



# 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 1HFY2015

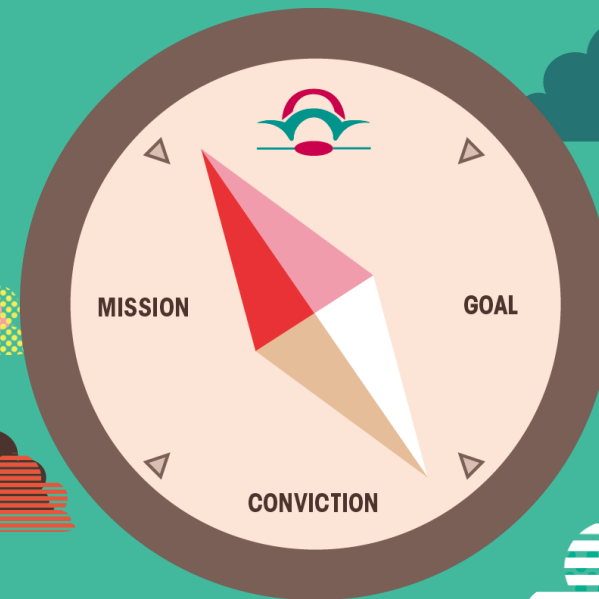
 Results Highlights

 Our Strategy

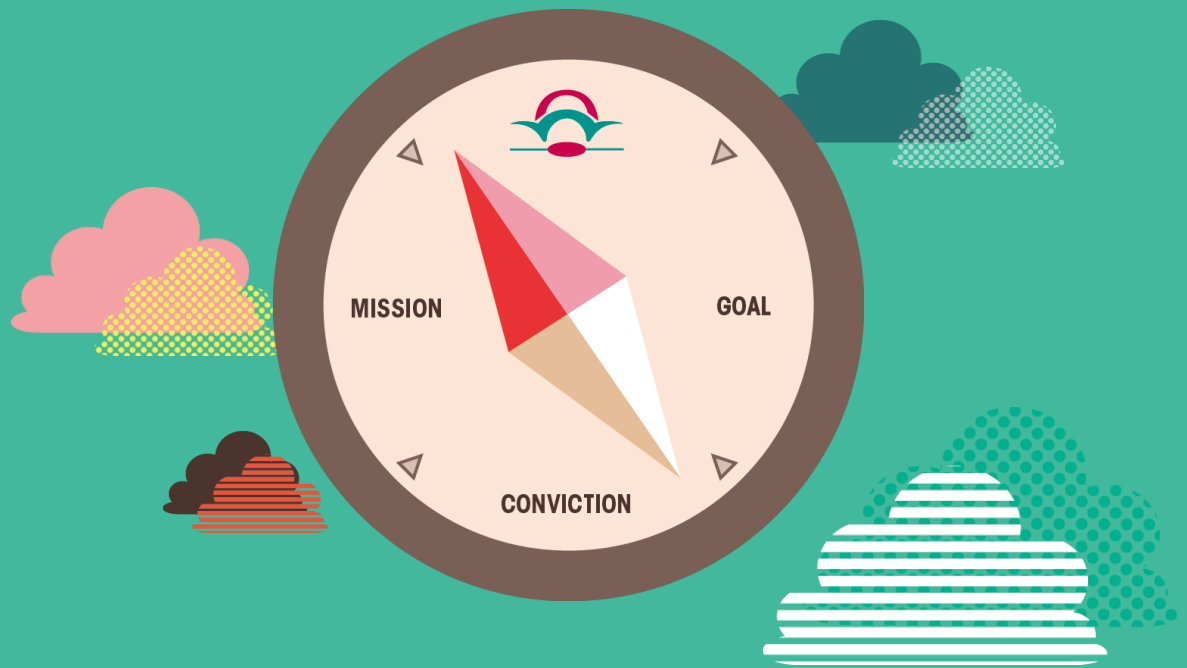
 Expansion Strategy

 Store Pipelines

 Open Forum



# Summary for 1HFY15



# Financial Summary for 1HFY15

## Same-store-sales

SSS for self-owned stores declined by 9.5%

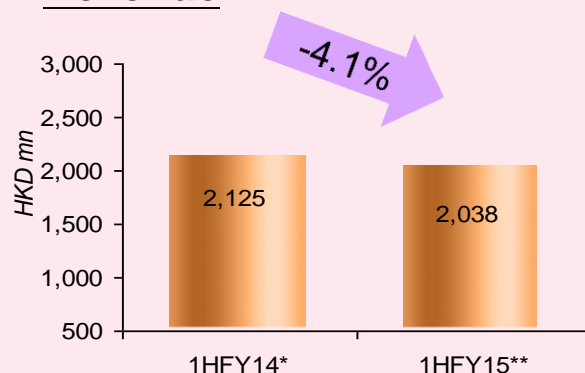
## Slight Decline in Revenue

Revenue declined 4.1% from HK\$2,125.3 million in 1HFY14 to HK\$2,037.8 million in 1HFY15

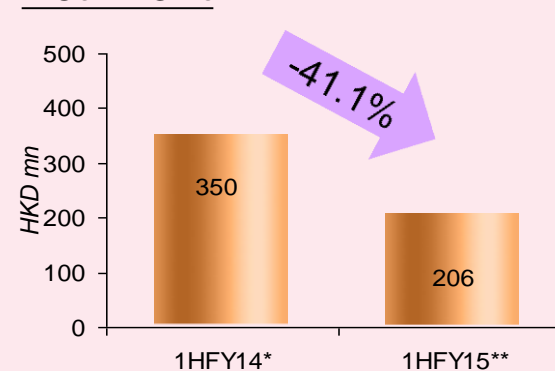
## Profit for the Period

– Profit for the period was HK\$206.0 million

### Revenue



### Net Profit



# Summary for 1HFY15

## Cash position

As of 31 December 2014, the Company was in a net cash position. Cash and deposits were HK\$3,219.9 million and borrowings were HK\$1,581.3 million

## Retail network

- No. of stores increased to 43 as of 31 December 2014, with a total GFA of 1,678,080 sq.m. covering 21 cities in the PRC
- Opened 1 store during the Period
  - Self-owned store: Shanghai 118 Branch Store in November 2014

## Customer base

- VIP membership program with over 4 million members
- VIP contribution
  - VIP contributed approx. 52% of the total sales turnover in 1HFY15

# Store Portfolio

## Gross Floor Area (GFA) of Store Portfolio

As of 31 December					
(approx. sq.m.)	2010	2011	2012	2013	2014
Self-owned stores	929,320 (28 stores)	1,193,970 (35 stores)	1,348,280 (37 stores)	1,493,590 (39 stores)	1,522,380 (39 stores)
Managed stores	295,100 (8 stores)	159,700 (4 stores)	141,700 (4 stores)	137,200 (4 stores)	155,700 (4 stores)
Total	1,224,420 (36 stores)	1,353,670 (39 stores)	1,489,980 (41 stores)	1,630,790 (43 stores)	1,678,080 (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*

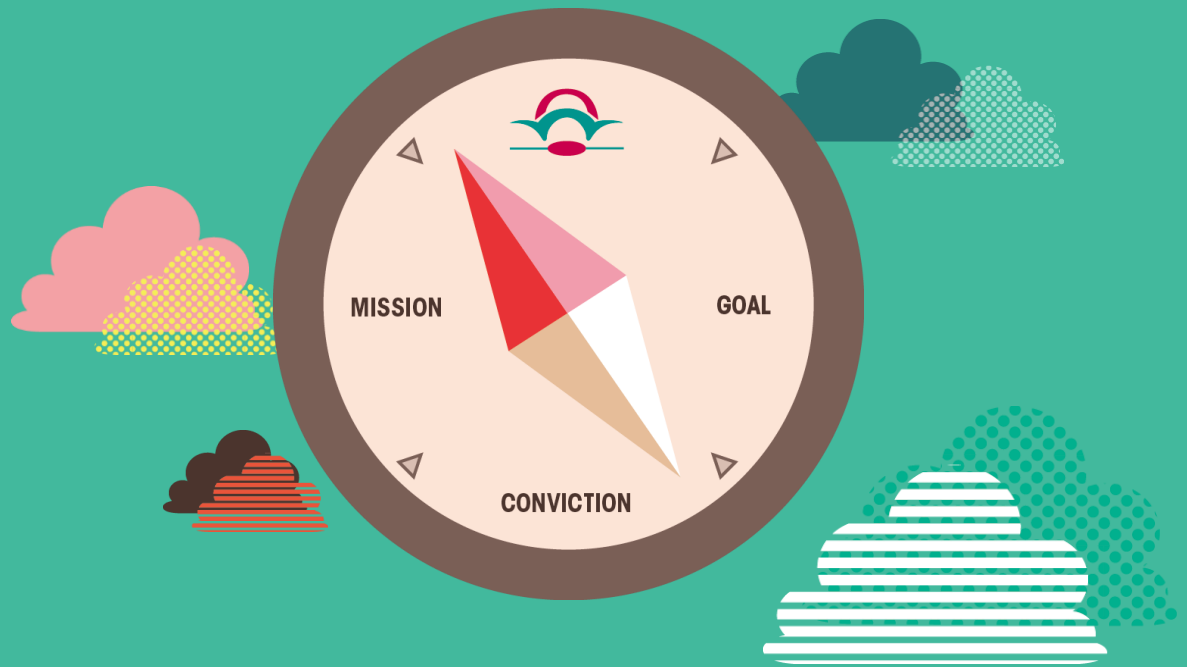
*Taizhou Store ceased to be a self-owned store since Nov 2012*

*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*

*Wuhan Qiaokou Branch Store ceased to be a self-owned store since Nov 2014*

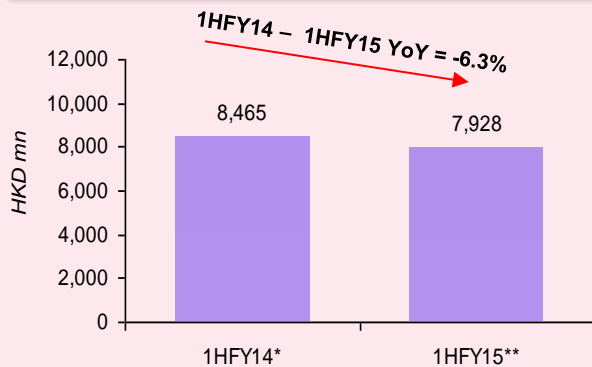
# Results Highlights



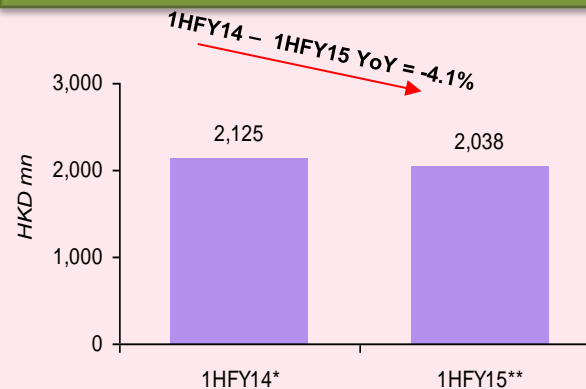


# Financial Highlights

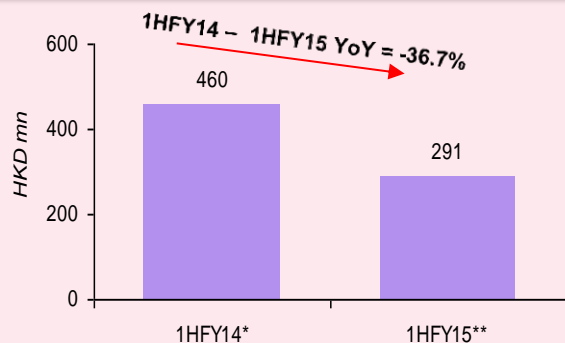
## GSP



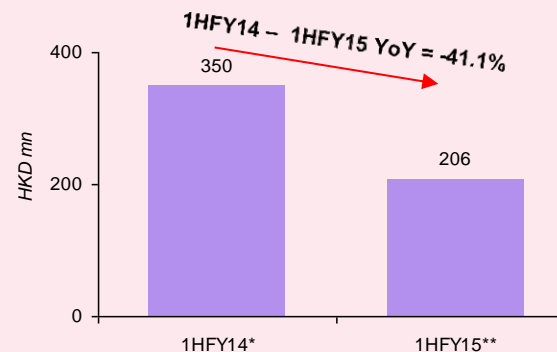
## Revenue



## EBIT



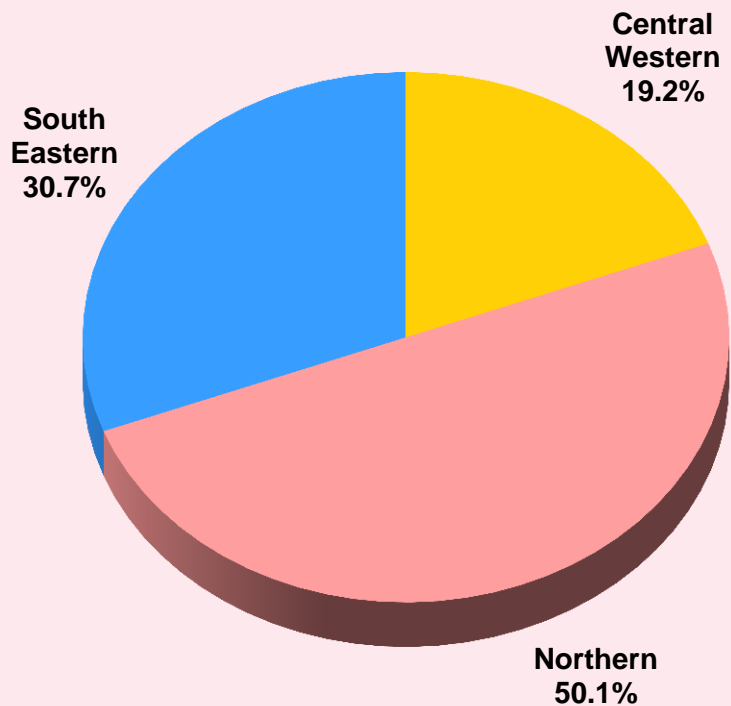
## Net Profit



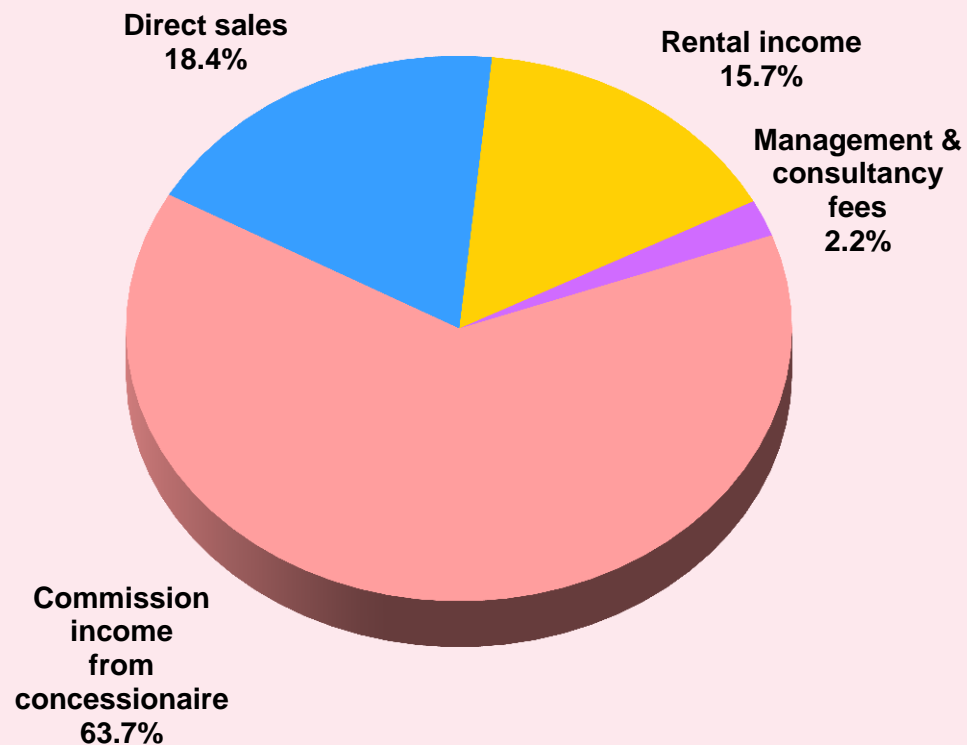
GSP includes concessionaire sales (net of VAT), direct sales (net of VAT), rental income, management and consultancy fee income and other income.

# Revenue Analysis

Revenue contribution by region

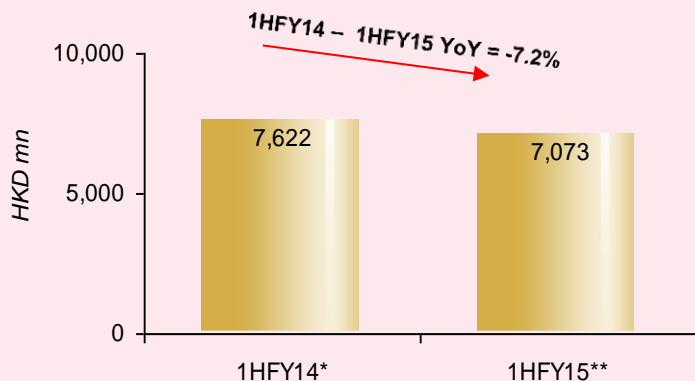


Revenue contribution by segment

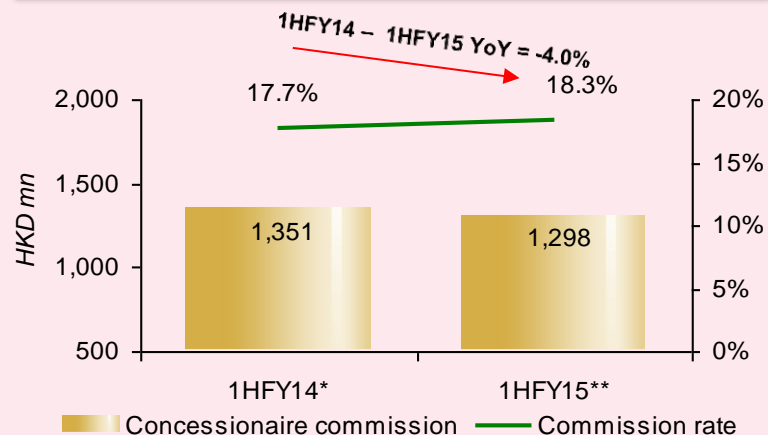


# Revenue Analysis

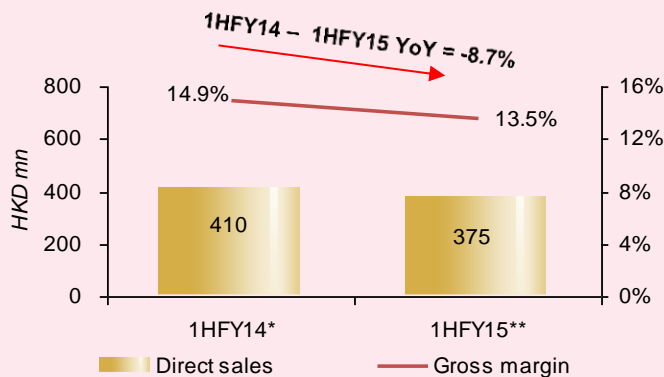
## Concessionaire gross sales revenues



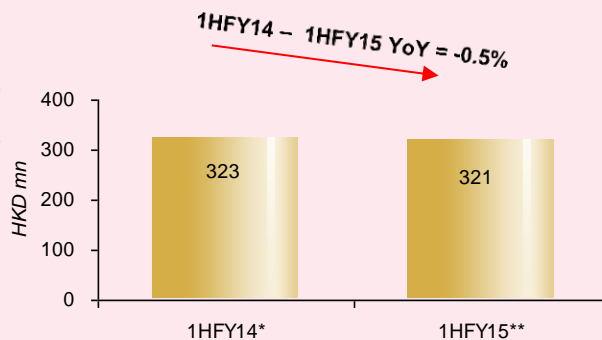
## Concessionaire commission



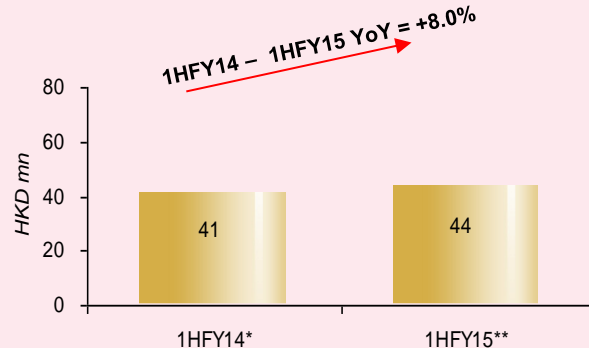
## Direct sales and its gross margin



## Rental income

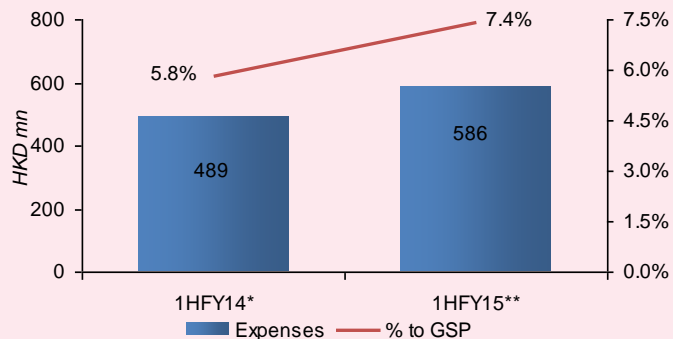


## Management & consultancy fee income

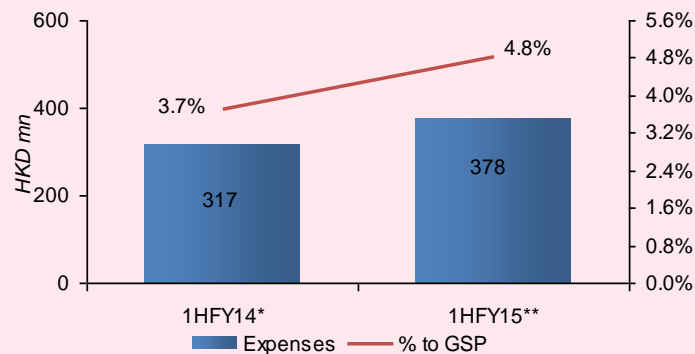


# Expense Ratios

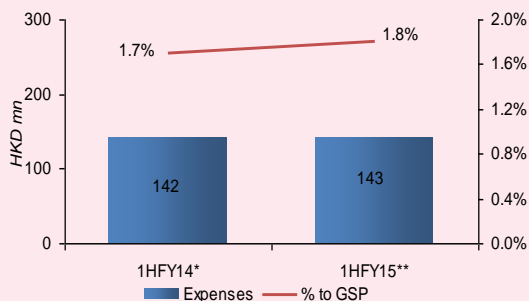
## Rental expense



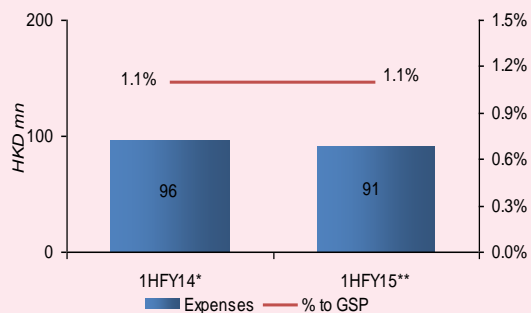
## Staff expense



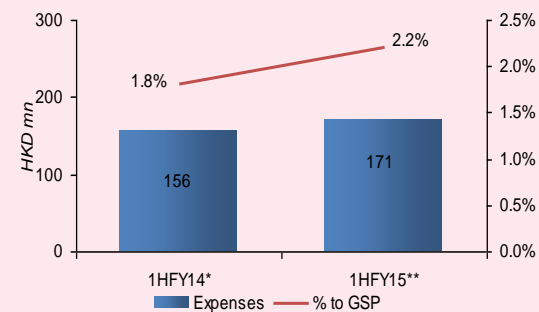
## Promotion, advertising & related expense



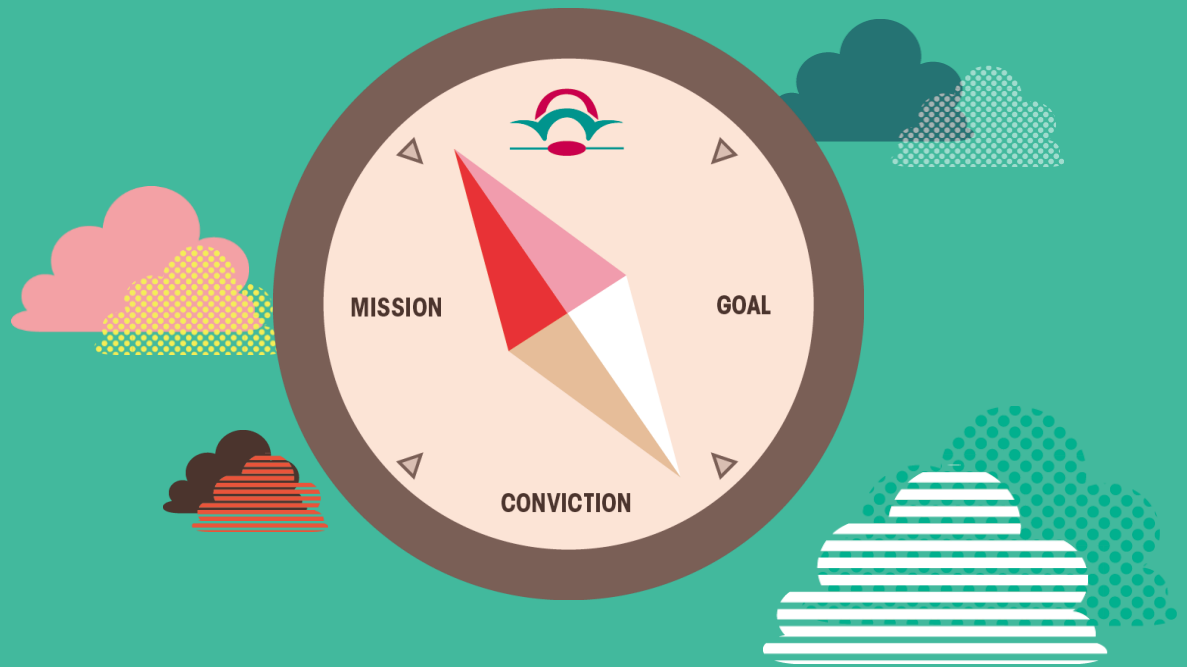
## Water & electricity expense



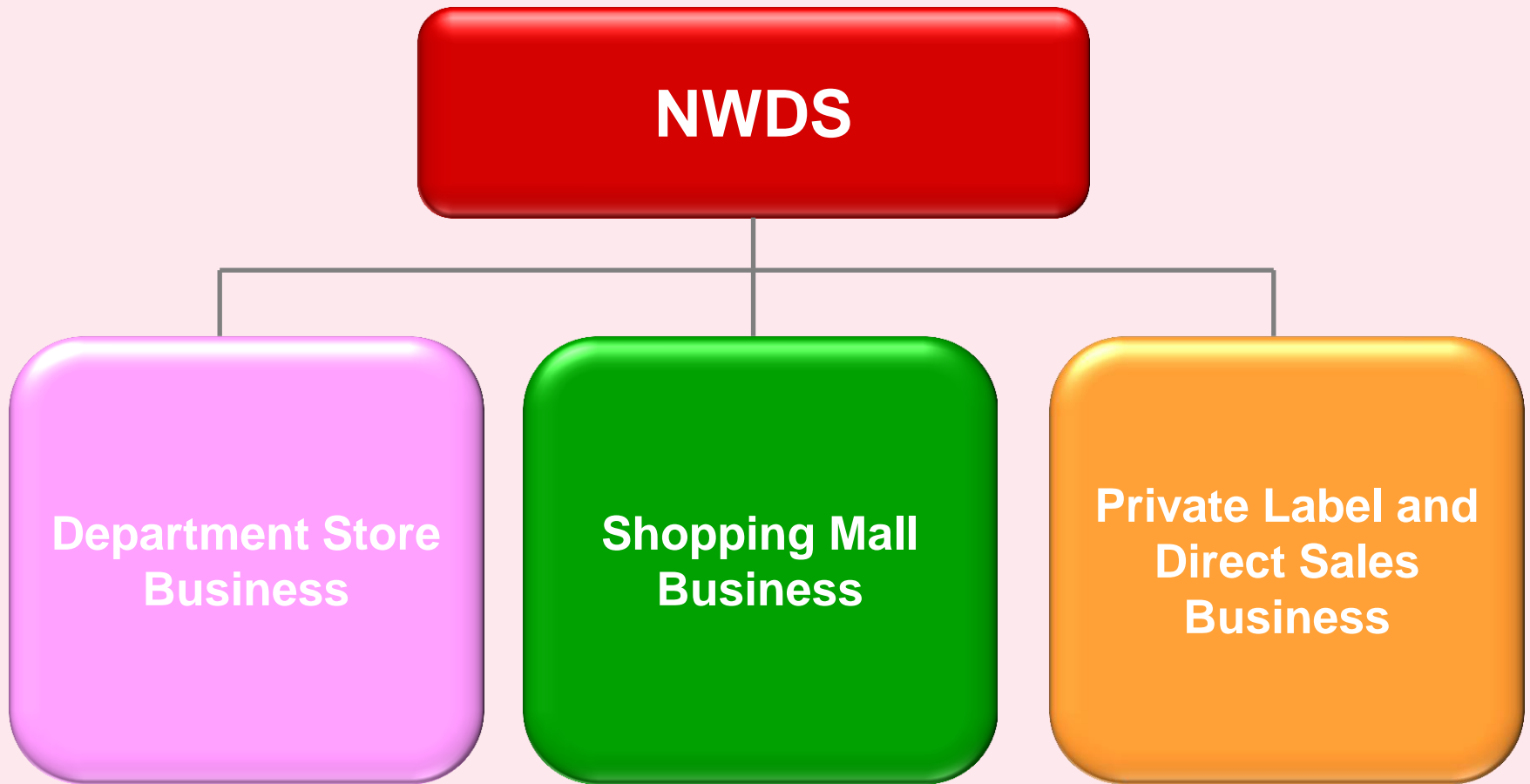
## Depreciation & amortisation expense



# Our Strategy



# 1. Business Structure



## 2. Apparel Direct Procurement

- Acquired Well Metro Group Ltd. in January 2015
- A distributor and retailer of international fashion brands such as REDValentino and MOSCHINO
- Brands target at less price sensitive and mature customers (aged over 30)
- Continue to introduce high quality fashion / accessories brands
- Advantages
  - ✓ Enhance direct sales margin
  - ✓ Leverage the existing operations and experienced management team to develop apparel direct procurement
  - ➔ Shorten time cost
  - ✓ Less affected by online shopping
  - ✓ Differentiate from competitors



MOSCHINO



RED  
VALENTINO

# 3. 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.
- Gross margin: ~50%
- Introduce newly launched and exclusive merchandise
- Focus on reinforcing existing operation

LOL Shops (as of 31 Dec 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
Beijing Trendy Store	Aug 2014





# 4. Cost Control



# 5. “Happy New World” Concept

## “Happy New World” Concept

### Entertainment

- Enhance in-store recreational facilities
- Extend the stay for family customers



### Customer-engaging activities

- Customer-engaging and celebrities activities to increase interaction with customers e.g. “Happy Ping-Pong” held in five cities in July 2014



## Experimental Consumption

### Nationwide promotions

- Tailored Feast 2
- Fly with a Partner, Fly Up High with Chow Tai Fook and Zhenai.com

→ Enhance shopping experience



### Food and Beverage

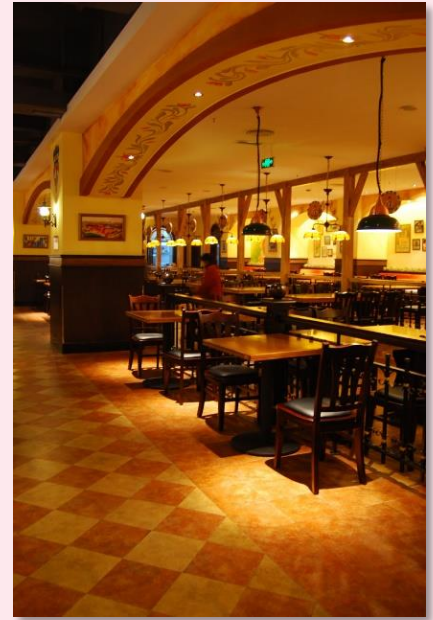
- Introduced new dining brands to stores
- Increased the portion of facilities relating to experimental consumption

→ Increase foot traffic



# 6. Leasing Strategy

- Echoed “Happy New World” concept to enlarge leasing area of complementary children-oriented facilities (children’s playground and education centres)
- Introduce special dining brands
- Other facilities offered: entertainment (KTVs, cinemas), health and beauty salons, education centers
- Offers unrivalled shopping experience
  1. Competitive advantage over e-commerce operators
  2. Attract family customers





# 7. A Diversified Digital Platform

## Off-Store

### LOL shop on Tmall.com Partnership with E-commerce Operators

- Launched in Aug 2014
- O2O marketing with e-commerce operators e.g. Alibaba, Tencent
  - E coupons
  - Membership recruitment



→ 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 promotions

### Digital Shopping Wall

- Product information
- Sales coupon
- Games
- Linked to mobile e-shopping platform



### Advertising

- VIP website: VIP members: over 4M
- Weibo and WeChat: no. of members: ~7.2M



## Big Data

- CRM program
- Targeted marketing

# 8. NWDS Sustainability Achievements

## First Standalone NWDS ESG Report



### Community Services

- Further strengthened the **sports** and **music** sessions of the “@Dream Sustainable Development Program”, introducing “@Sports – Soccer Dreams”, “@Soul – Wish upon a Star” campaign and staging an Annual Performance
- Title-sponsored “**NWDS Sowers Action Challenging 12 Hours Charity Marathon 2014**” and donated HK\$0.45 million
- Held a nationwide volunteer activity, “**Merry Hula Hooping Christmas**”, in December 2014
- Organized about **240 charitable activities** to give back to society



### Environmental Protection

- Organized a nationwide “**Mooncake Boxes Recycling Campaign**” for four consecutive years and inaugurated the “**Moon Cake Box Creative Design Competition**” to engage with customers and NWDS CSR Weibo fans

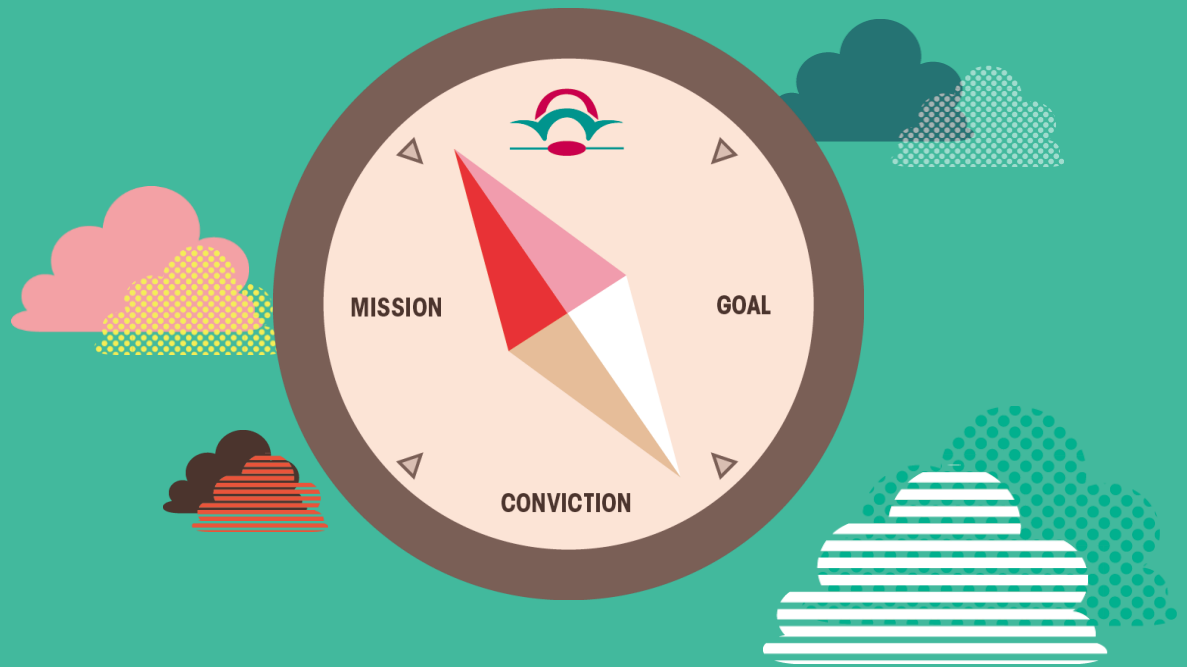


### Staff Benefits & Development

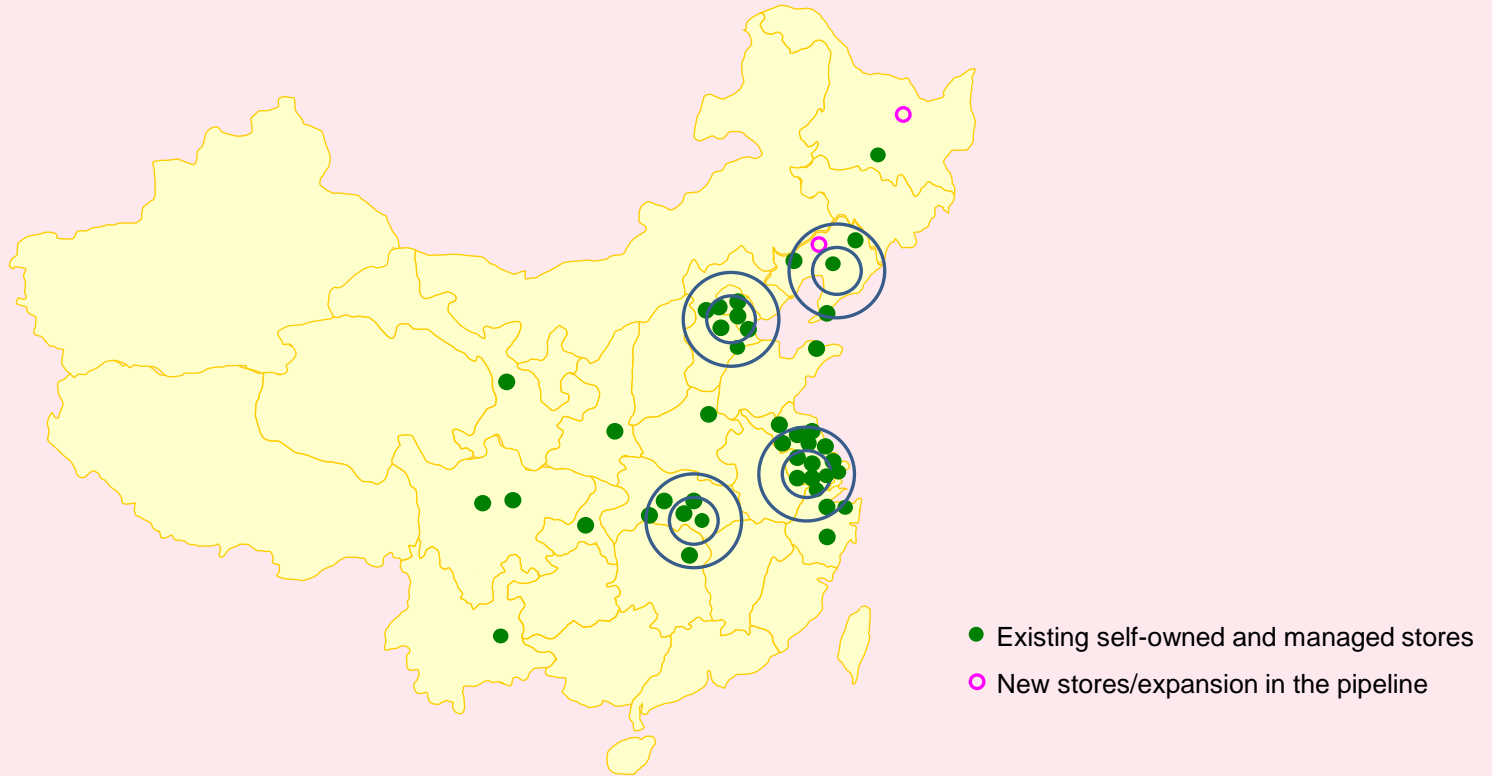
- Organized about **120 staff caring activities**, including the first In-Taihu Cycling Contest, to create a harmonious working environment
- Around **110 training programs** were held to enhance employees’ skills



# Expansion Strategy

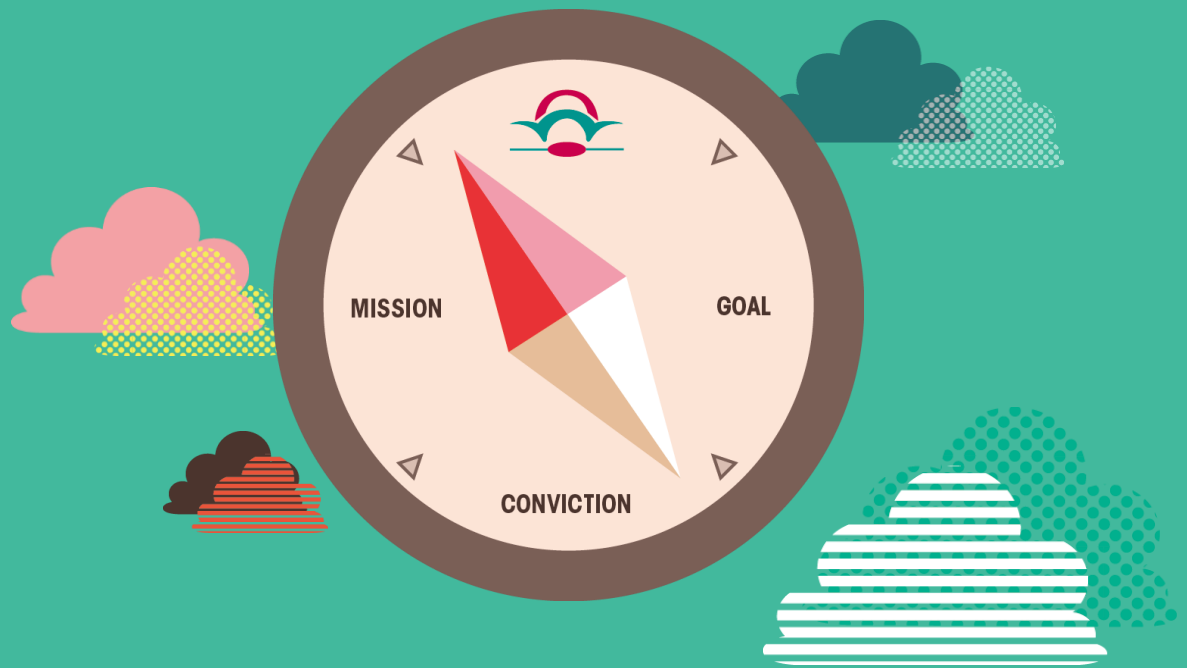


# Continue to Grow Our Retail Network



As of 26 Feb 2015

# Store Pipelines





# Stores in the Pipeline

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	Total
<b>Self-owned stores</b>	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: 40,000 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)					
	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)							
<b>Sub-total</b>	<b>190,200 sq.m.</b>	<b>109,900 sq.m.</b>	<b>142,000 sq.m.</b>	<b>40,000 sq.m.</b>	<b>25,400 sq.m.</b>	<b>-</b>	<b>26,300 sq.m.</b>	<b>533,800 sq.m.</b>
<b>Managed Store</b>		Ningbo Store: 60,000 sq.m. (Opened)				Heilongjiang Jiamusi Project: 40,000 sq.m.		
		Yanjiao Store: 32,000 sq.m. (Opened)						
<b>Total</b>	<b>190,200 sq.m.</b>	<b>201,900 sq.m.</b>	<b>142,000 sq.m.</b>	<b>40,000 sq.m.</b>	<b>25,400 sq.m.</b>	<b>40,000 sq.m.</b>	<b>26,300 sq.m.</b>	<b>665,800 sq.m.</b>

# New Store in 1HFY15

New  
Self-owned  
Store

## Shanghai 118 Branch Store

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.

Soft-opened in Nov 2014 (40,000 sq.m. opened)

- 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 Store in FY16

Redevelopment  
and Expansion

## Phase I and Phase II of Shenyang Nanjing Street Store Project

时尚馆



### 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 FY18



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

# New Store in FY17

New  
Managed  
Store

## Jiamusi Project

生活馆



**Location:**

Dexiang Street, Jiamusi, Heilongjiang Province

**Managed Store:**

GFA: approx. 40,000 sq.m.

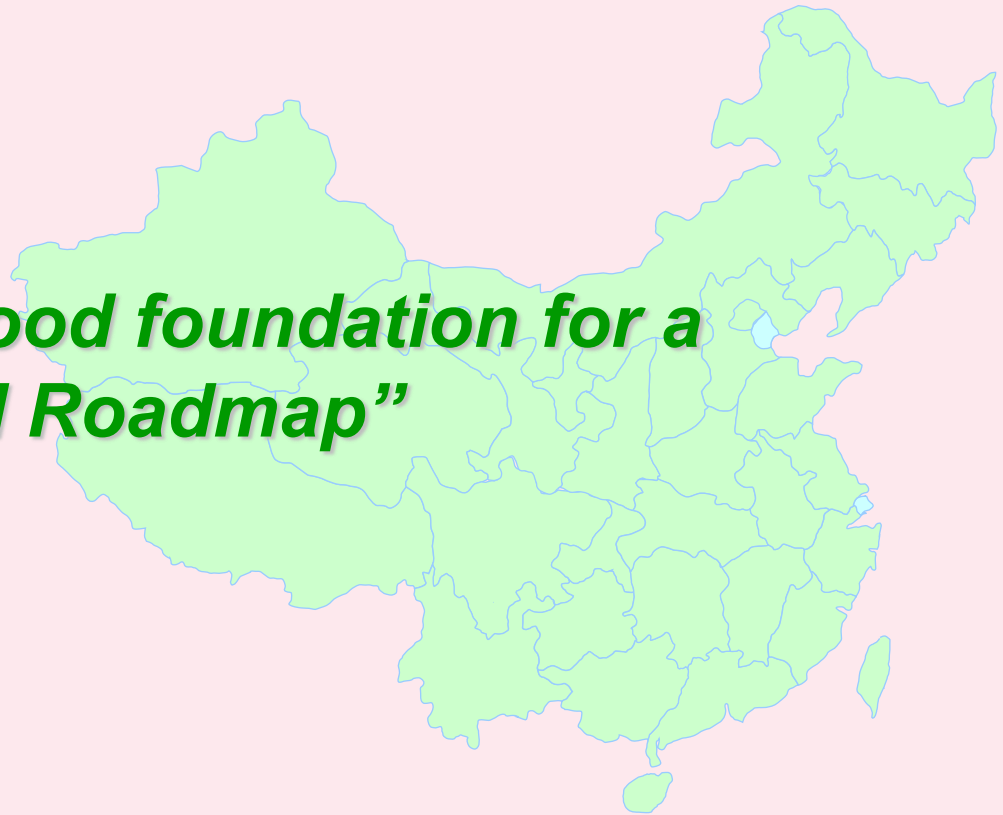
Expected to commence operation in FY17



**The new managed stores 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

