



新世界百貨中國有限公司

New World Department Store China Limited

FY11 Interim Results Announcement

23 Feb 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 for 1H 2010/11**
- ② **Latest Update**
- ③ **Results Highlights**
- ④ **Operational & Marketing Strategies**
- ⑤ **Expansion Strategies**
- ⑥ **Open Forum**

Key Achievements for 1H 2010/11



Key Achievements



Steady Growth

Revenue grew 29.9% to HK\$1,283.9 million.

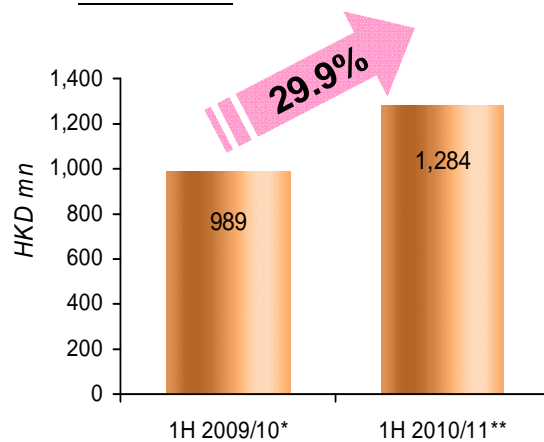
Maintain an upward trend

Operating profit increased by 13.9% to HK\$401.6 million in 1H 2010/11 from HK\$352.7 million in 1H 2009/10.

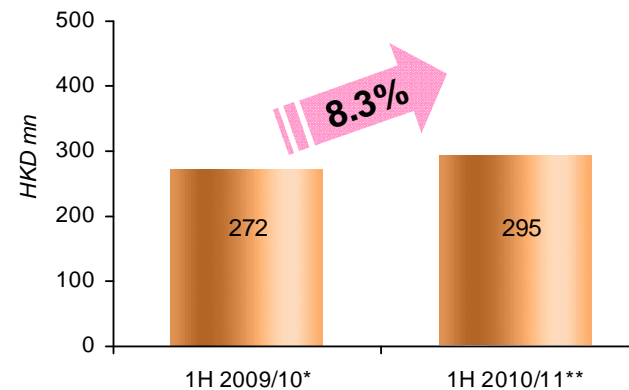
Profit for the period rose steadily

Profit for the period increased to HK\$294.5 million in 1H 2010/11 from HK\$272.0 million in 1H 2009/10.

Revenue



Profit for the period



* For the six months ended 31 December 2009.

** For the six months ended 31 December 2010.

Key Achievements (cont'd)



Extensive retail network

As of 31 December 2010, our no. of stores was 36, with a total GFA of 1,224,420 sq. m. covering 17 cities

Strong customer base

Well-established VIP membership program with over 1.95 million members

Exceptional financial health

As of 31 December 2010, the Company remained debt-free and was in a net cash position with cash on hand of about HK\$4,286.3 million.

Sound same-store sales growth

SSSG for all stores : 15.1%

SSSG for self-owned stores : 11.9%

A Highly Commendable Retail Operator in the Region

Accredited the third time as “Asia’s 200 Best Under a Billion” by Forbes Asia

Key Achievements – Expansion



New Store

Beijing Qianzi Store

生活馆



Location:

Shunyi District, Beijing

Self-owned Store:

GFA: approx. 40,000 sq. m. with
300 car parking spaces

➤ Commenced operation in Sept
2010

◎ The opening of Beijing Qianzi Store further brings our store portfolio in Northern China Region to 5 stores.

Key Achievements

– Operating Right Acquisition



Acquisition

Beijing Store

生活馆 



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

Acquisition

Chengdu Store

时尚馆 



Operating Right Consideration:
Approx. RMB2,000,000

Location:
Shun Cheng Avenue, Jinjiang District, Chengdu

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

Completed in Oct 2010

 **In 1H FY11, we have acquired the operating rights of 2 managed stores.**

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 City, Liaoning Province, the
PRC

Self-owned Store:
GFA: approx. 25,400 sq.m.
Will commence operation in 2013

◎ 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.

Latest Update



Post Interim New Stores in FY11



New Store

**Shenyang Jianqiao
Road Branch Store**

生活館



Location:

Level 1 – 7 on Jinqiao Road South,
Dadong District

Self-owned Store:

GFA: approx. 34,000 sq.m.
Will commence operation in 2H FY11

New Store

Zhengzhou Store

生活館



Location:

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

Self-owned Store:

GFA: approx. 35,500 sq.m.
Will commence operation in 2H FY11

 **In 2H FY11, 2 new self-owned stores will commence operation in Shenyang and Zhengzhou respectively.**

Post Interim –

Operating Right Acquisition



Acquisition

Changsha Trendy Plaza

时尚馆



Operating Right Consideration:

Approx. RMB 10,000,000

Location:

153 Wuyi Xi Road, Changsha, Hunan

Self-owned Store:

GFA: approx. 35,000 sq. m.

☉ At present, we have altogether 6 self-owned stores in Central China Region after the completion of acquisition of Changsha Trendy Plaza in Jan 2011.

Post Interim – Operating Right Acquisition



Acquisition

Beijing Trendy Store

时尚馆



Operating Right Consideration:
Approx. RMB5,000,000

Location:
Chaoyang District, Beijing

Self-owned Store:
GFA: approx. 31,200 sq. m.

Acquisition

Chongqing Store

时尚馆



Operating Right Consideration:
Approx. RMB5,000,000

Location:
Guan Yin Qiao, Jiang Bei District, Chongqing

Self-owned Store:
GFA: approx. 42,000 sq. m.

 **The acquisition of these 2 stores will further consolidate our development in Northern and Southwestern China Region.**

New Project



New Project

Mianyang Project

生活馆



Location:

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

Self-owned Store:

GFA: approx. 35,000 sq. m.

Expected to commence operation in FY12

◎ Mianyang Project will become our second foothold in the Sichuan Province.

Store Portfolio



Gross Floor Area (GFA) of Store Portfolio

(approx. sqm)	As of 30 June					As of 31 Dec 2009	As of 31 Dec 2010	Stores in Pipeline
	2006	2007	2008	2009	2010			
Self-owned stores	388,370 (17 stores)	395,170 (16 stores)	506,270 (19 stores)	601,370 (22 stores)	756,930 (25 stores)	604,730 (22 stores)	929,320 (28 stores)	1,142,020 (34 stores)*
Managed stores	177,200 (4 stores)	422,300 (12 stores)	456,300 (13 stores)	462,100 (11 stores)	417,600 (10 stores)	463,600 (11 stores)	295,100 (8 stores)	186,900 (5 stores)
Total	565,570 (21 stores)	817,470 (28 stores)	962,570 (32 stores)	1,063,470 (33 stores)	1,174,530 (35 stores)	1,068,330 (33 stores)	1,224,420 (36 stores)	1,328,920 (39 stores)*

DL Store was disposed from self-owned to managed since July 2006 , while 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

HK Store ceased to be a managed store since July 2008

KM & NB 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 became self-owned store since Aug 2010

Chengdu Store became self-owned in Oct 2010

**Including Chengsha Trendy Plaza, Beijing Trendy Store, Chongqing Store, Zhengzhou Store, Shenyang Jianqiao Road Branch Store, Mianyang Project*

Results Highlights



Financial Highlights



<i>For the interim period (HK\$'000)</i>	1H 2010/11**	1H 2009/10*	Change
Revenue	1,283,880	988,581	29.9%
Other income	99,589	28,621	248%
Operating profit	401,605	352,702	13.9%
Operating profit margin	31.3%	35.7%	-4.4ppts
Profit before income tax	401,605	352,499	13.9%
Profit for the period ⁽¹⁾	294,539	272,014	8.3%
Net profit margin	22.9%	27.5%	-4.6ppts
Cash on hand	4,286,265	3,413,679	25.6%
Earnings per share	0.17	0.16	6.3%

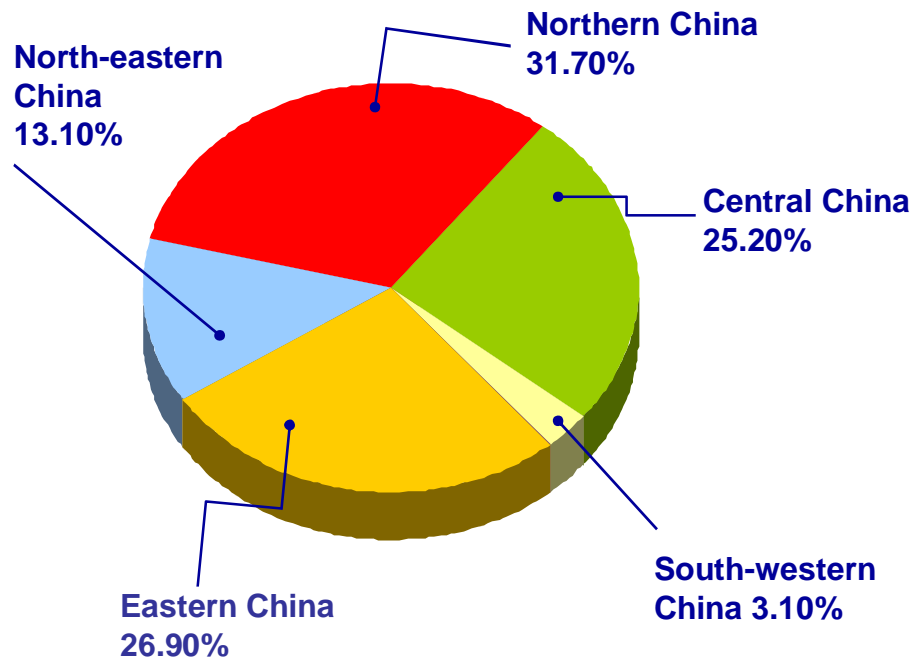
* For the six months ended 31 December 2009.

** For the six months ended 31 December 2010.

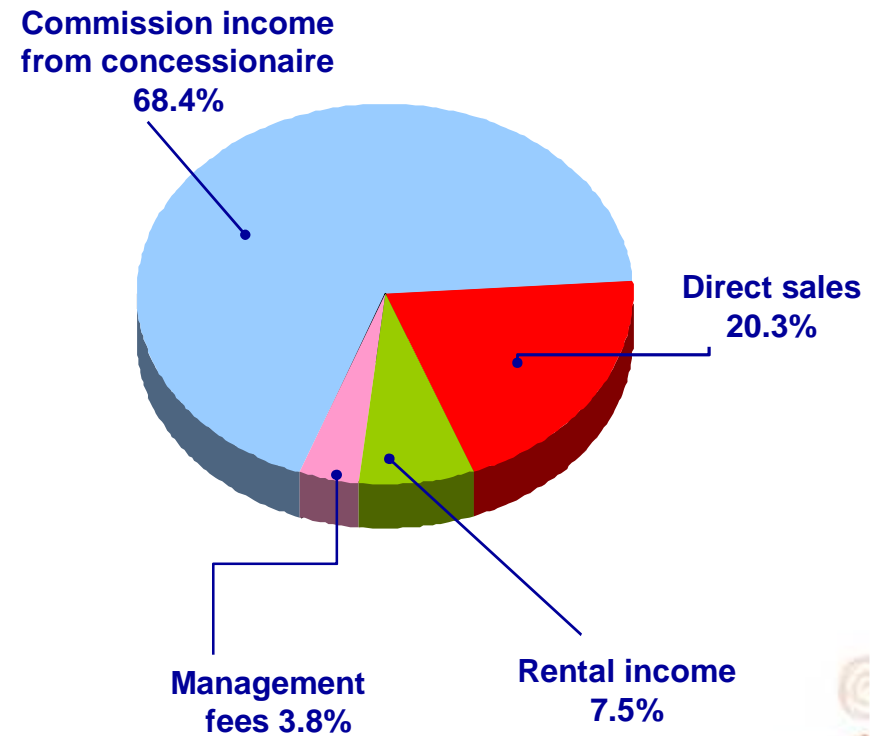
(1) Profit for the period refers to profit attributable to equity holders.

Revenue Analysis

Revenue contribution by region
in 1H 2010/11**



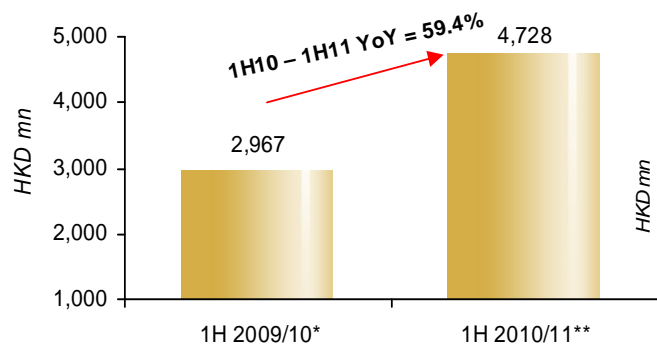
Revenue contribution by segment
in 1H 2010/11**



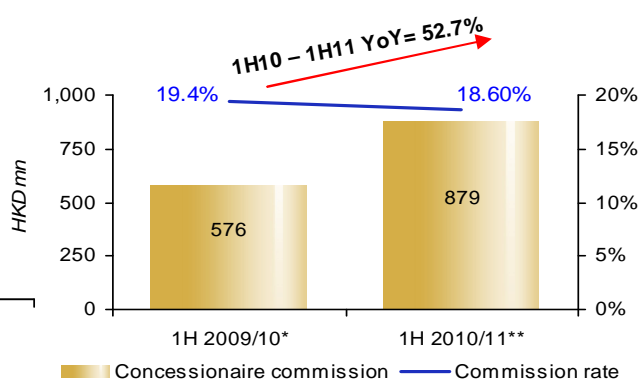
Revenue Analysis (cont'd)



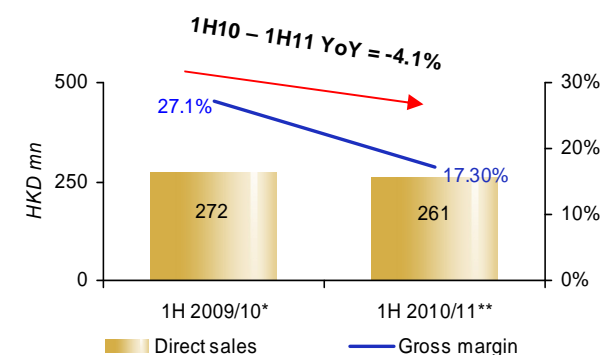
Concessionaire gross sales revenue



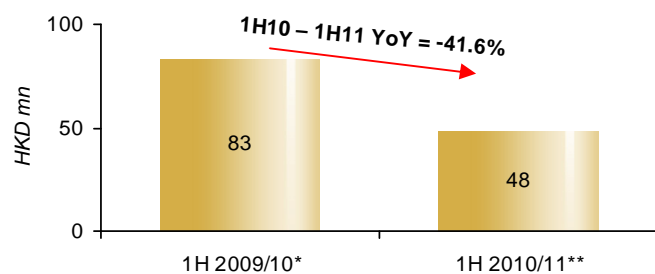
Concessionaire commission



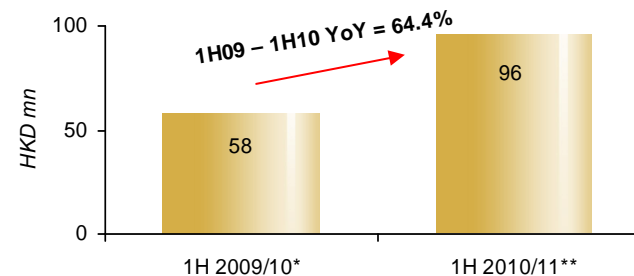
Direct sales and its gross margin



Management fees



Rental Income

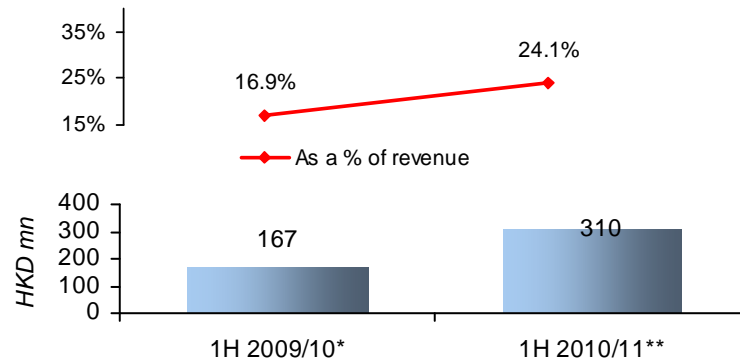


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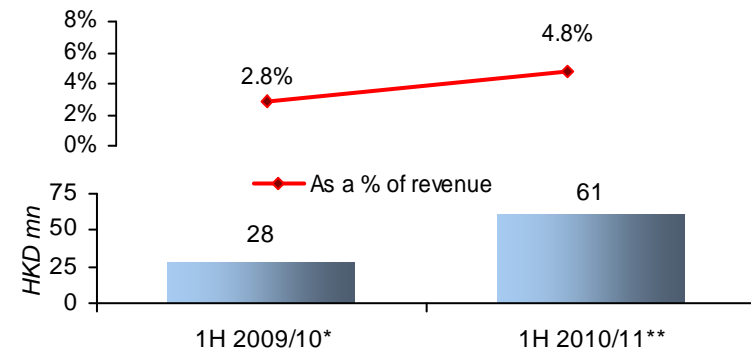
** For the six months ended 31 December 2010.

Stable Expense Ratios

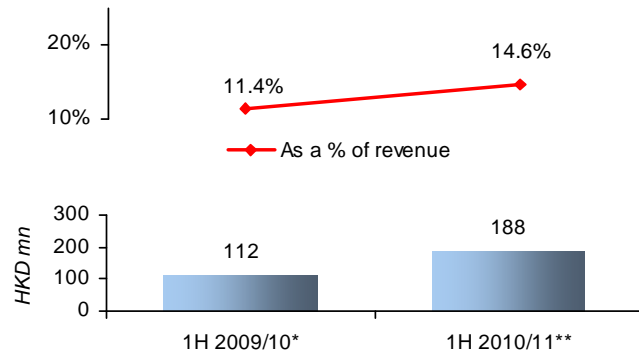
Rental expense



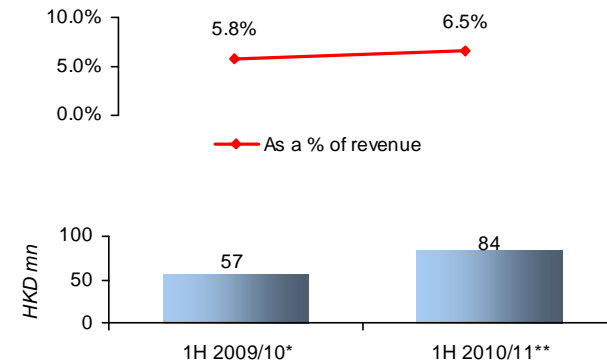
Selling expense



Staff expense



Water and electricity expense



Operational Review & Marketing Strategies



Operational Review & Marketing Strategies



1. Rebranding & Renovation Progress



Operational Regions	Store Name	Starting Date	Expected Completion Date
Northeastern China	Shenyang Nanjing Street Store	Completed in Mar 2010	
	Shenyang Zhonghua Road Store	Completed in Mar 2010	
	Harbin Store	Completed in Dec 2010	
	Anshan Store and Dalian Store	2011	2012
Eastern China	Wuxi Store*	Completed in Mar 2010	
	Shanghai Huaihai Store and Shanghai Pujian Store	Completed in Oct 2010	
	Other 5 Stores in Shanghai	2010	2011
	2 Stores in Ningbo**, Nanjing Store and Taizhou Store	2011	2012
Northern China	Tianjin Store	Completed in July 2010	
	Beijing Store	Completed in June 2010	
	Beijing Liying Store	Completed in Dec 2010	
	Beijing Trendy Store and Lanzhou Store	2011	2011
Central China	Wuhan Hanyang Store	Completed in Oct 2010	
	Other Stores in Central China Region	2011	2012
Southwestern China		2011	2012

Note: The above schedule may subject to change.

*Until the end of 2013 (estimated), roads surrounding Wuxi Store are blocked due to the construction of underground station.

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

2. Differentiation Strategy

- Continuous efforts in carrying out the exclusive brand strategy and establishing category killers

 Only



“Category Killer”



- Further organized various promotional activities to highlight the exclusive brands sold in NWDS within a located district

- Focus on building “Category Killer” in Fashion Gallery

3. Establish Private Label – XII



- ③ Launched the Menswear Private Label – XII in Dec 2010
- ③ The first 4 concessionaires of the brand are located in Shanghai and Wuhan
- ③ Aim at optimizing the company's profit structure
- ③ Further enhance the “mix & match” concept of the rebranding program
- ③ Target to open more concessionaires in Eastern China and Central China in 2H FY11



4. Internet Marketing



Launched NWDS Blog and Mini-blog to utilize the most popular and effective promotional channels

- ③ Launched the mini-blog in Oct 2010 and NWDS Blog in Nov 2010
- ③ A new channel to draw our potential customers and promote our store activities
- ③ Successfully attracted over 5,000 fans for both blogs within 3 months



NWDS Blog



Mini-blog

5. Nationwide VIP Programmes



Nationwide VIP membership & Co-branded Card



- Over 1.95 million members as at 31 Dec 2010
- VIP contributed approx. 46% to the total sales turnover in 1H FY11
- About 480,000 holders of co-branded credit card with Bank of Communications as at 31 Dec 2010

VIP enhancement – VIP Clubs



- Exclusive activities for Smart Lady Club, Perfect House Wife Club and Platinum Style Club
- Over 650,000 members as at 31 Dec 2010
- Contributed approx. 38% to the total VIP sales turnover in 1H FY11

6. VIP Strategy

To boost store traffic flow

- Themed activities e.g. Halloween party, Catwoman make-up competition
- Visual Merchandising : large-scale festive decoration e.g. “Fantastic Crown · Dreams Come True” X’mas decoration
- Joint promotional activities within same operational regions

To increase VIP’s patronage to stores

- VIP day include shopping discount and welcome-back gift etc.
- Diverse VIP club activities
- Stamp collection for gift redemption

To enhance VIP’s prestige and VIP sales contribution

- Special privilege for VIP and platinum VIP during seasonal sales promotion e.g. multiple-bonus, luxurious gifts

To extend VIP membership

- Joint VIP activities with the Group’s associated companies



Expansion Strategies



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



Consistent Expansion Strategies



Opening New Stores

- Opening 2-3 new stores with total GFA of approx. 100,000-120,000 sq.m. each fiscal year
- Establish our footholds from 1st and 2nd-tier cities to 2nd and 3rd-tier cities
- To enter new markets with radiation effect from cities where NWDS has a strong presence
- Multiple presences within a single city

Acquisitions

- Acquire 2 -3 stores from existing managed stores and/or stores from 3rd party that are profitable and/or have great growth potential each fiscal year
- Maintain the GFA of owned properties at around 20%-30% of total GFA

Greenfield projects

- Looking for opportunities on greenfield projects

Strategies to open new stores

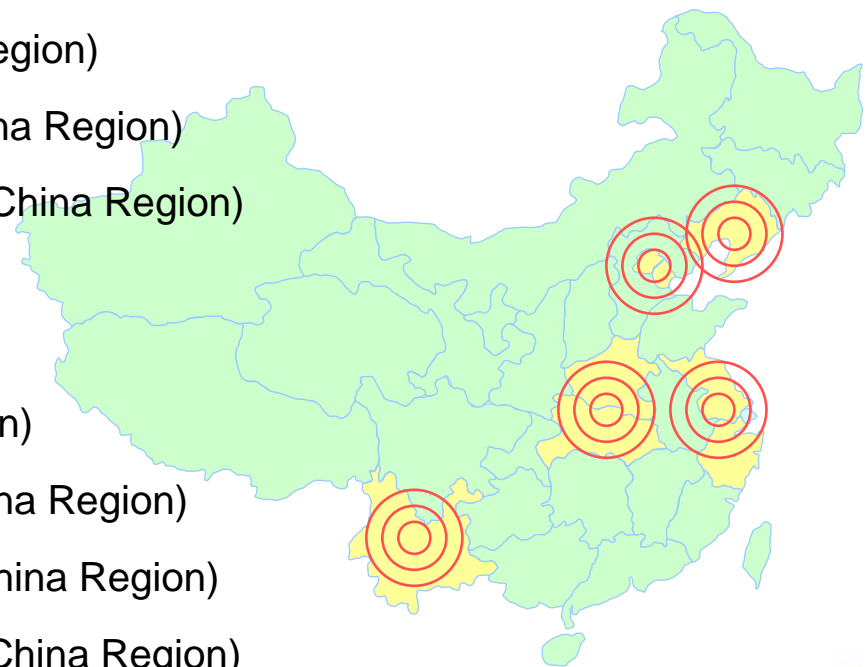


Expansion by radiation effect

- *Zhengzhou in Henan Province (Central China Region)
- Tianjin Municipal City (Northern China Region)
- Taizhou in Zhejiang Province (Eastern China Region)
- Anshan in Liaoning Province (Northeastern China Region)
- *Mianyang in Sichuan Province (Southwestern China Region)

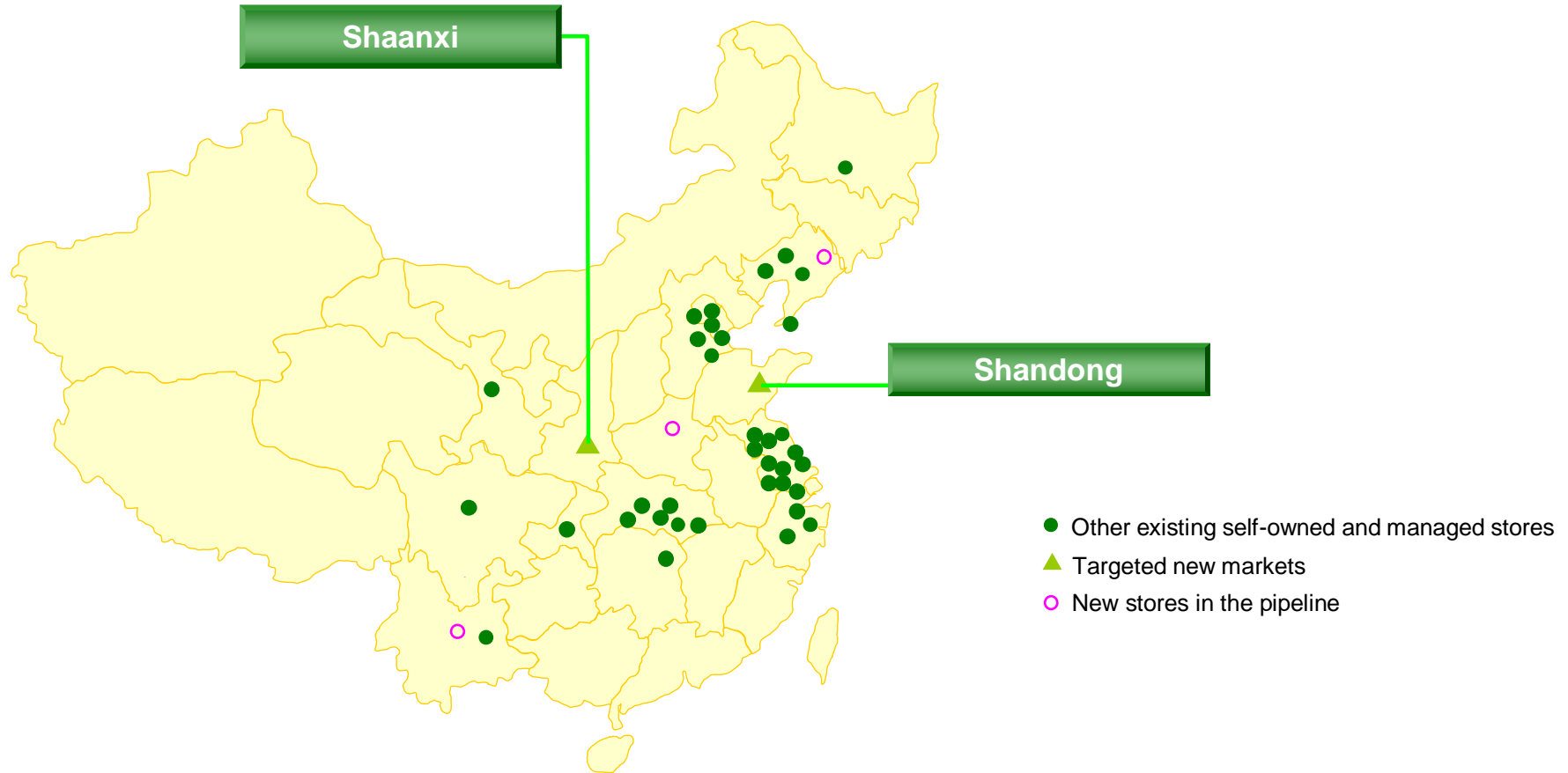
Multiple presences in a single city

- 6 stores in Wuhan, Hubei (Central China Region)
- 5 stores in Beijing Municipal City (Northern China Region)
- 9 stores in Shanghai Municipal City (Eastern China Region)
- *3 stores in Shenyang, Liaoning (Northeastern China Region)



**Include stores in the pipeline*

Continue to Grow Our Retail Network



~ As of 23 Feb 2011 ~

Our Mission



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



Open Forum

