

FY20 Annual Results Presentation

For the year ended 30 June 2020

29 September 2020

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

- **Company Facts**
- **Financial Highlights**
- **Retail Network**
- **Future Strategies**
- **Store List**

Company Facts



Company Facts

Year of Establishment: 1993

Date of Listing on HKEx: 12 July 2007

HK Stock Code: 825

Issued Shares: 1,686,145,000

Shareholding Structure:

- New World Development 74.99%
- Public 25.01%

Board of Directors:

Non-executive Director

- Dr. Cheng Kar-shun, Henry, *GBM, GBS (Chairman)*

Executive Directors

- Dr. Cheng Chi-kong, Adrian, *JP*
- Mr. Cheung Fai-yet, Philip (*Chief Executive Officer*)

Independent non-executive Directors

- Mr. Cheong Ying-chew, Henry
- Mr. Chan Yiu-tong, Ivan
- Mr. Tong Hang-chan, Peter
- Mr. Yu Chun-fai

Financial Highlights



Summary for FY20

Same-store Sales Growth ('SSSG')

- SSSG for FY20 was -26.6%, SSSG for FY19 was -9.5%

Revenue

- Revenue for FY20 was HK\$2,232.7 million compared with HK\$3,519.0 million in FY19

Operating Loss for the Year

- Operating loss for FY20 was HK\$198.0 million. Operating profit for FY19 was HK\$204.6 million

Loss for the Year

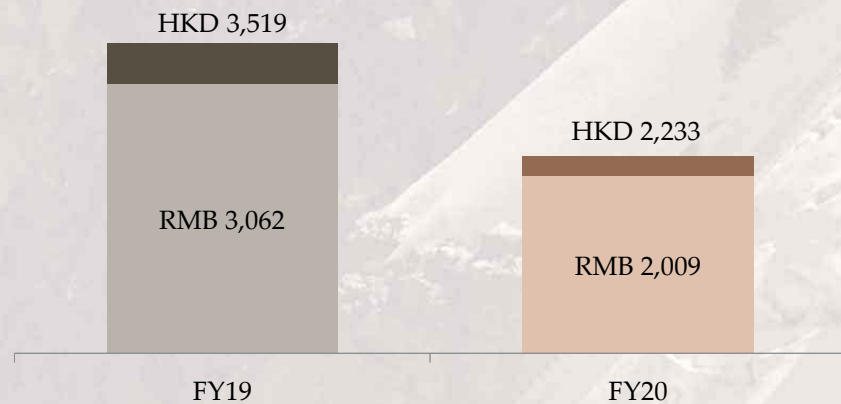
- Loss for the year was HK\$483.7 million. Profit for FY19 was HK\$32.7 million

Loss per Share

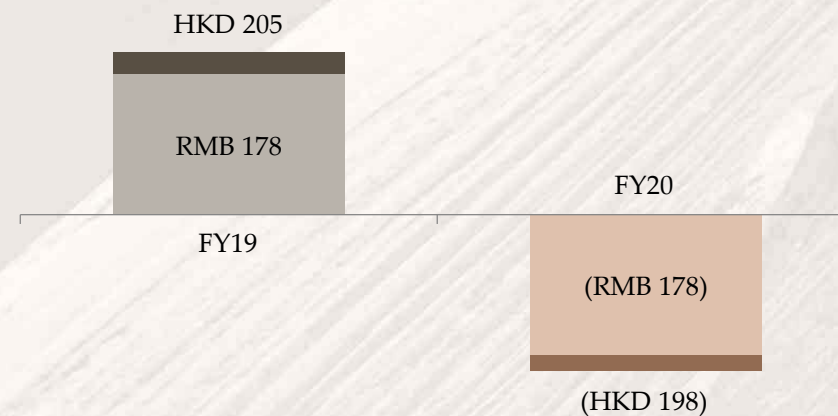
- Loss per share for the year was HK\$0.29

Financial Highlights (HKD/RMB mn)

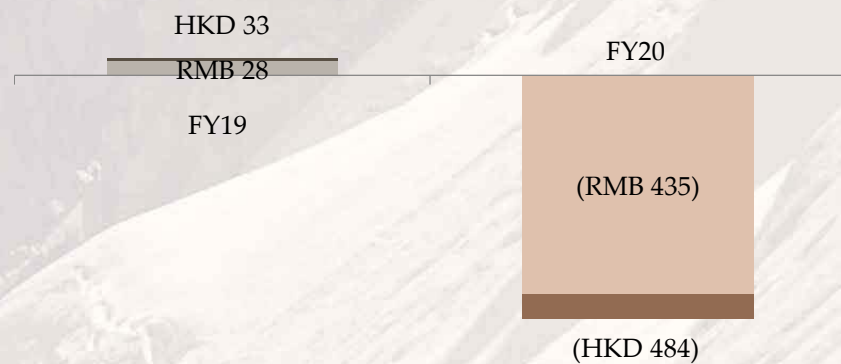
Revenue



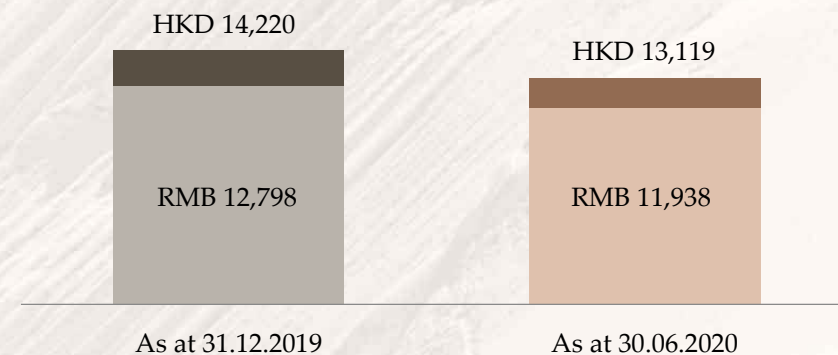
Operating Profit/(Loss)



Net Profit/(Loss)



Total Assets



Revenue Breakdown

By region

Central Western China
16.6%

Eastern China
32.0%

Northern China
51.4%

By segment

Interest income from
finance leases as the lessor
0.6%

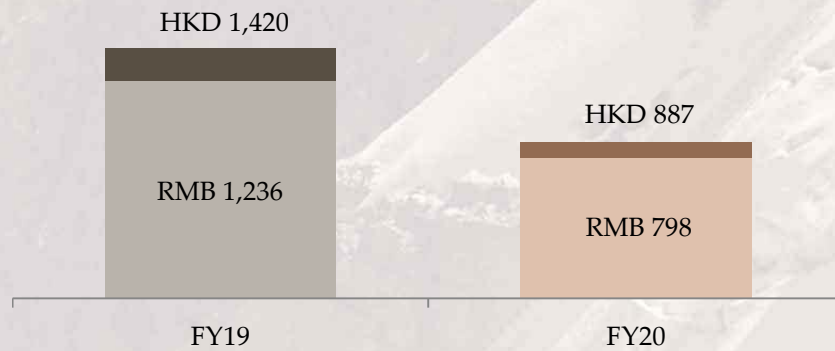
Sales of goods for
direct sales
27.1%

Rental income
32.6%

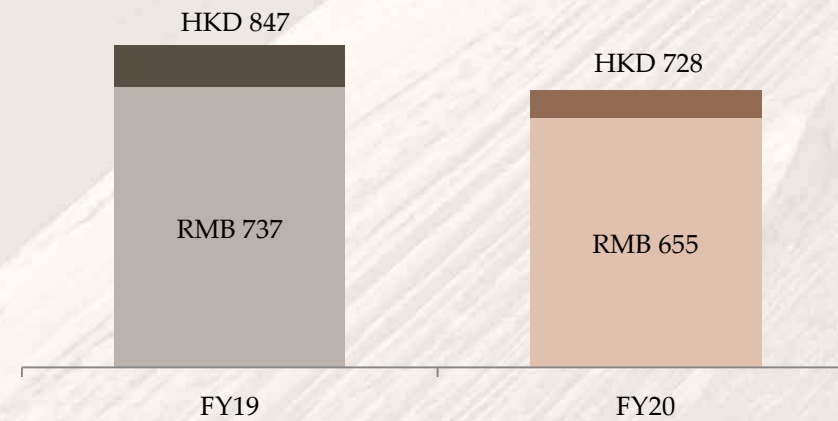
Commission income from
concessionaire sales
39.7%

Revenue Analysis (HKD/RMB mn)

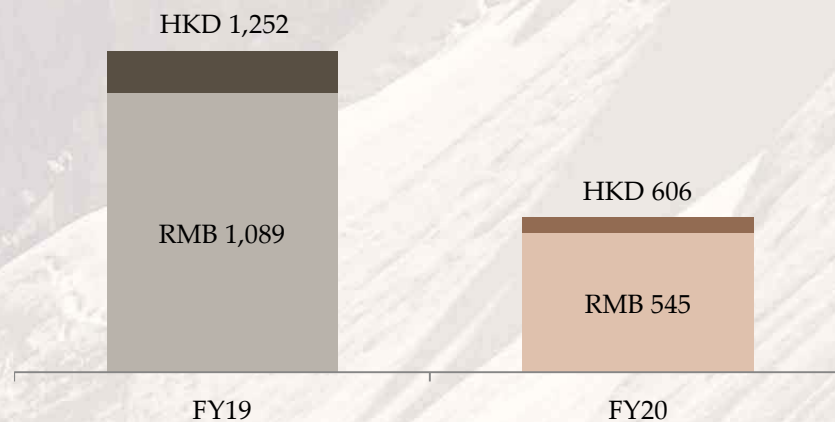
Commission Income from Concessionaire Sales



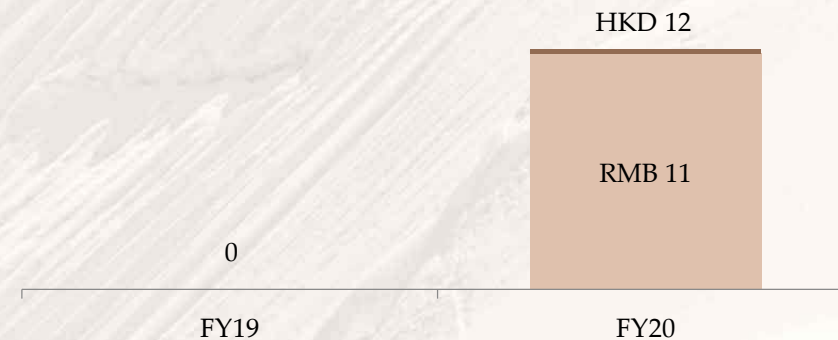
Rental Income



Sales of Goods for Direct Sales



Interest Income from Finance Leases as the Lessor

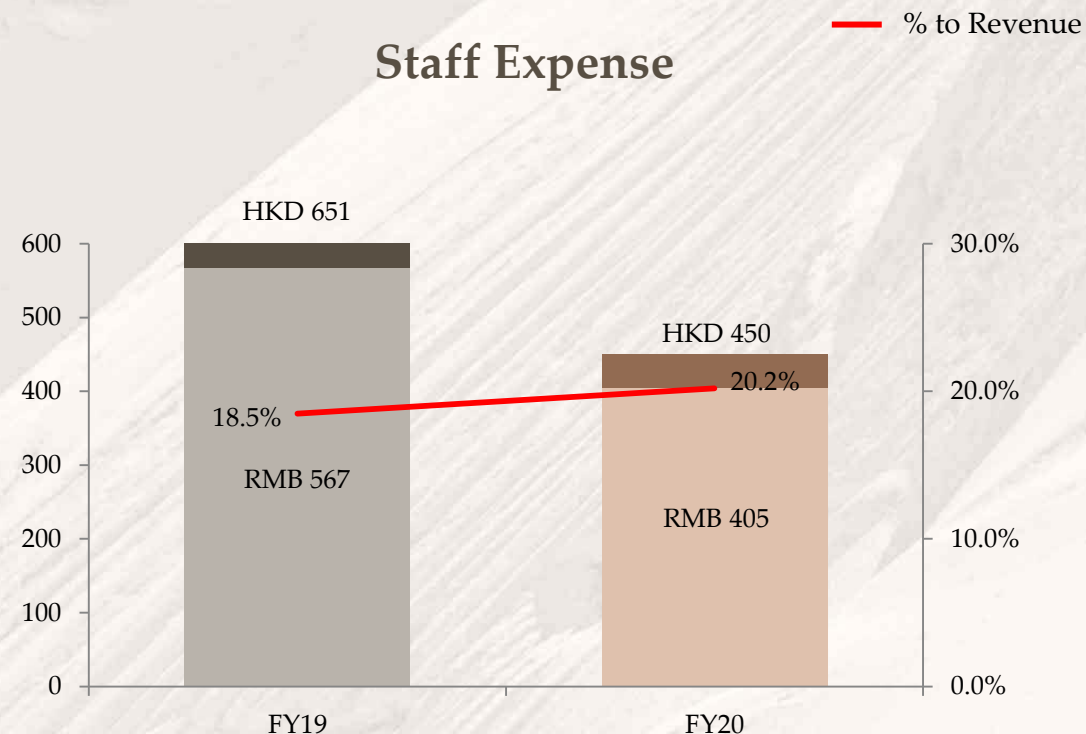


Expense Ratios (HKD/RMB mn)

Rental Expense[#]



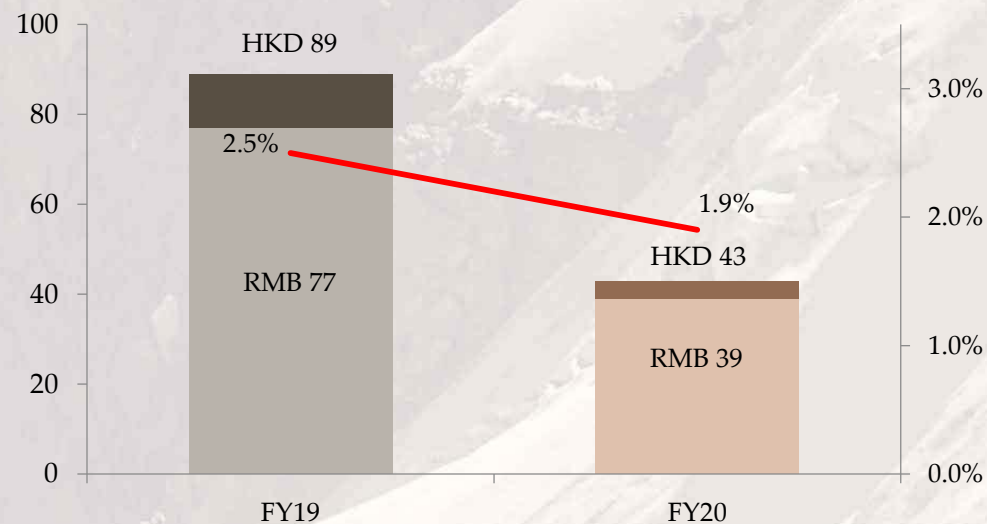
Staff Expense



[#]The decrease was mainly due to the impact of adoption of Hong Kong Financial Reporting Standard 16 ("HKFRS 16") in FY20. Under HKFRS 16, a significant portion of rental expense is replaced with depreciation expense on the right-of-use assets and interest expense on the lease liabilities.

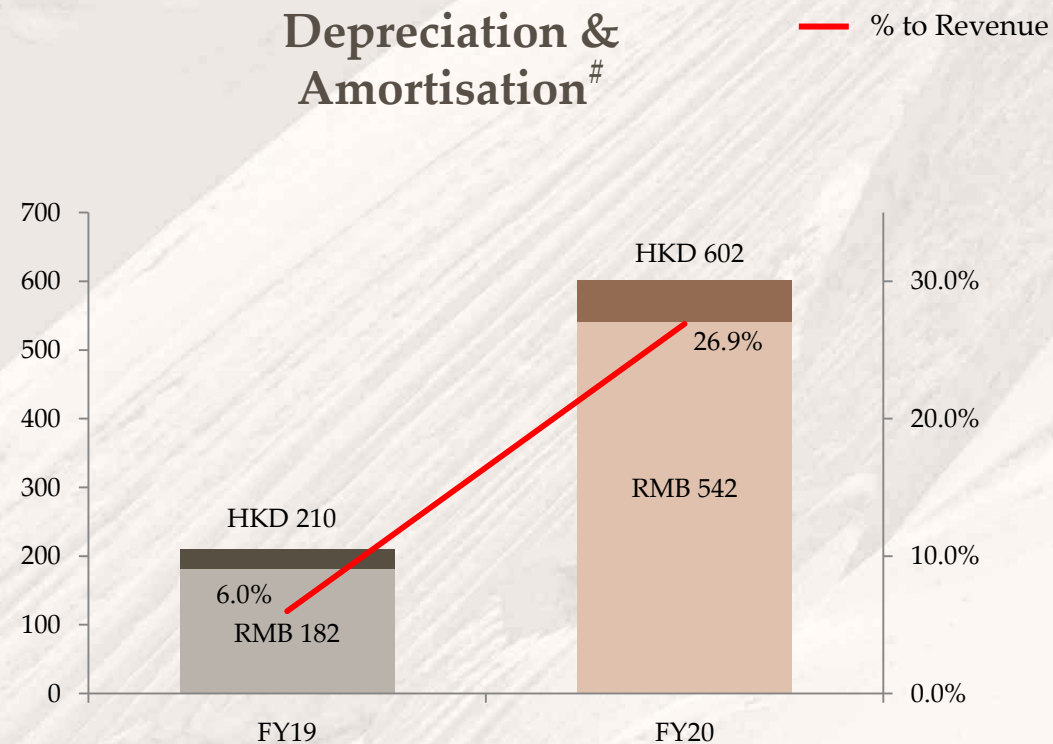
Expense Ratios (HKD/RMB mn)

Selling, Promotion, Advertising & Related Expenses*



*This includes "Purchases of Promotion Items".

Depreciation & Amortisation[#]



[#]The increase was mainly due to the impact of adoption of HKFRS 16 in FY20. Under HKFRS 16, a significant portion of rental expense is replaced with depreciation expense on the right-of-use assets and interest expense on the lease liabilities.

Five-year Financial Summary

	For the year ended 30 June				
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Results					
Revenue	2,232,691	3,519,017	3,821,120	3,484,322	3,659,896
Operating (loss)/profit	(197,960)	204,602	185,353	277,841	209,700
(Loss)/profit for the year	(483,668)	32,663	11,085	128,289	45,398
(Loss)/profit attributable to non-controlling interests	–	–	57	(322)	(245)
(Loss)/profit attributable to shareholders of the Company	(483,668)	32,663	11,028	128,611	45,643
As at 30 June					
	2020 HK\$'000	2019 HK\$'000	2018 HK\$'000	2017 HK\$'000	2016 HK\$'000
Assets, liabilities and equity					
Total assets	13,119,276	11,797,523	12,589,234	12,224,897	11,711,839
Total liabilities	8,909,955	5,954,914	6,469,886	6,296,963	5,799,004
Total equity	4,209,321	5,842,609	6,119,348	5,927,934	5,912,835

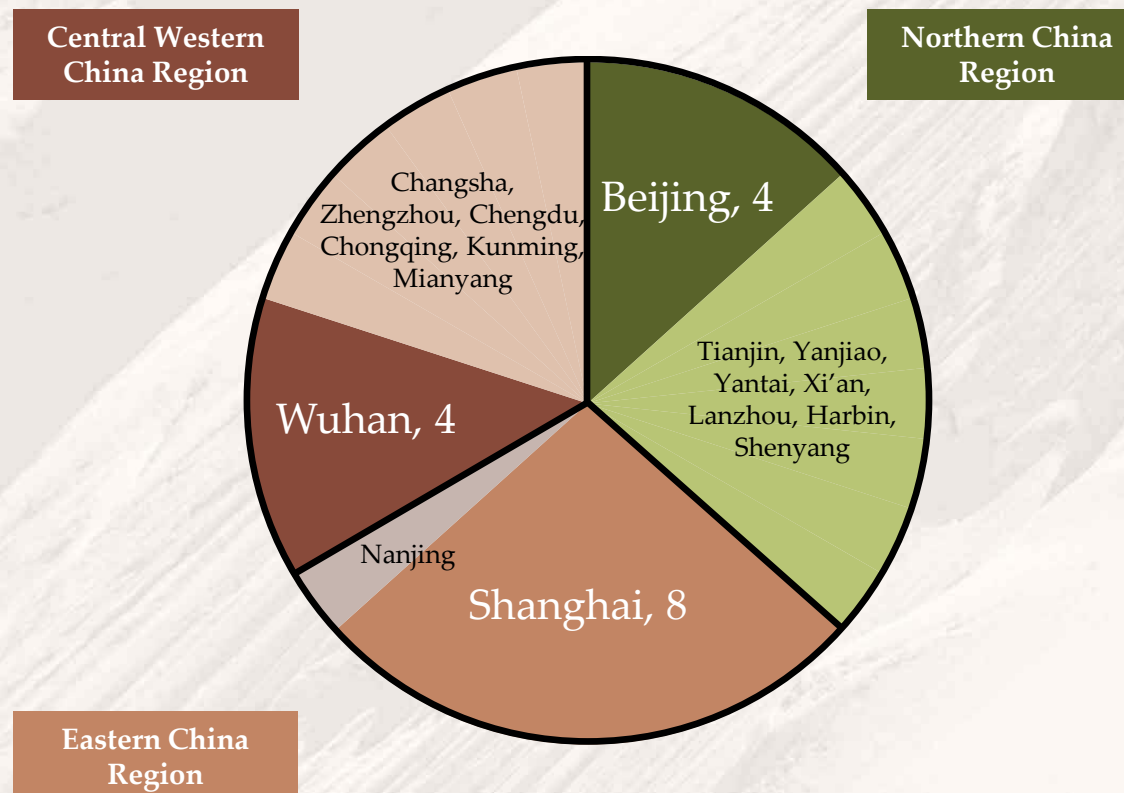


Retail Network

Store Portfolio *(as at 30 June 2020)*

- **30** “New World” (「新世界」) and “Ba Li Chun Tian” (「巴黎春天」) branded department stores and shopping malls
- **17** major locations in Mainland China
- Total GFA: **1,232,350** sq.m.

No. of Stores in Three Regions



Capturing Opportunities in New Tier 1 Cities



Northern China Region:

[Tier 1] Beijing

[New Tier 1] Tianjin, Xi'an, Shenyang

[Tier 2] Yantai, Harbin, Lanzhou

[Others] Yanjiao

Eastern China Region:

[Tier 1] Shanghai

[New Tier 1] Nanjing

Central Western China Region:

[New Tier 1] Wuhan, Changsha, Zhengzhou, Chengdu, Chongqing

[Tier 2] Kunming

[Tier 3] Mianyang

N.B. The above cities are categorised according to the Ranking of Cities' Business Attractiveness 2020 released by The Rising Lab (新一線城市研究所) under Yicai Media Group (第一財經), which grades all 337 prefecture-level cities in Mainland China.

Source: <https://www.yicai.com/news/100648666.html>

Private Label Series

Private Labels



LOL Concept Shop

Existing stores: 12
Within NWDS: 9, outside NWDS: 3



N+ Convenience Store

Existing stores: 4
Within NWDS: 2, outside NWDS: 2



New World Supermarket

New World Supermarket

Existing stores: 4
All within NWDS



Future Strategies



Future Strategies

Continue to implement cost-reduction measures, retain working capital and maintain steady cashflow

Leverage on “New Lab” upgrades and new marketing functions to boost online sales and further integrate the online shopping platform with other businesses of the Group

Strengthen supply chain capability and operational efficiency of N+ Convenience Store and New World Supermarket

Enhance in-store experience and merchandise appeal of offline department stores and collaborate with more third-party service providers for product delivery service


Continue to boost cosmetics sales in order to give impetus to other on-trend categories

Store List



Northern China Region











(as at 30 June 2020)

 Thematic Street Zones

 N+ Convenience Store

 LOL Concept Shop

 New World Supermarket

	Date of Opening	Approx. GFA (sq.m.)			
1. Beijing New World Department Store No. 3 and No. 5 Chongwenmenwai Street, Dongcheng District, Beijing, China	Jul 1998	117,200			
2. Beijing New World Trendy Department Store Block A, Wanda Plaza, 93 Jianguo Road, Chaoyang District, Beijing, China	Mar 2007	31,200			
3. Beijing New World Liying Department Store 16 Guangshun South Road, Wangjing, Chaoyang District, Beijing, China	Sep 2008	52,000			
4. Beijing New World Qianzi Department Store 18 Xinchunnan Road, Shunyi District, Beijing, China	Sep 2010	55,600			
5. Tianjin New World Department Store 138 Dongma Road, Nankai District, Tianjin, China	Oct 1997	57,000			
6. Yanjiao New World Department Store Xin Le Hui Shopping Plaza, Interchange of Shenwei North Road and Yan Ling Road, Yanjiao Economic and Technological Development Zone, Sanhe City, Hebei Province, China	Apr 2013	32,000			
7. Xi'an New World City Plaza 88 North Street, Lianhu District, Xi'an City, Shaanxi Province, China	Dec 2012	58,700			
8. Yantai New World Department Store Wanxiang Plaza, Qingquan Road, Laishan District, Yantai, Shandong Province, China	Dec 2013	55,600			
9. Lanzhou New World Department Store 89 Zhangye Road, Chengguan District, Lanzhou, Gansu, China	Sep 2005	28,500			
10. Harbin New World Department Store 403 Huayuan Street, Nangang District, Harbin, Heilongjiang Province, China	Nov 1996	50,000			
11. Shenyang New World Department Store – Jianqiao Road Branch Store 3 Jianqiao Road, Dadong District, Shenyang City, Liaoning, China	May 2011	34,000			

Eastern China Region

(as at 30 June 2020)

• Thematic Street Zones

• LOL Concept Shop

	Date of Opening	Approx. GFA (sq.m.)	
1. Hong Kong New World Department Store – Shanghai Huaihai Branch Store 939-949 Central Huaihai Road, Huangpu District, Shanghai, China	Dec 2001	22,500	
2. Hong Kong New World Department Store – Shanghai Qibao Branch Store 3755 Qixin Road, Minhang District, Shanghai, China	Dec 2005	36,550	
3. Hong Kong New World Department Store – Shanghai Wujiaochang Branch Store 1 Songhu Road, Yangpu District, Shanghai, China	Dec 2006	44,000	•
4. Hong Kong New World Department Store – Shanghai Pujian Branch Store 118 Pujian Road, Pudong New District, Shanghai, China	Sep 2007	46,000	•
5. Hong Kong New World Department Store – Shanghai Baoshan Branch Store 888 Zhenhua Road, Baoshan District, Shanghai, China	Jan 2010	39,000	•
6. Hong Kong New World Department Store – Shanghai Chengshan Branch Store 1993 Chengshan Road, Pudong New District, Shanghai, China	Apr 2010	38,000	•
7. Hong Kong New World Department Store – Shanghai Shaanxi Road Branch Store No. 155 Changshou Road, Putuo District, Shanghai, China	Nov 2011	42,000	
8. Hong Kong New World Department Store – Shanghai Tianshan Road Branch Store 762 Tian Shan Road, Changning District, Shanghai, China	Aug 2013	43,000	
9. Nanjing New World Department Store 88 Zhujiang Road, Xuanwu District, Nanjing, Jiangsu, China	Nov 2007	41,200	•

Central Western China Region

(as at 30 June 2020)

- ✳ Thematic Street Zones
- LOL Concept Shop
- ★ New World Supermarket

	Date of Opening	Approx. GFA (sq.m.)		
1. Wuhan New World Department Store 566 Jian She Da Dao, Hankou, Wuhan, Hubei Province, China	Nov 1994	42,000	●	★
2. Wuhan New World Trendy Plaza 118 Jiangnan Road, Jiangnan District, Wuhan, Hubei Province, China	Dec 2001	23,000		
3. Wuhan New World Department Store – Wuchang Branch Store 1 Luoyu Road, Hongshan District, Wuhan, Hubei Province, China	Oct 2005	24,000	✳	
4. Wuhan New World Department Store – Xudong Branch Store 31 Xudong Dajie, Hongshan District, Wuhan, Hubei Province, China	Jan 2008	29,200		
5. Chengdu New World Department Store Plaza Central, 8 Shun Cheng Da Jie, Jinjiang District, Chengdu, Sichuan, China	Dec 2006	30,000		
6. Chongqing New World Department Store Future International Building, No.6 Guanyinqiao, Pedestrian Street, Jiangbei District, Chongqing, China	Sep 2006	42,000		
7. Mianyang New World Department Store 72 Eastern Linyuan Road, Fucheng District, Mianyang City, Sichuan, China	Dec 2011	35,000		
8. Kunming New World Department Store 432 Qingnian Road, Wuhua District, Kunming, Yunnan Province, China	Jun 2004	12,600		
9. Zhengzhou New World Department Store 57 Zijingshan Road, Guancheng Huizu District, Zhengzhou, China	Apr 2011	35,500	✳	
10. Changsha New World Trendy Plaza 153 Wuyi Xi Road, Changsha, Hunan Province, China	Sep 2006	35,000	✳	

Thank You

