



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

(incorporated in the Cayman Islands with limited liability)
 (Stock Code: 825)

時 新 尚 個 生 性 活
 Enriching Lives Enhancing Character

FY14 Annual Results Presentation (23 Sep 2014)



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

 Key Achievements for FY2014

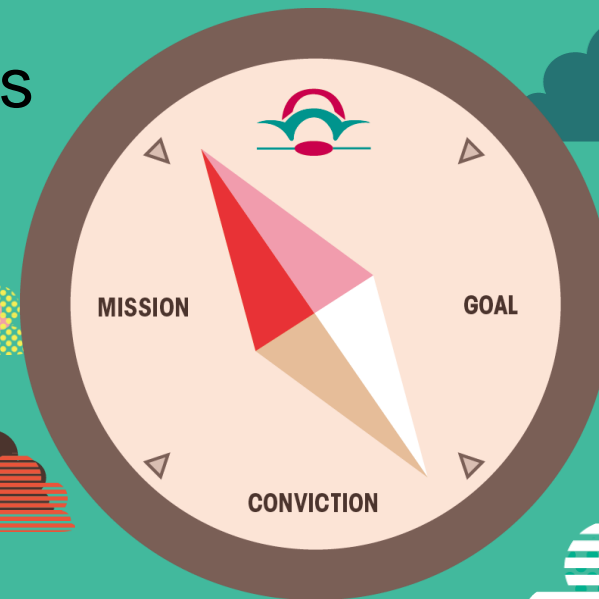
 Results Highlights

 Our Strategy

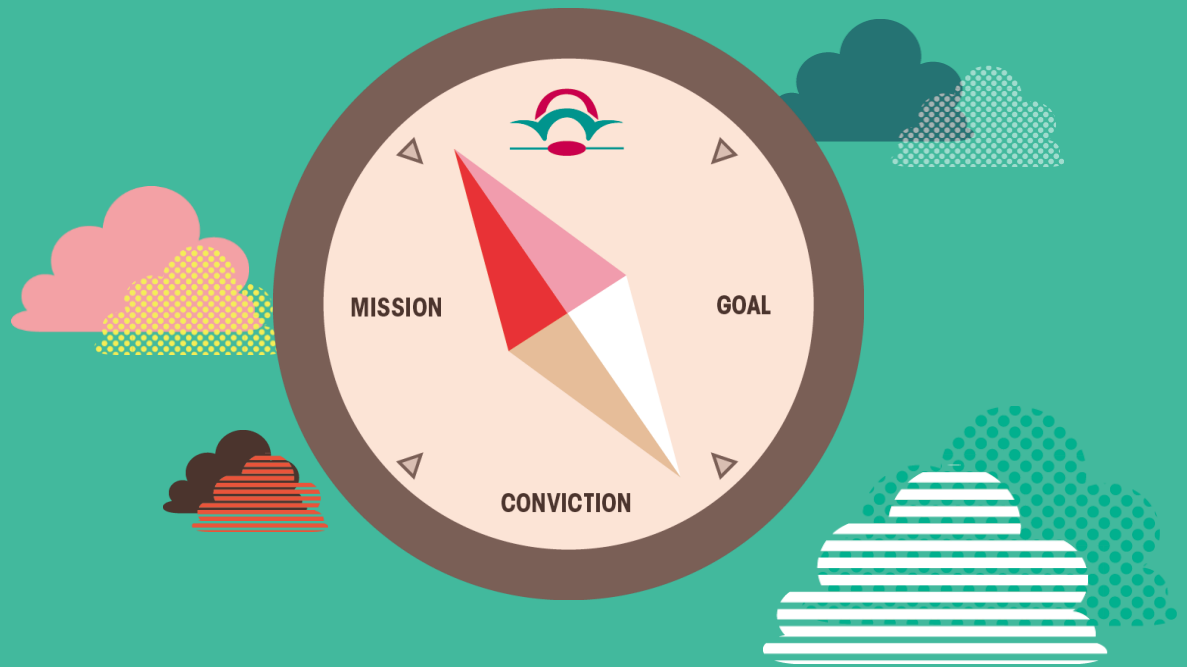
 Expansion Strategies

 Store Pipelines

 Open Forum



Key Achievements for FY2014



Key Achievements

Same-store-sales

SSS for self-owned stores declined : 4.3%

Steady Growth

Revenue grew 3.1% from HK\$4,011.5 million in FY13 to HK\$4,136.2 million in FY14

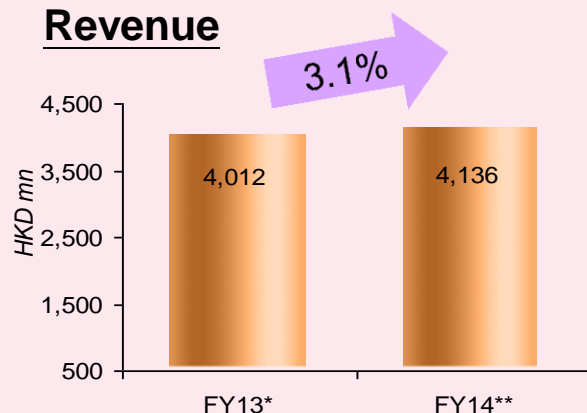
Profit for the Year

– Profit for the year was HK\$520.5 million

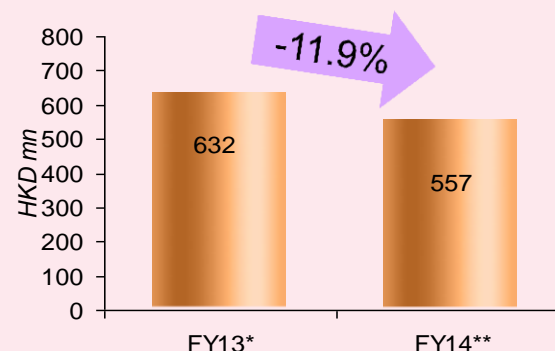
Core Net Profit

– Core net profit decreased to HK\$557.1 million in FY14 from HK\$632.4 million in FY13

Revenue



Core Net Profit



Core net profit excludes:

- Changes in fair value of investment properties and its related income tax expense
- One-off tax adjustment on disposal of properties situated in Wuxi
- Other loss and other non-core items

Key Achievements (cont'd)

Stable financial foundation

As of 30 June 2014, the Company was in a net cash position. Cash and deposits were HK\$1,527.1 million and borrowings were HK\$696.8 million

Extensive retail network

- No. of stores increased to 43 as of 30 June 2014, with a total GFA of 1,656,090 sq.m. covering 21 cities in the PRC
- Opened 1 store and acquired 2 stores during the Period
 - Self-owned stores: Yantai Store in December 2013
 - Property and Operating right acquisition: Shanghai Hongxin Trendy Plaza in July 2013
 - Operating Right Acquisition: Shanghai Wujiaochang Branch Store in November 2013

Strong customer base

- Well-established VIP membership program with over 3.85 million members
- VIP contribution
 - VIP contributed approx. 55% of the total sales turnover in FY14

Store Portfolio

Gross Floor Area (GFA) of Store Portfolio

As of 30 June					
(approx. sq.m.)	2010	2011	2012	2013	2014
Self-owned stores	756,930 (25 stores)	1,088,420 (32 stores)	1,279,970 (36 stores)	1,340,240 (36 stores)	1,518,890 (39 stores)
Managed stores	417,600 (10 stores)	186,900 (5 stores)	107,700 (3 stores)	173,700 (5 stores)	137,200 (4 stores)
Total	1,174,530 (35 stores)	1,257,320 (37 stores)	1,387,670 (39 stores)	1,513,940 (41 stores)	1,656,090 (43 stores)

Shanghai Pujian Branch Store became self-owned store since Jan 2010

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

Lanzhou Store became self-owned store since Nov 2011

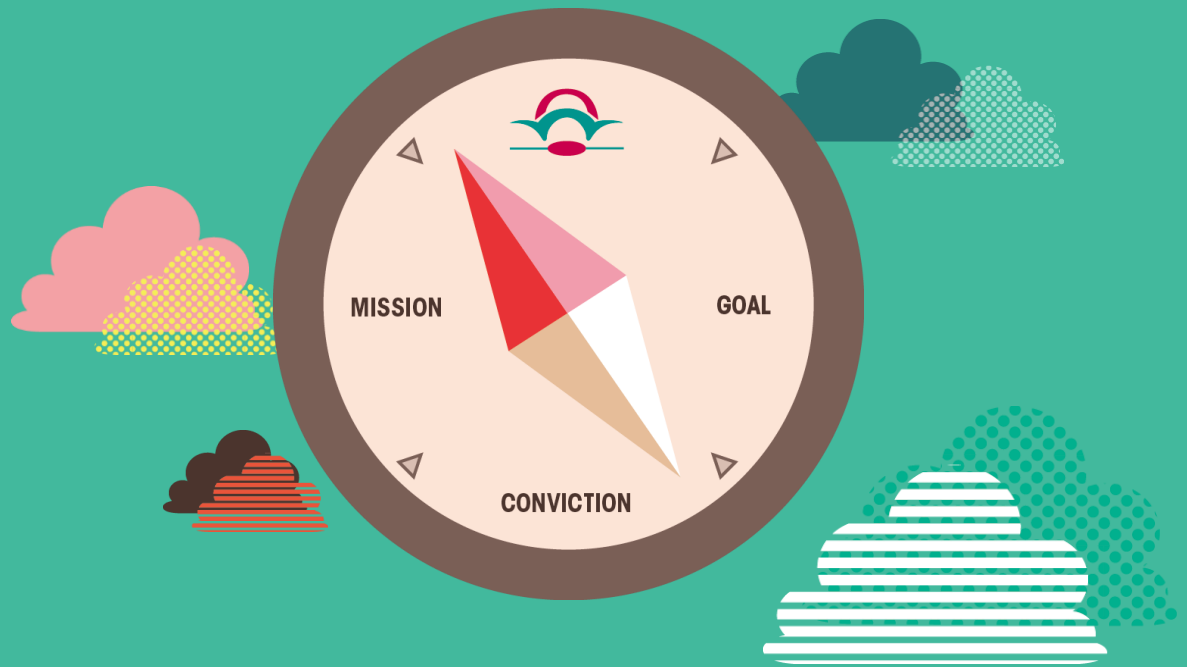
Beijing Liying Store became self-owned store since Jan 2012

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 FY17

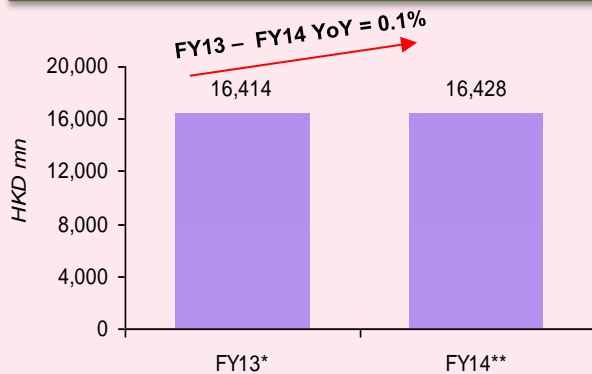
Shanghai Wujiaochang Branch Store became self-owned store in Nov 2013

Results Highlights

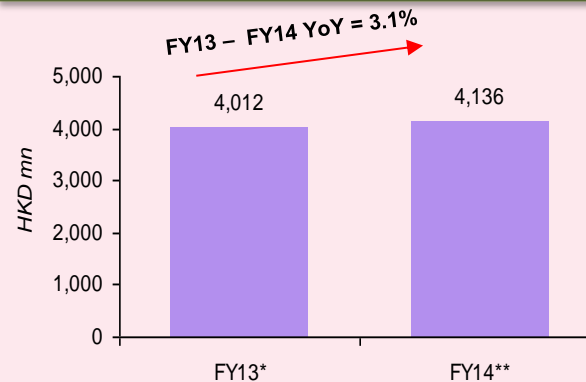


Financial Highlights

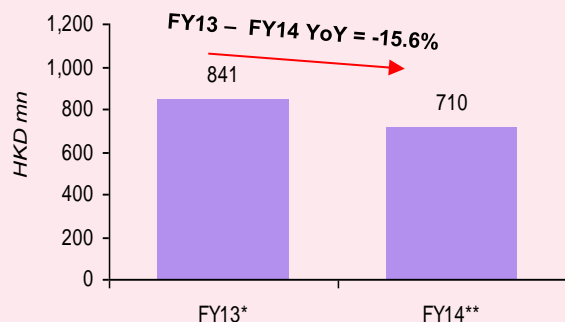
GSP



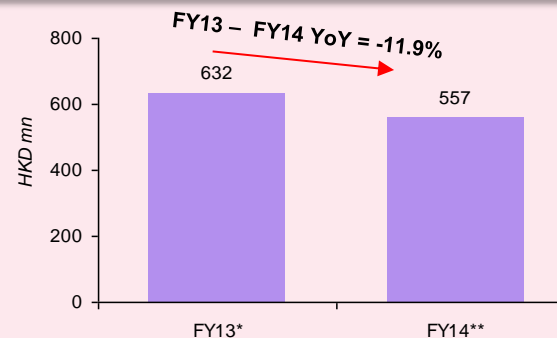
Revenue



EBIT (Core)



Net Profit (Core)



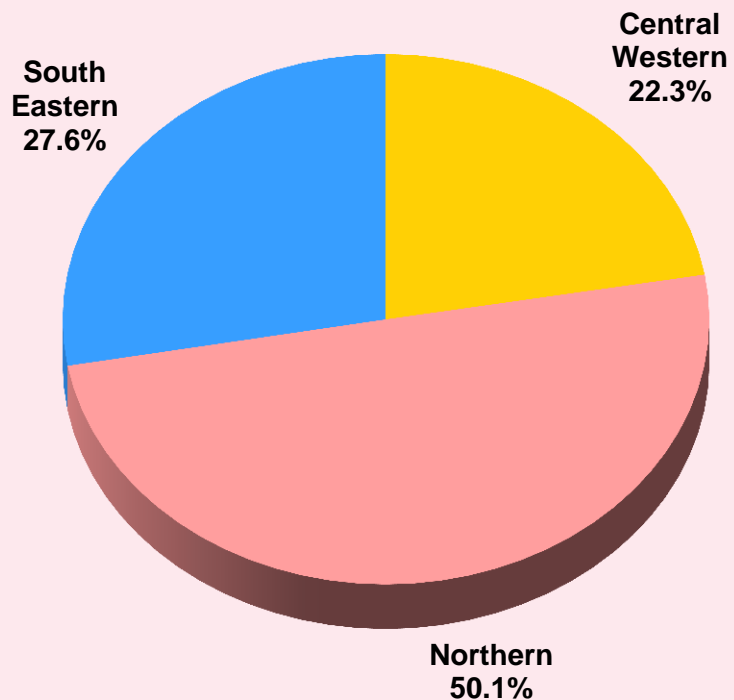
GSP includes concessionaire sales (net of VAT), direct sales (net of VAT), rental income, management and consultancy fee income and other income.

Core net profit excludes:

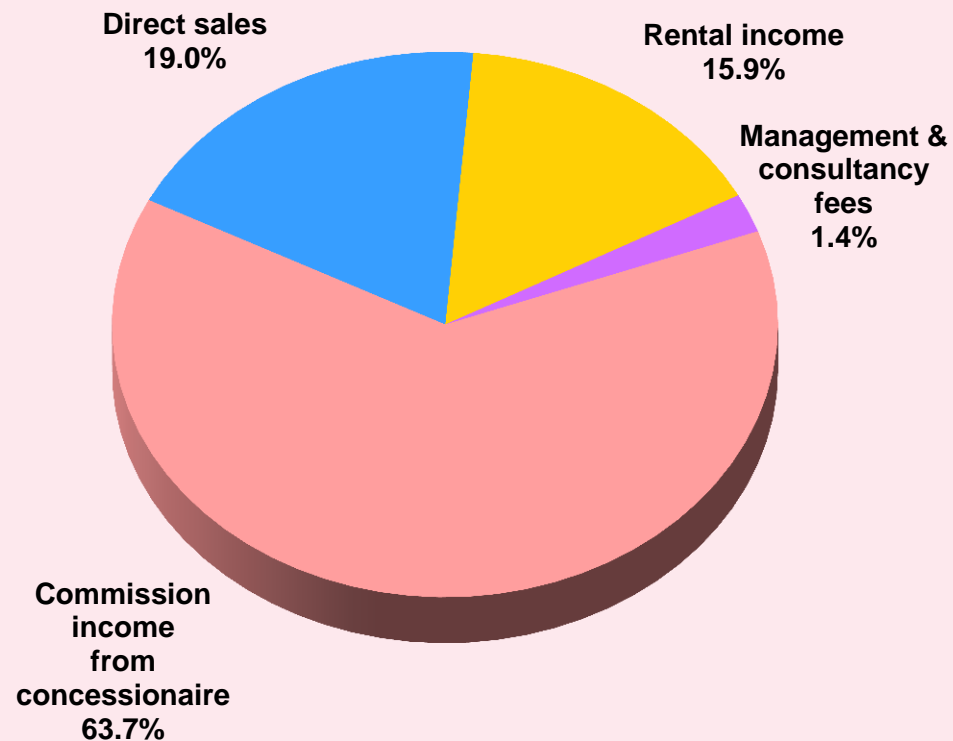
- Changes in fair value of investment properties and its related income tax expense
- One-off tax adjustment on disposal of properties situated in Wuxi
- Other loss and other non-core items

Revenue Analysis

Revenue contribution by region

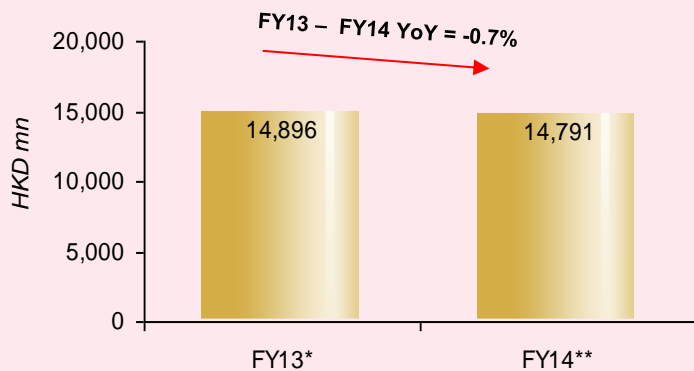


Revenue contribution by segment

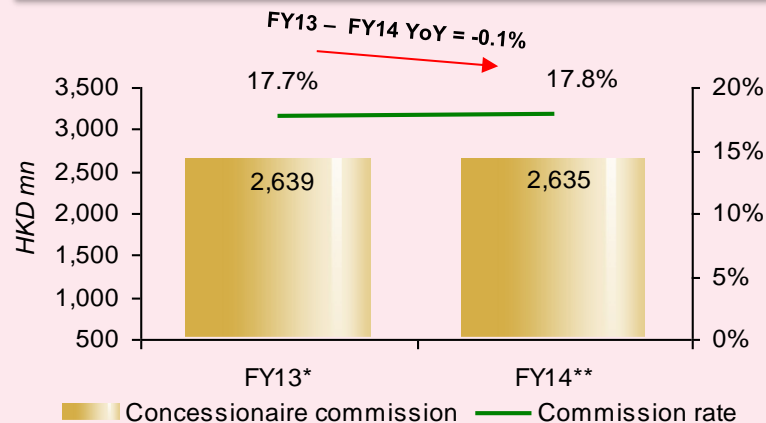


Revenue Analysis

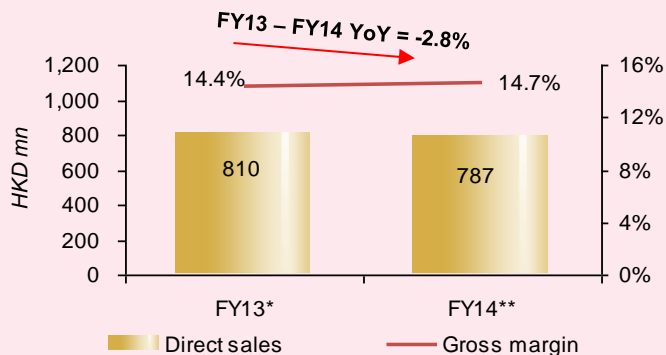
Concessionaire gross sales revenues



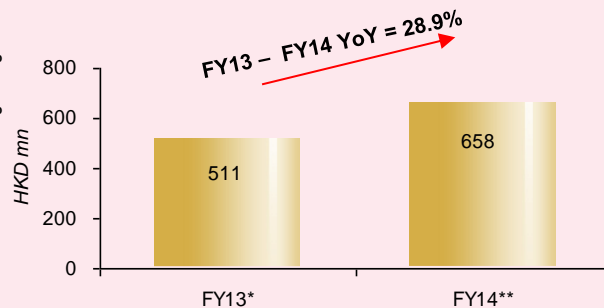
Concessionaire commission



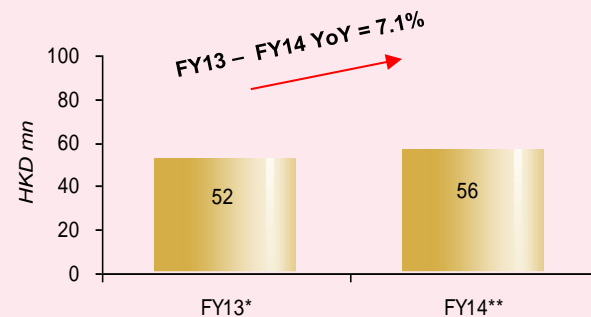
Direct sales and its gross margin



Rental income

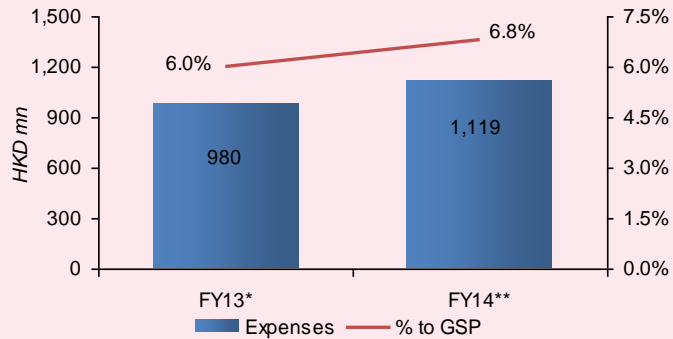


Management & consultancy fee income

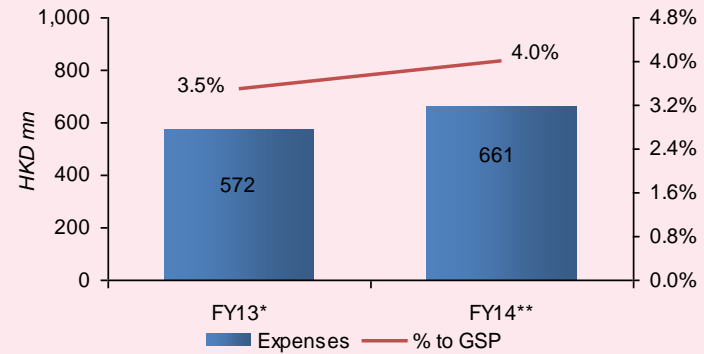


Expense Ratios

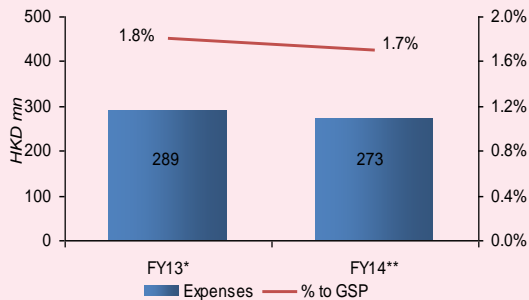
Rental expense



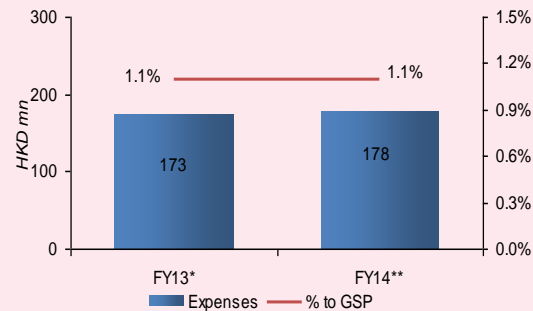
Staff expense



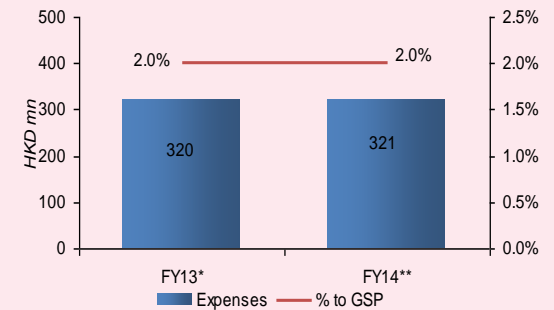
Promotion, advertising & related expense



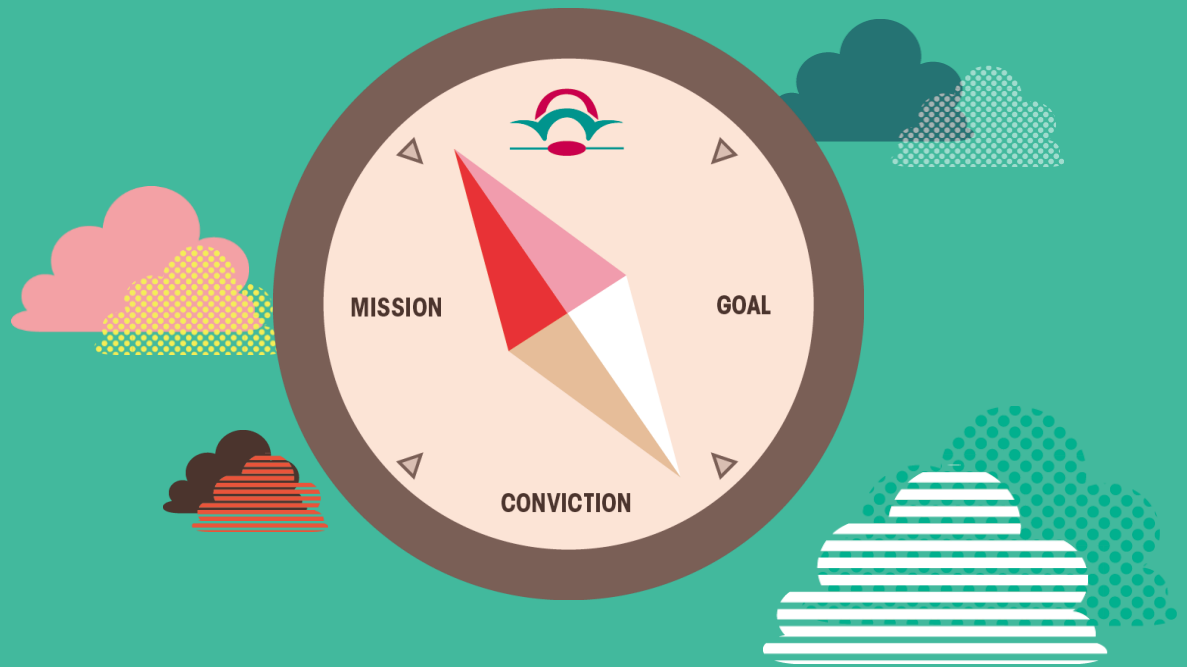
Water & electricity expense



Depreciation & amortisation expense



Our Strategy



1. Comprehensive Plan

2009-2014

First Five-year Rebranding Program

- Successfully adopted hybrid operating model
- Increased complementary facilities related rental projects to boost rental income
- Reignited engine in store management projects
- Launched private label LOL

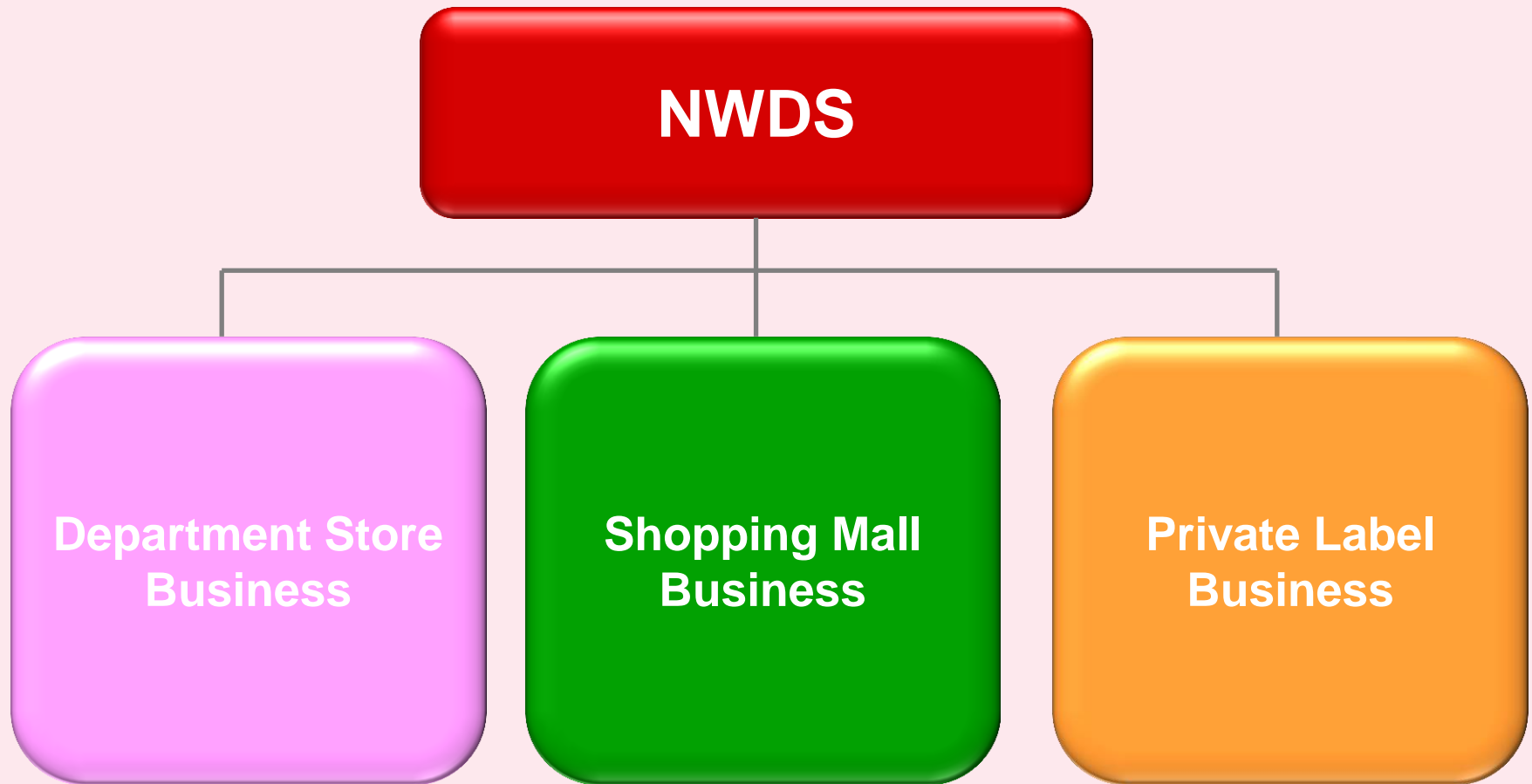


2014-2019

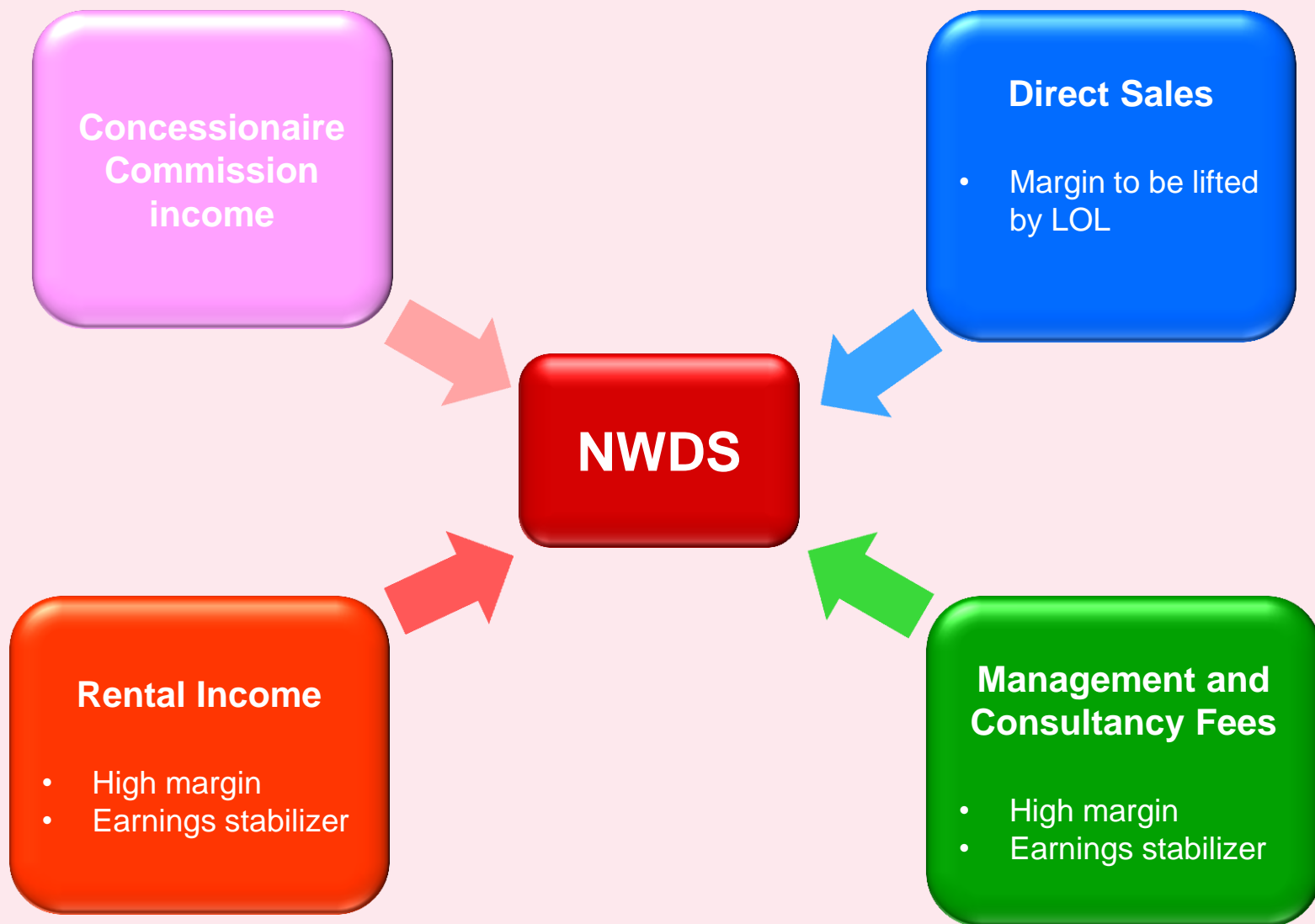
Optimized Five-year Plan

- Modify organizational structure and streamline business to adapt market changes
- Continue to develop private label
- Continue leasing strategy
- Extend store management service to consultancy services
- Develop diversified digital platform

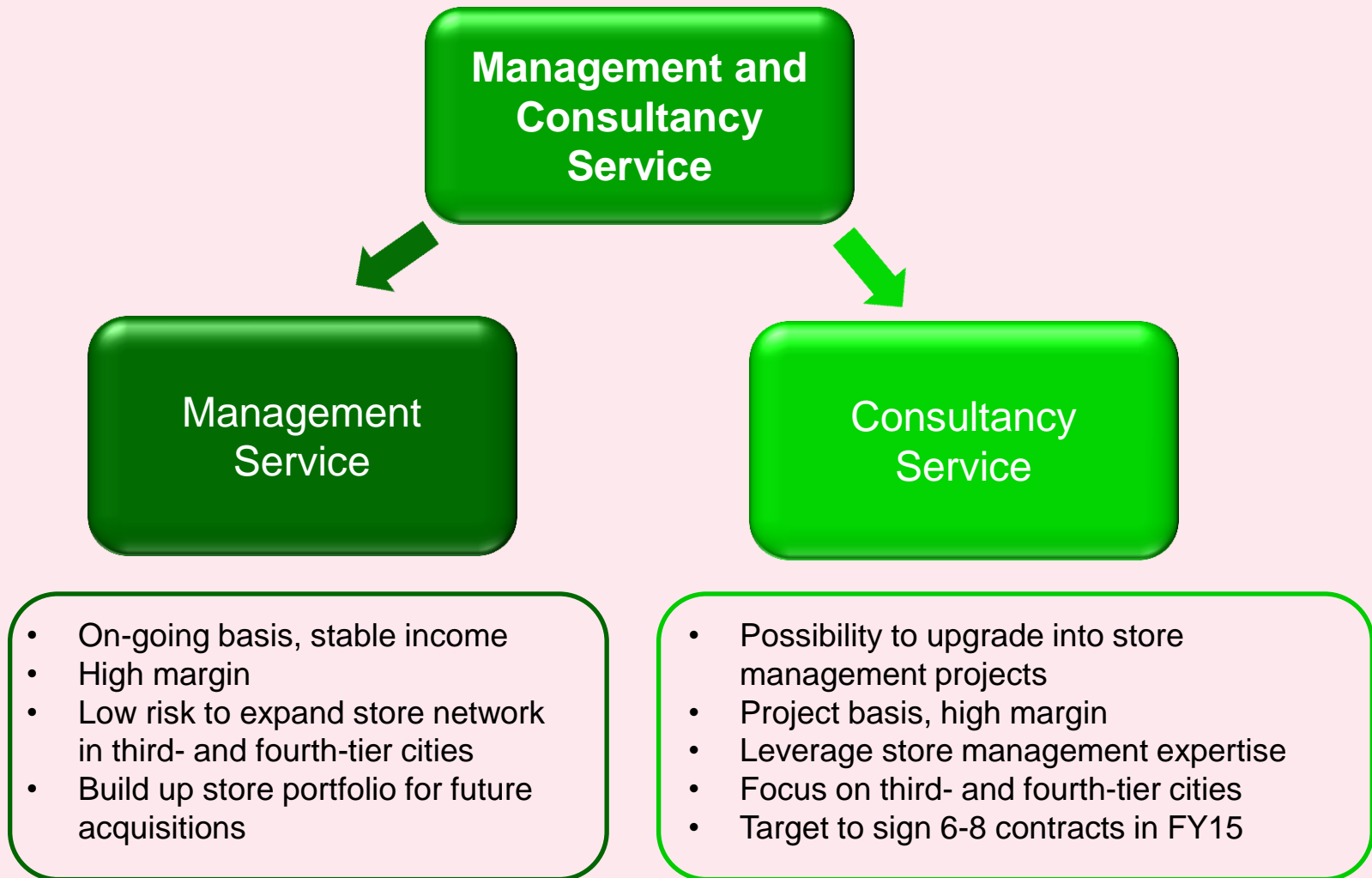
2. Strengthened Organizational Structure



3. Diversified Revenue Streams



4. Expertise in Store Management



5. All-round Marketing Strategy

“Happy New World”

- Introduced innovative “Happy New World” concept into our hybrid shopping mall/department stores
- Positioned as preferred place for shopping and entertainment for families
- Complemented by celebrities and promotional activities e.g. “Happy Ping-Pong” held in five cities in July 2014



Nationwide promotions

- Well-scheduled promotions
 - Themed promotional activities with Warner Brothers and Chow Tai Fook
 - “Blast of Joy - Celebrating the 21st Anniversary”
- Stronger bargaining power with suppliers

➔ **Preserve margin**



6. Reinforced Leasing Strategy

- Echoed “Happy New World” concept to enlarge leasing area of complementary children-oriented facilities (entertainment and education)
- In addition, raised leasing area of restaurants. Special cuisines introduced: Korean, Thai, Japanese, etc.
- Other facilities offered: entertainment (KTVs, cinemas), health and beauty salons, supermarkets
- Offers unrivalled shopping experience
 1. Competitive advantage over e-commerce operators
 2. Attract family customers
- Higher rental rate in mature stores as lease contracts expires
- Target to have 30% of total GFA leased out



7. Private Label: LOL

LOL (Love.Original.Life)

- Philosophy of brand: Original, Fashionable, Tasteful, Spreading Culture of Love
- Target customers: middle-class aged 25-45 who aspire for tasteful lifestyle
- Wide variety of products: skin care products, tableware, electronic accessories, decorations, music boxes, gadgets, etc.
- Low inventory risk: long product cycle
- Potential to be developed as standalone stores

LOL Shops (as of 30 June 2014)	Date of Opening
Shanghai Pujian Branch Store	Mar 2013
Shanghai K11	Sep 2013
Beijing Store	Oct 2013
Wuhan Store	Dec 2013
Shenyang Zhonghua Road Branch Store	
Chengdu Store	Apr 2014
Beijing Liying Store	
Wuhan Wuchang Branch Store	
Beijing Qianzi Store	
Xi'an Store	May 2014
Chongqing Store	
Harbin Store	Jun 2014

Operation metrics

Gross margin	~50%
Average monthly sales per sq.m.	~RMB2,000

Shop opening plan	FY14	FY15
Total no. of shops	12 (opened)	20 (estimated)



7. Private Label: LOL (cont'd)



8. A Diversified Digital Platform

Off-Store

LOL shop on Tmall

- Launched in Aug 2014
- Target to offer 150 SKUs



Partnership with E-commerce Operators

- O2O marketing with e-commerce operators e.g. Alibaba, Tencent
 - Membership recruitment
 - Online payment

→ Draw online users to physical stores



In-Store

Free Wi-Fi

- Sales coupon / redemption
- Advertising
- Online survey
- Customer information collection for CRM analysis
- Traffic monitoring
- VIP services
- In-store information

Digital Shopping Wall

- Product information
- Sales coupon
- Future: linked to mobile e-shopping platform



Advertising

- VIP website: VIP members: over 3.85M
- Weibo and WeChat: no. of members: ~7.2M



Big Data

- CRM program
- Targeted marketing

9. Refined VIP Membership

✓ Strategy

- Continue to raise the number of Platinum VIP members to 20% of total VIP membership based on 2:8 theory
- Upgraded existing VIP card to N-VIP card which is a 3-in-1 card incorporating prepaid, membership card, and bonus point earning functions.
- Introduced Diamond N-VIP card to supplement the existing membership categories
 - Further enrich benefits and privileges for high-spending customers
- Bonus point redemption system to be optimized
 - Customers can redeem bonus points on a computer-and-mobile-compatible portal
 - Gifts to be delivered to customers directly
 - VIP website to be linked with mobile e-shopping platform



✓ Target

- Enhance customer loyalty
- Boost customer spending
- Manage promotion expense on VIP more effectively

10. Huge Talent Pool

Training

- ✓ Training for senior management
 - Periodic training courses and overseas visits
 - Cooperate with Shanghai Jiao Tong University (上海交通大學) to organize “Certificate Program of Further Studies in Retail Operation and Management” (Advanced Level) (零售營運管理研修證書班) (高級班)
 - “Operational Management Training Camp for Store Managers” (分店主管經營管理能力提升訓練營) tailored for store managers
- ✓ Training for middle management
 - “Elite Talents Nurturing Plan” (菁英人才培育計劃)
- ✓ Management intern program
 - “Project Xinpeng – NWDS Management Intern Cultivation” to nurture young management (新鵬計劃 – 新百見習管理生培育計劃)
- ✓ Targeted training program
 - “All-rounded Management” (全方位管理者) for junior management
 - “Positioning and Planning for Department Store and Shopping Mall” (百貨及購物中心商場定位及規劃) for managers in commercial department

Awards

- ✓ By Shanghai Jiao Tong University in 2013
 - NWDS Management Academy was
 - Accredited as “China’s Best Corporate University”
 - Garnered “The Award for Social Responsibility of China Corporate University”
 - “Project Feipeng - Core Talents Nurturing Plan” won the honor of “Top 20 China Corporate Training Program”
- ✓ By the HR Excellence Centre in 2014
 - “Core Talents Nurturing Plan” won the “Valuable Case Award” and the “Best Practice Award” from over 100 entries in the “China Learning & Development Value Awards 2014”



11. NWDS Sustainability Achievements

Community Services

- Has launched “@Dream Sustainable Development Program”, organizing over 8 activities to help over 6,000 under-resourced children in China including Hong Kong
- Title-sponsor **NWDS Sowers Action Challenging 12 Hours Charity Marathon 2014**
- Organized about **300 charitable activities** to give back to society
- **About 4.6 million of donation** from NWDS & staff to NGOs



Environmental Protection

- Launched three nationwide green campaigns, including “**Go Green with NWDS**”, “**Mooncake Boxes Recycling Campaign**” to incorporate green elements into our in-store promotions
- Organized about **100 green activities** to promote green living, resource recycling, waste reduction



Staff Benefits & Development

- Organized **over 200 staff caring activities**, including the year-long “**Caring Our Staff**” program and “**Staff Privilege Day**” to create a harmonious working environment
- Around **125 training programs** were held to elevate staff’s professional level



12. Engage Staff & Community in Sustainability

Staff Engagement

- NWDS Volunteer Team established in April 2013
- Inaugurated **“Volunteer Month”** in June 2014
- Over **2,300 registered volunteers**
- About **250 volunteer activities**
- Completed about **8,000 service hours**

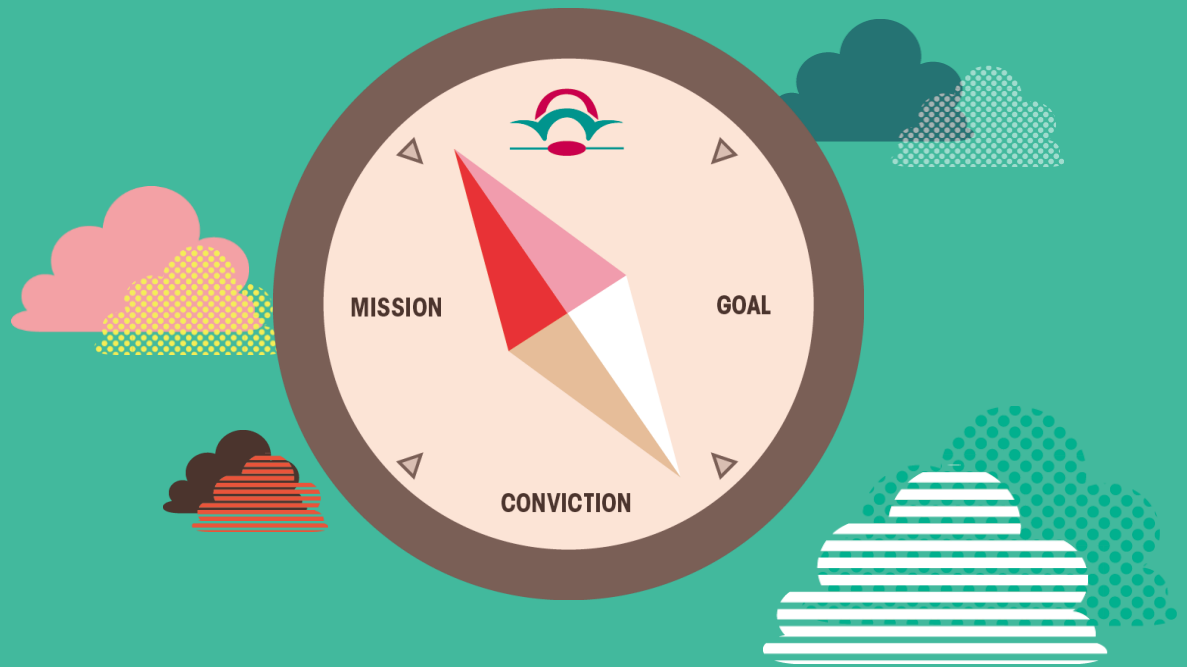


Community Engagement

- Over **400,000 NWDS CSR Weibo fans**
- **Community programs:**
 - Continued the **“@Dream Sustainable Development Program”**
 - Launched **“@Sports – Tennis Academy”** to **50 under-resourced children** in Shanghai
- **Customer-engaging resource recruitment activities:**
 - Collected and donated around **200 spare toys** to sick children in the **“@Soul – Wish upon a Star” Campaign**
 - Collected about **400 mobile phones** in the **“@Soul-Distant Calls” charitable campaign** to benefit **4,000 Qinghai left-behind children**



Expansion Strategies



Consistent Expansion Strategies

“Radiation City”

**“Multiple Presences
Within A Single City”**

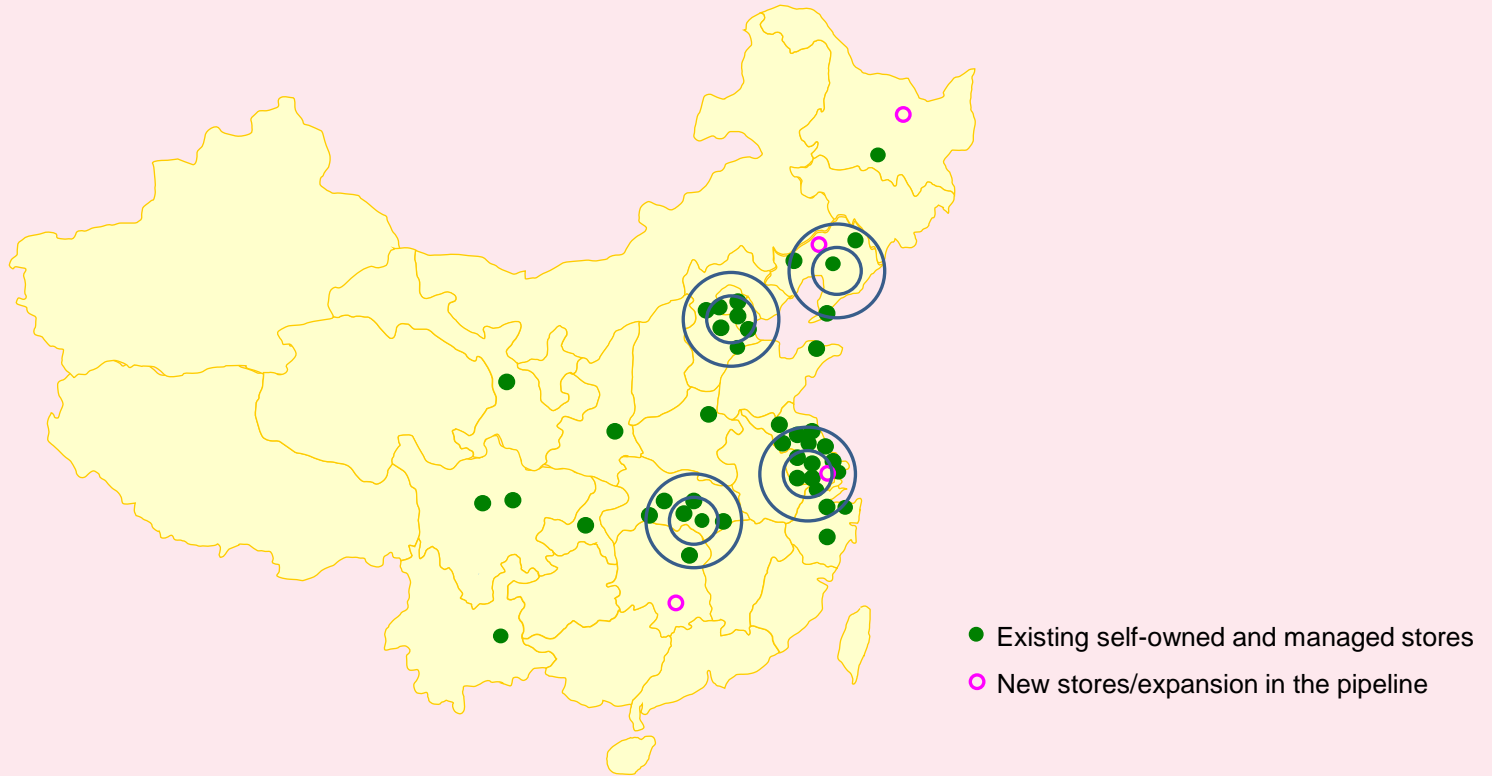
Self-owned Stores

- Increase the GFA of self-owned properties to around 20%
- Mainly focus on “radiation city” strategy, then “multiple presences within a single city” strategy
- Focus on second- and third-tier cities especially on third-tier cities in the Central Western China Region
- Expansion by renting and acquisitions

Managed Stores

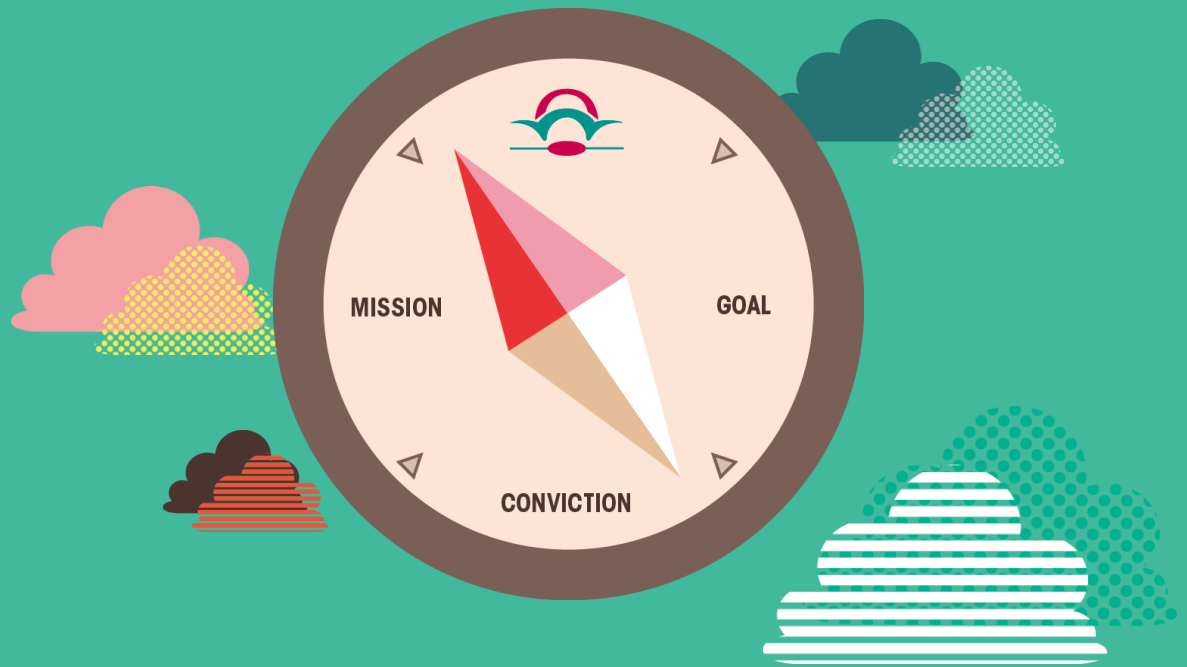
- Mainly focus on “radiation city” strategy
- Focus on third- and fourth-tier cities

Continue to Grow Our Retail Network



As of 23 Sep 2014

Store Pipelines



Stores in the Pipeline

	FY12	FY13	FY14	FY15	FY16	FY17	Total
Self-owned stores	Mianyang Store: 35,000 sq.m. (Opened)	Yancheng Store: 45,910 sq.m. (Opened)	Yantai Store: 55,000 sq.m. (Opened)	Shanghai 118 Project: 62,600 sq.m.	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)		Hengyang Project: 42,200 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.	104,410 sq.m.	142,000 sq.m.	62,600 sq.m.	67,600 sq.m.	26,300 sq.m.	593,110 sq.m.
Managed Store		Ningbo Store: 41,500 sq.m. (Opened)			Jiamusi Project: 40,000 sq.m.		
		Yanjiao Store: 32,000 sq.m (Opened)					
Total	190,200 sq.m.	177,910 sq.m.	142,000 sq.m.	62,600 sq.m.	107,600 sq.m.	26,300 sq.m.	706,610 sq.m.

New Store in FY15

New
Self-owned
Store

Shanghai 118 Project

生活馆



Location:

118 Plaza, 1685 Jinshajiang Road, Putuo District, Shanghai, China

Self-owned Store:

Consists of shopping mall and department store
Total GFA: approx. 62,600 sq. m.

Expected to commence operation in FY15

- ① The new self-owned store in Shanghai Putuo District further enhances our “multiple presences within a single city” strategy
- ② A new department store plus shopping mall mixed model

New Stores in FY16

Redevelopment and Expansion

Phase I and Phase II of Shenyang Nanjing Street Store Project

时尚馆



New Self-owned Store

Hengyang Project

生活馆



Location:

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

Self-owned Store:

- Phase II expand GFA: approx. 25,400 sq.m. Expected to commence operation in FY16
- Phase I Redevelopment: GFA approx. 26,300 sq.m. Expected to be completed in FY17



Location:

Hengyang Commercial Pedestrian Zone, Zhengxiang District, Hengyang, Hunan Province, China

Self-owned Store:

GFA: approx. 42,200 sq.m.

Expected to commence operation in FY16



Phase I Redevelopment and Phase II of Shenyang Nanjing Street Store Project enhance the Company's competitive edge in Taiyuan Street commercial circle



To enter the Hengyang market in FY16, further expands our foothold in Central Region

New Store in FY16

New
Managed
Store

Jiamusi Project

生活馆



Location:

Dexiang Street, Jiamusi, Heilongjiang Province

Managed Store:

GFA: approx. 40,000 sq.m.

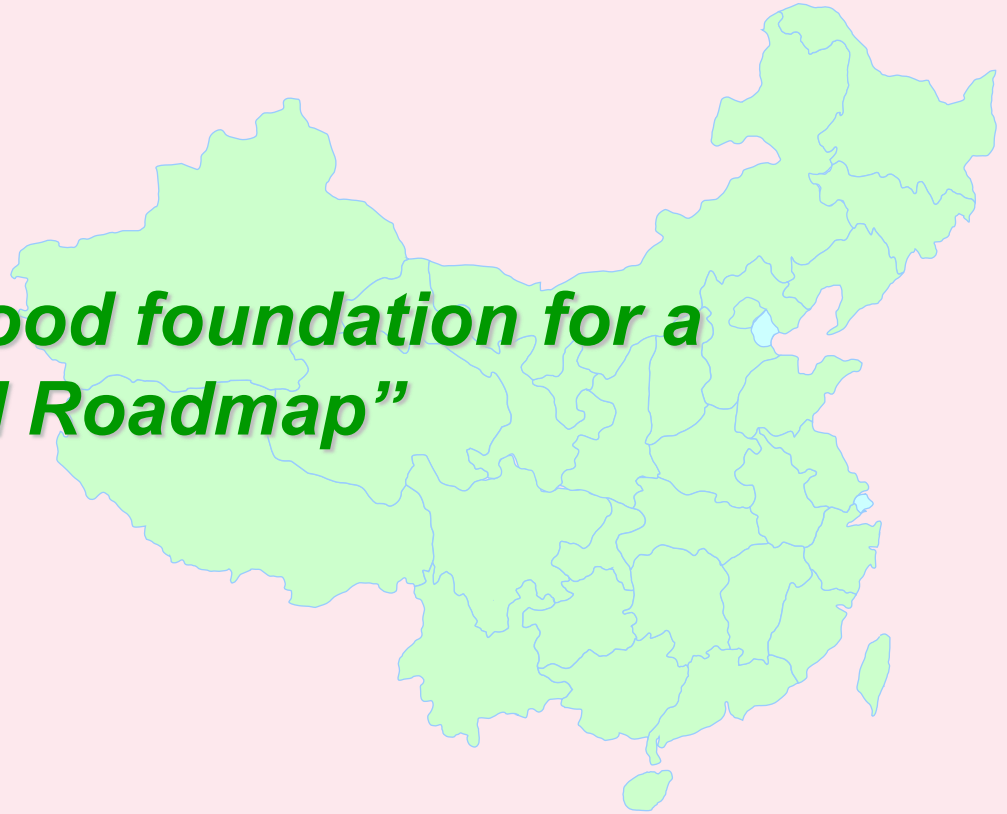
Expected to commence operation in FY16



The new managed store in Jiamusi further reinforces our “radiation city” strategy for managed stores

Our Mission

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



Open Forum

