ③ Increase the no. of flagship stores



3. Unique Marketing Strategy

- Utilizing “four in one marketing strategy”, i.e. combining sales promotion, public relation, marketing and club activities to create thematic campaigns

- Aim : to uplift corporate image, boost sales and traffic flow, enhance VIP contribution and loyalty

- Extensive Promotion Strategy

- Strengthen the cooperative opportunities with New World Group and Chow Tai Fook (e.g. co-branded card/coupon with Chow Tai Fook)

- Collaboration with Banks (e.g. new cooperative opportunities with ICBC and Ping An Bank)

- Internet Promotion Platform

- Launch the NWDS Blog and Mini-blog in Nov 2010 with over 94,000 fans



International Exhibition:
Super Stars' Memorable
Collections Exhibition



CSR: New World
Department Store Green
Casual Day



3. Unique Marketing Strategy (cont'd)

Corporate Image:

Positive Media coverage: increased by 40.5% in FY11

Traffic Flow (with diversified themed activities held):

TTL increased 15%; same-store increased 8%

VIP Contribution:

- Over 2.16 million VIP members as at 30 Jun 2011
- VIP contributed approx. 46% to the total sales turnover in FY11
- VIP sales increased approx. 25% year-on-year
- Exclusive activities for Smart Lady Club, Perfect House Wife Club and Platinum Style Club
- Over 840,000 VIP Club members as at 30 Jun 2011
- About 500,000 holders of co-branded credit card with Bank of Communications as at 30 Jun 2011

Expansion Strategies

Consistent Expansion Strategies

Open new stores

- Target to add 25 self-owned stores in next 5 years, i.e. to increase 10%-20% GFA each year
- Establish our footholds from first and second tier cities to second and third tier cities
- To enter new markets with radiation effect from cities where NWDS has a strong presence
- Multiple presences within a single city

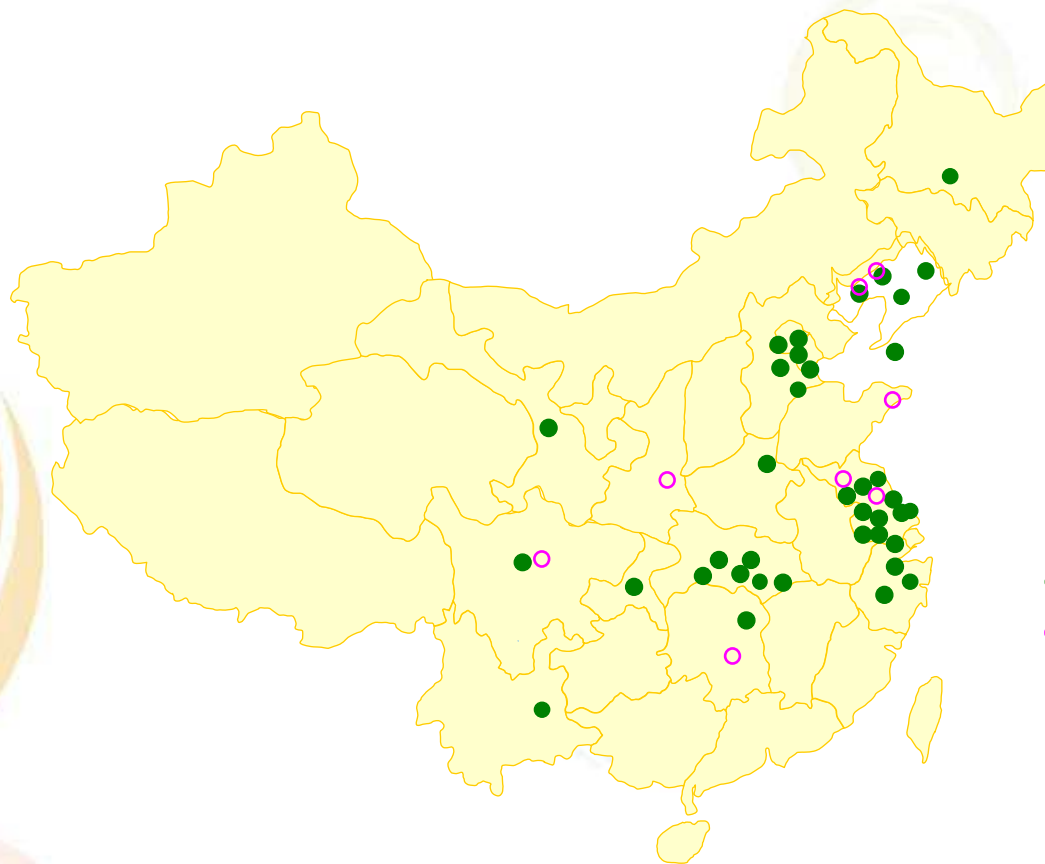
Acquisitions

- Increase the GFA of owned properties to around 20%-30% of total GFA
- Acquire existing managed stores
- Acquire potential stores in prime locations

Greenfield projects

- Looking for opportunities on greenfield projects

Continue to Grow Our Retail Network



- Existing self-owned and managed stores
- New stores/expansion in the pipeline

~ As of 27 Sept 2011 ~

Our Mission

***“Striving to lay a good foundation for a
New Brand Roadmap”***



Open Forum