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Business Update

NWD Announced FY2020 Annual Results

On 30 September, the Group announced FY2020 annual results, demonstrating our resilience and growth potential, supported by our GBA strategy, K11 expansion plan and non-core disposals, evident in our sustainable and progressive dividend policy. Consolidated revenues amounted to HK\$59bn, segment results amounted to HK\$14bn, and underlying profit amounted to HK\$6.6bn. With the successful expansion of recurring income and contribution of non-core disposals, the Board maintained full year FY2020 dividend of HK\$2.04/share, matching FY2019 dividend.

For HK property development, FY2020 attributable contracted sales totaled of HK\$13bn and we are targeting contract sales of HK\$20bn p.a. for FY2021-FY2023. Our key upcoming project Pavilia Farm in Tai Wai has more than 3,000 residential units - a rare mega project in HK above an MTR station. For Mainland China, attributable contract sales totaled of RMB18.2bn, in which the Greater Bay Area projects contributed 60% of sales. We are targeting teen CAGR growth for FY2021-FY2023 for Mainland China. ASP of overall residential contracted sales in Mainland China exceeded RMB38,000/sqm, significantly outperforming the market average. High property development gross margin of 57% achieved in both Hong Kong and Mainland China reflects the Group's strong brand premium. In terms of property investment, Hong Kong segment results rose 33% to HK\$2.6bn and China segment results rose 2% to HK\$1.8bn. Our K11 projects are expected to have mid-high teen CAGR growth in Hong Kong and 25-30% growth in China in the next 5 years.

The Group has been streamlining its business by disposing non-core assets to optimize its resource allocation. We disposed HK\$10.6bn in FY2020, exceeding our target. As of 30 June, the Group's total capital resources amounted to HK\$106.7bn and the net gearing ratio declined to 41.6% from 42.2% from end-December 2019.

HK K11 Revene Consumption Drives Growth



K11's innovative O2O campaign and marketing strategy continue to see remarkable results with the emergence of revege consumption. In Q2, K11 MUSEA achieved a growth of 35% QoQ retails sales vs the HK average of negative 7%. We also hosted "Our Muse Festival" in September that lasted for 10+ days, in which the total sales achieved >HK\$300m. MUSEA Sept retail sales achieved 200% MoM and 120% YoY. During the 4-day Golden Week, MUSEA achieved +4x retail sales YoY.

The 3-Day Shopathon was launched in K11 Art Mall during September. Sales almost tripled that of the previous week and footfall reached a record high since the pandemic started in February.

The performance of K11 projects in China was even more impressive: K11 china retail sales rebounded 85% QoQ in 2Q vs the China mall average of only 19% increase. You can see from both HK and China, we are taking market share from other retail malls.

Stock Performance
(Stock Code: 17.HK)

Closing Price:
(8 October 2020)
HK\$ 38.80

52-week Range:
HK\$ 29.84 – 47.12

Market Cap:
HK\$ 98.91B

Issued Capital:
(Share)
2,549M

Average Daily
Trading Volume :
(Share)
3.40M

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**we create
we are artisans
we are csv.**

Notes:

- (1) New World Development Company Limited (17.HK): NWD
- (2) NWS Holding Limited (659.HK): NWS
- (3) New World China Land Limited: NWCL
- (4) Guangdong-Hong Kong-Macao Greater Bay Area: GBA

Business Update

A New Landmark by NWCL at the Center of Eastern Guangzhou

On 11 September, NWCL and Guangzhou Real Estate Trade Association jointly held the Eastern Guangzhou Center Urban Development Forum under the theme of "Eastward Development is the Future", where we introduced and named NWCL's comprehensive development projects in Zengcheng, Guangzhou as New World Canton Center and The New Canton Mansion.



As an embodiment of the "Co-Work · Co-Live · Co-Play" concept, New World Canton Center is the Group's first urban complex that integrates residential properties, offices, hotel, and commercial buildings in eastern Guangzhou. The signature project will expand the Group's strategic footprint in eastern Guangzhou in which it plays a pivotal role in strengthening the Group's business presence in GBA.

Renowned Architects Joined Hangzhou Wangjiang New Town Project

By combining top-notch international design and architectural talents, the Group will be able to expand Hong Kong K11 Musea's "100 Creative Powers" and bring world-class creativity to Hangzhou, a city dubbed "Heaven on Earth", thereby tailoring the landmark project for the needs of the new generation. With a total GFA of approximately 460,000 sq.m., an array of international brands such as K11 Art Mall, Grade A office building K11 ATELIER, luxury serviced residence K11 ARTUS, and the ultra-luxury Rosewood Hotel will be introduced to the Hangzhou Wangjiang New Town project for the first time. This will cultivate a new wave of the culture, art, consumption and sustainable development in Hangzhou, demonstrating New World Group's concept of "Creating Shared Value".



NWD Included in Hang Seng Shanghai-Shenzhen-Hong Kong (Selected Corporations) 300 Index

On 21 September, Hang Seng Indexes Company announced that NWD has been included as a constituent of the newly launched Hang Seng Shanghai-Shenzhen-Hong Kong (Selected Corporations) 300 Index. The index measures the overall performance of the 300 largest companies in terms of full market capitalization listed in Hong Kong and/or mainland China that operate in mainland China, Hong Kong and Macao. After joining major indexes including Hang Seng Index, Hang Seng Stock Connect Greater Bay Area Region Top Index, Hang Seng SCHK High Dividend Low Volatility Index and HSI ESG Index, to which investors worldwide take reference, NWD has once again established a foothold in an important index of Hong Kong's capital market. This demonstrates the capital market's recognition of the Group's stellar performance in various indicators, as well as its value. The inclusion will help the Group further broaden its investor base, improve its share liquidity, and enhance its value.

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