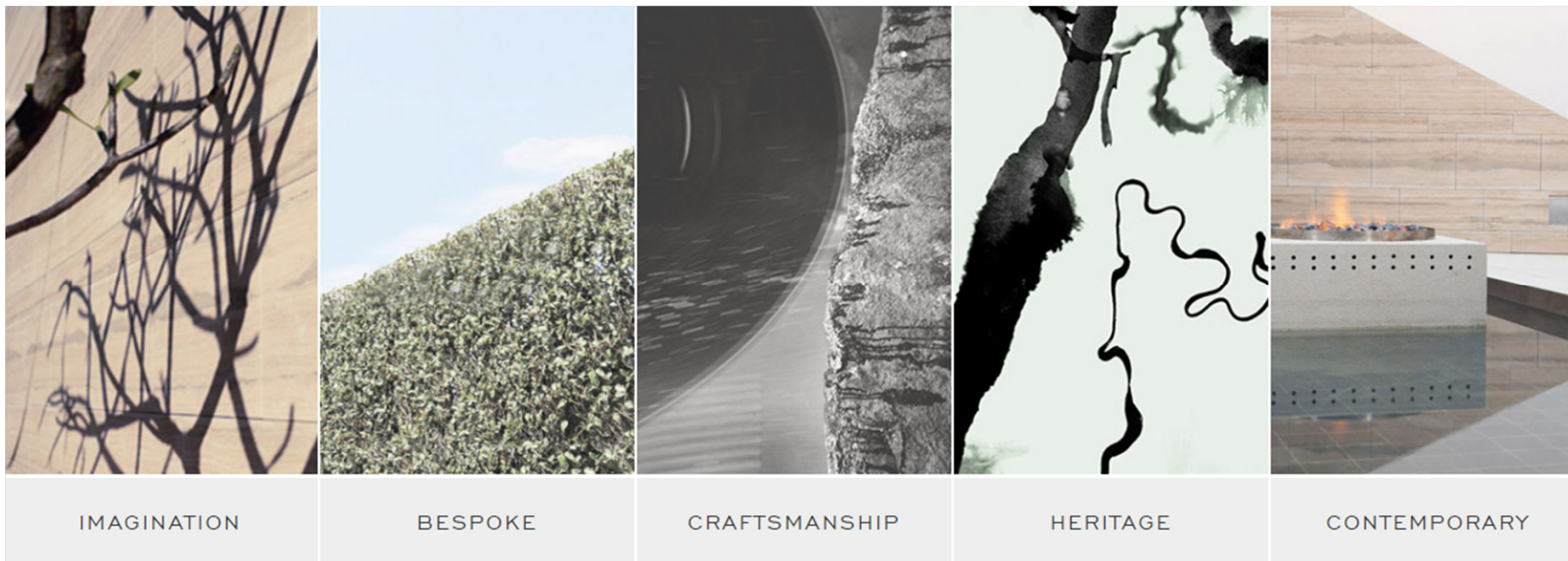




New World Development Company Limited

FY2016 ANNUAL RESULTS | 21 SEP 2016





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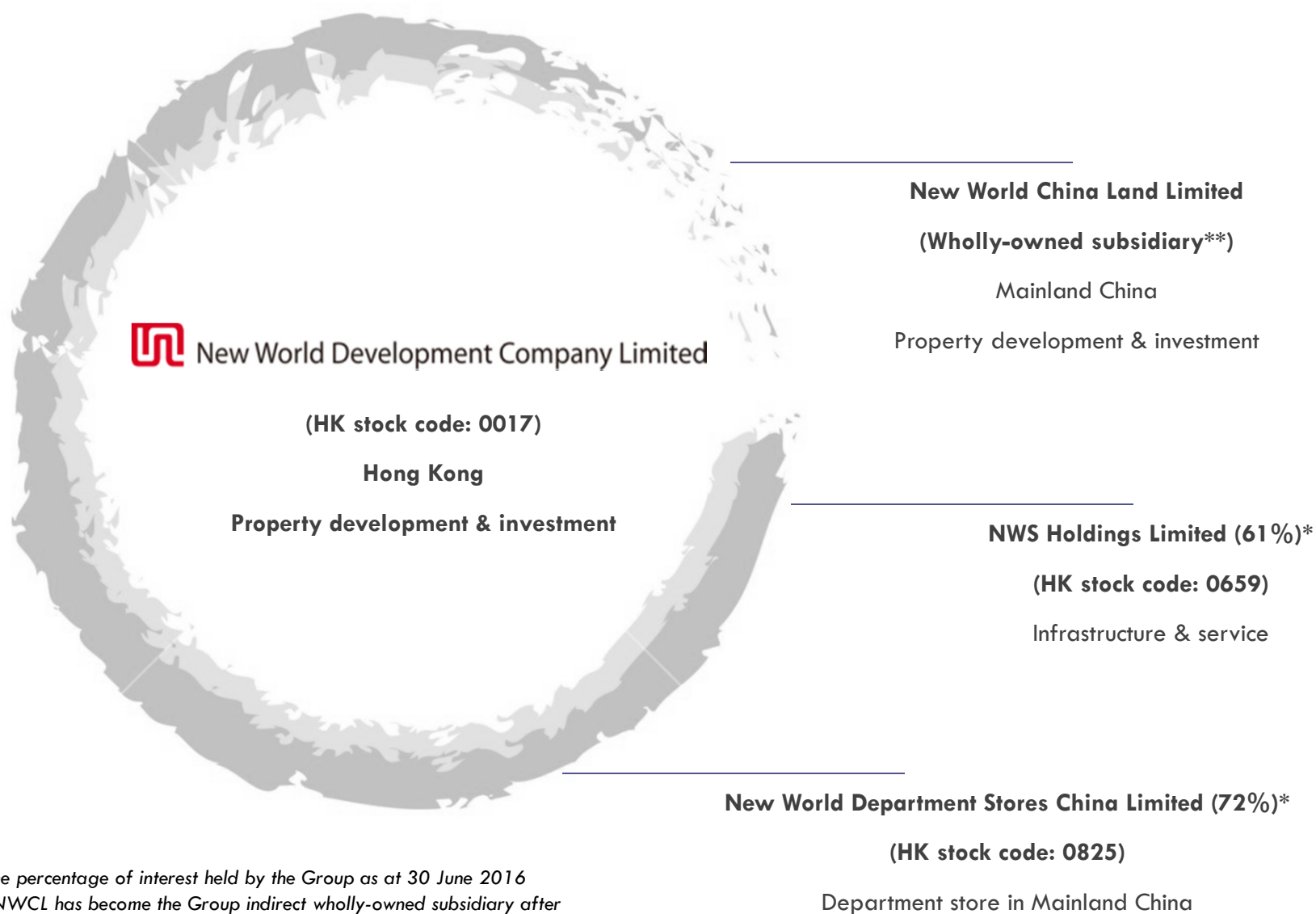
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\* The percentage of interest held by the Group as at 30 June 2016

\*\* NWCL has become the Group indirect wholly-owned subsidiary after the completion of privatisation on 3 Aug 2016. As at 30 June 2016, the percentage interest held by the Group is 99.6%

# HIGHLIGHTS

## FINANCIALS

- Financial position: 38.4% net gearing; HK\$55.2 bn consolidated cash on hand & bank balances
- Stable resources: HK\$14.5 bn undrawn line + MTN program of NWD in place (un-utilised US\$1.4 bn)
- Full-year dividend HK\$0.44 per share, up 5%

## PROPERTY DEVELOPMENT

- Robust execution in property sales with unique saleable resources
- New projects to be launched: around 2,500 units available
- Reasonable gross margin: over 20% in HK property development segment

## LANDBANK

- Proactive management across various channels in place with proven track record
- Important step forwarded to unlock farmland hidden value

## PROPERTY INVESTMENT

- Defensive portfolio: stable contribution from offices in Central and regional retail malls
- Unique & pioneered concepts to capture opportunities of changing consumption behavior : K11& D • PARK
- New World Centre redevelopment: a GFA of 3 mil sq ft complex


## CHINA STRATEGIES

- Revamp our China property flagship NWCL, to bring out its potentials and hidden values

## OTHER ENHANCEMENTS

- Enhancement in efficiency through on-going streamlining on the Group's structure and crystallising values within the Group
- Better use of resources: synergies of VIP members within the Group





## FINANCIALS & STRATEGIES

Results summary (HK\$ million)	FY2016	FY2015
Revenues	59,570.0	55,245.0
Profit attributable to shareholders*	8,666.3	19,112.0
Underlying profits	9,662.2	6,770.0
Dividend (HK\$)	FY2016	FY2015
Interim	0.13	0.12
Final	0.31	0.30
<b>Full-year</b>	<b>0.44</b>	<b>0.42</b>
Financial position (HK\$ million)	As at 30 Jun 2016	As at 31 Dec 2015
Cash & bank balances	55,170.8	64,698.5
Net debt	77,048.8	68,162.7
Net gearing (%)	38.4%	31.4%

\* The drop was mainly due to 1) disposal gain of 50% interest of three HK hotels to ADIA recorded in FY2015; 2) RMB depreciation led to the net exchange loss recorded in FY2016



## BUSINESS SEGMENT PERFORMANCE

Segment results (HK\$ million)	FY2016	FY2015
(1) Property development		
→ Hong Kong	2,978.6	3,295.1
→ China	4,393.2	4,837.7
Sub-total	7,371.8	8,132.8
(2) Property investment		
→ Hong Kong*	1,114.8	1,151.8
→ China	714.4	617.5
Sub-total	1,829.2	1,769.3
(3) Hotel operations		
→ Hong Kong & Southeast Asia**	185.2	747.6
→ China	(388.5)	(502.9)
Sub-total	(203.3)	244.7
(4) Service	1,519.1	1,504.0
(5) Infrastructure	3,042.5	2,711.2
(6) Department stores	205.0	307.4
(7) Others	233.2	(264.3)
<b>Total</b>	<b>13,997.5</b>	<b>14,405.1</b>

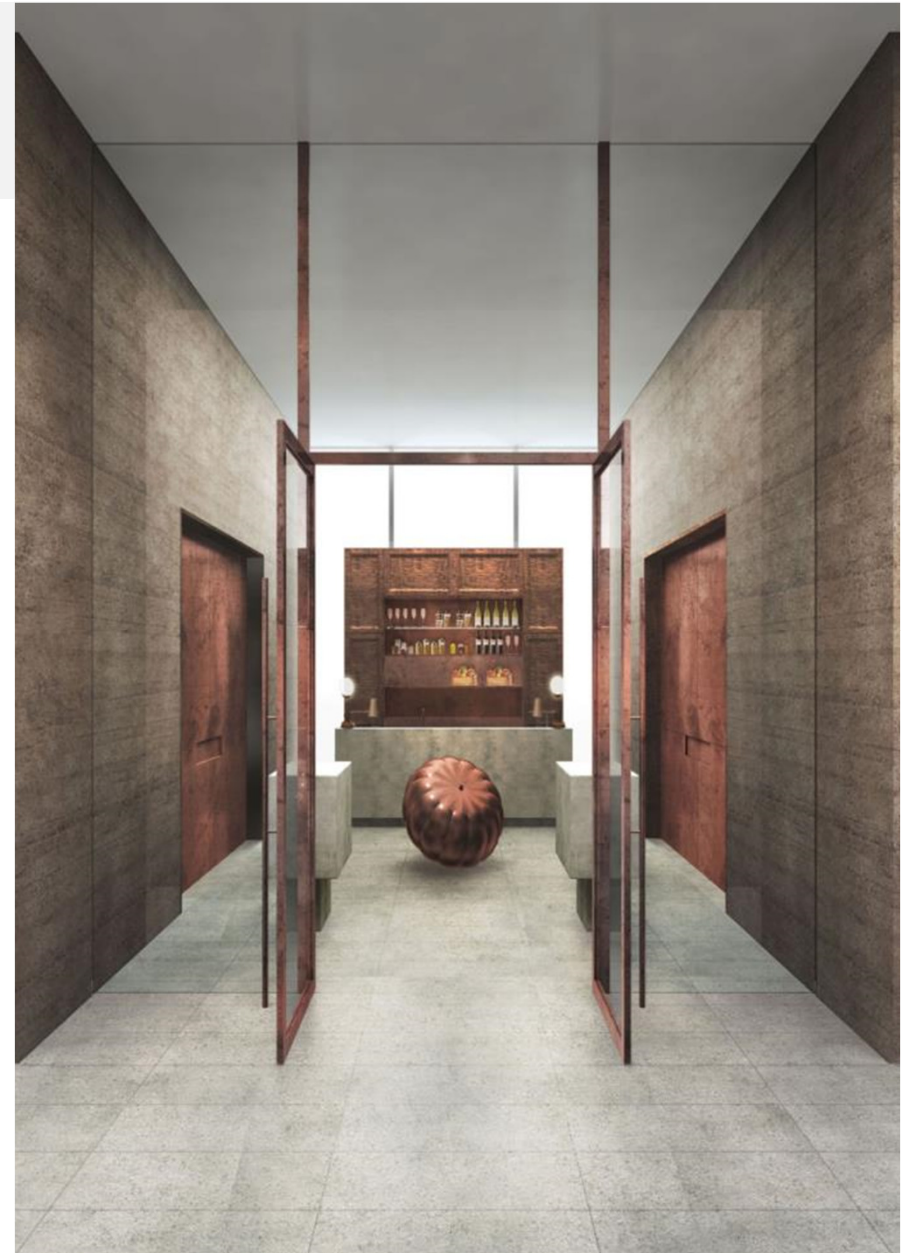
\* The drop was due to: 1) lease expired of 2 MacDonnell Road project; 2) soften HK retail market affected the performance of street shops and some partner projects in our portfolio; 3) the disposal of certain IPs

\*\* The drop was due to the disposal of 50% interest of three HK hotels to ADIA in Jun 2015, those hotels were no longer accounted for as subsidiaries of the Group. The share of 50% result contribution of the three hotels is included in share of results of joint ventures and related financing cost and taxation was also included in share of results of joint ventures

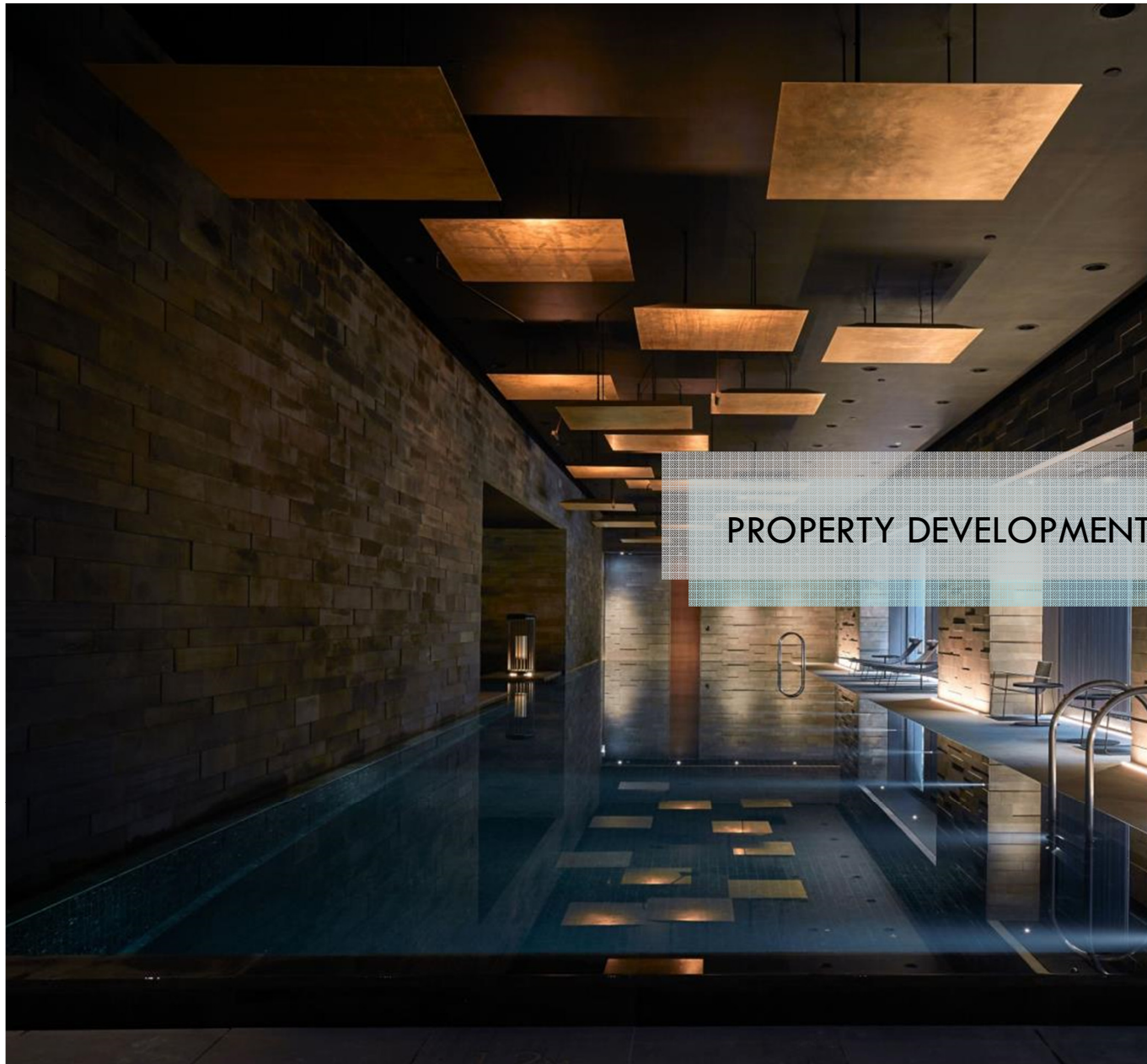


### Key corporate events

- Privatisation of NWCL
- Disposal of logistics centre in Kwai Chung
- Disposal of fixed line business
- China non-core asset disposals
- Disposal of hotel management business
- Hotel deal with ADIA & enhancement in hotel platform
- Disposal of mobile business
- Disposal of non-core investment properties







## PROPERTY DEVELOPMENT



### Attributable contracted sales

Period	Sales proceeds (HK\$)
<b>FY2016</b> 2015.7.1 – 2016.6.30	6.6 billion
<b>FY2017</b> 2016.7.1 – 2016.9.18	3.4 billion
<b>CY2016</b> 2016.1.1 – 2016.9.18	7.1 billion

### 6 projects launched in FY2016

THE PARKHILL (柏濤)

DOUBLE COVE GRANDVIEW (迎海・駿岸)

55 CONDUIT ROAD (璦珀)

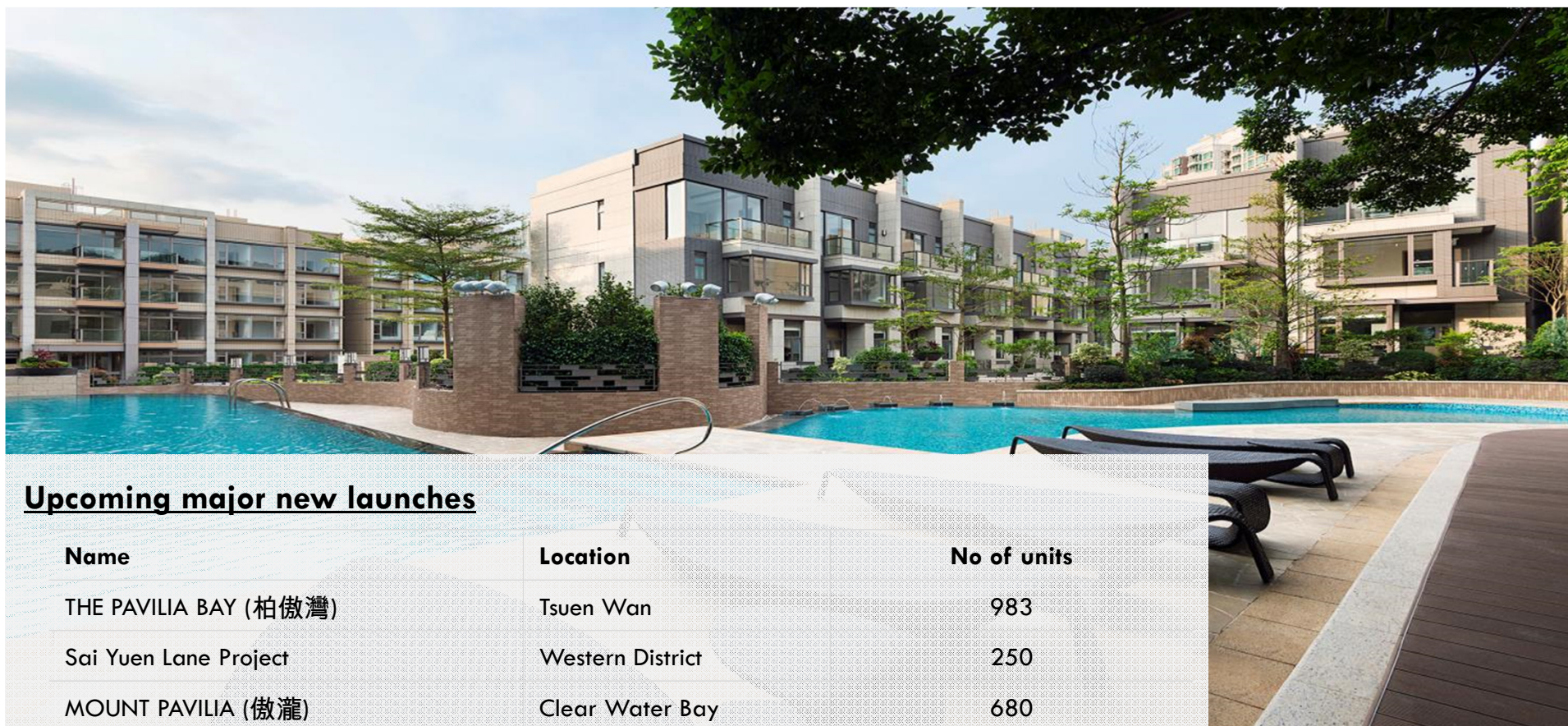
SKYPARK

DOUBLE COVE SUMMIT (迎海・御峰)

BOHEMIAN HOUSE (臻璦)







## Upcoming major new launches

Name	Location	No of units
THE PAVILIA BAY (柏傲灣)	Tsuen Wan	983
Sai Yuen Lane Project	Western District	250
MOUNT PAVILIA (傲瀾)	Clear Water Bay	680
Heung Sze Wui Rd Project	Tuen Mun	100
Park Villa (柏巒)	Yuen Long	51
<b>New launches</b>		<b>2,064</b>
Inventory – NWD project as at 18 Sep 2016		63
Inventory – JV project as at 18 Sep 2016		379
<b>Total units available</b>		<b>2,506</b>

442



OLD BUILDING REDEVELOPMENT

Unique location

PUBLIC TENDER

Sizeable development

FARMLAND CONVERSION

Unlock hidden value

### **Hong Kong attributable landbank as at Jun 2016**

Hong Kong ready land (by GFA)	8.3 million sq ft
- Residential usage (by GFA/ % of total)	4.6 million sq ft (55%)
Farmland (by land area)	17.5 million sq ft
- Yuen Long (by land area/ % of total)	12.0 million sq ft (69%)



## URA tender awarded

Kowloon City Rd/ Sheung Heung Rd Project

<u>NWD</u>	<u>Attri GFA added/ sq ft</u>
100%	111,730

## Old building ownership fully consolidated

4A-4P Seymour Road, Mid Levels

<u>NWD</u>	<u>Attri GFA added/ sq ft</u>
35%	165,265

## Ongoing old building acquisition

74-74C Waterloo Rd & 15-25 Yau Moon St, Ho Man Tin

<u>NWD</u>	<u>Attri GFA added/ sq ft</u>
51%	43,583

## Farmland conversion completed

YLTL 524, Yuen Long

<u>NWD</u>	<u>Attri GFA added/ sq ft</u>
21%	35,914

YLTL 527, Yuen Long (through arbitration)

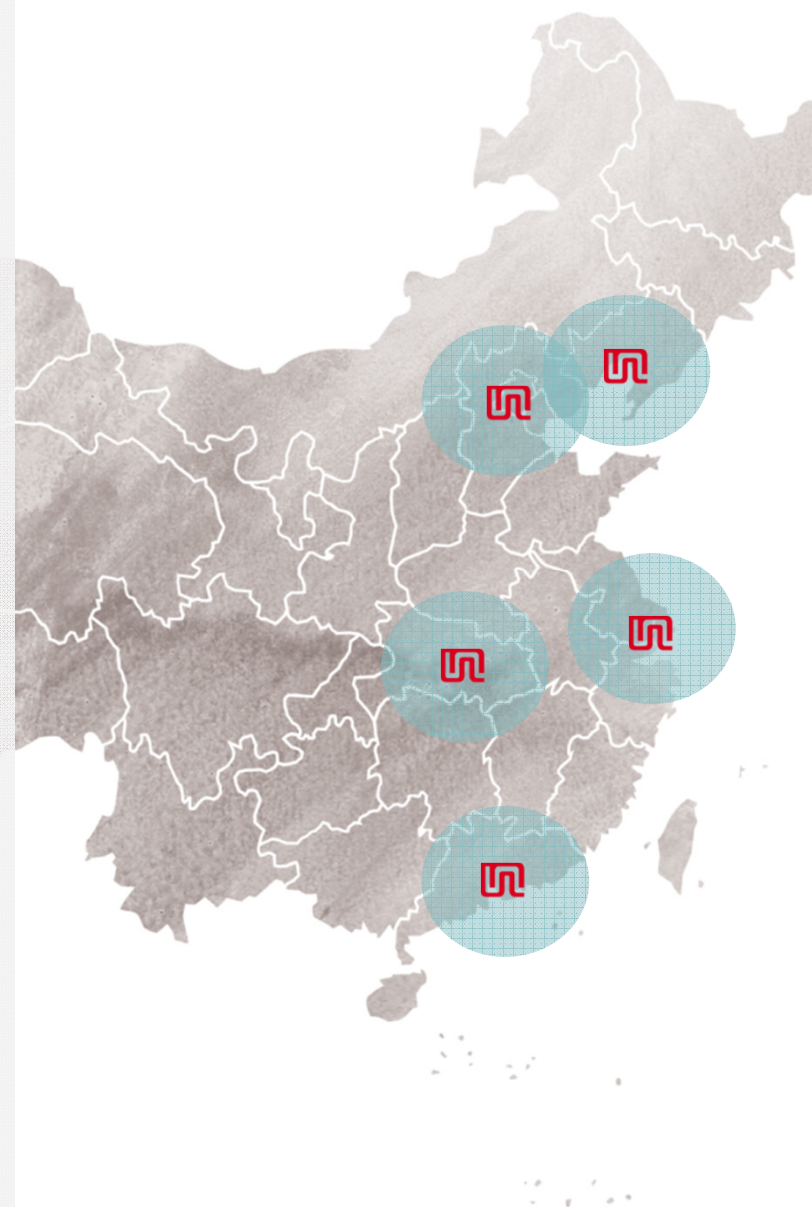
<u>NWD</u>	<u>Attri GFA added/ sq ft</u>
21%	4,499





### Landbank in Mainland China

Region	Development Property landbank	Completed Investment Properties
<u>GFA/ mil sq m</u>	<u>10.98</u>	<u>2.17</u>
Guangzhou – Shenzhen – Foshan	27%	20%
Wuhan	11%	11%
Shanghai – Ningbo – Hangzhou	6%	10%
Beijing – Tianjian – Hebei	12%	30%
Northeast	26%	14%
Others	18%	15%
<u>Total</u>	<u>100%</u>	<u>100%</u>







## Property sales and completion in Mainland China

		FY2016	FY2015
Contracted Sales	RMB bn	22.9	15.4
Gross Margin	%	39	42
ASP	RMB/ sq m	18,172	16,937

## Contracted sales

Region	% as of total sales proceeds
Guangzhou – Shenzhen – Foshan	54%
Wuhan	9%
Shanghai – Ningbo – Hangzhou	5%
Beijing – Tianjian – Hebei	11%
Northeast	10%
Others	11%
<b><u>Total</u></b>	<b><u>100%</u></b>





## INVESTMENT PROPERTY





## Office

New World Tower, Central	99%
Manning House, Central	98%

## Mall

HK K11, TST	100%
D • PARK, Tsuen Wan*	92%
Pearl City, Causeway Bay	100%
Telford Plaza, Kowloon Bay	99%
POPCORN II, Tseung Kwan O	99%

\* Under final phase of renovation in FY2016

## HK gross rental income up 6%

### Office

- Positive rental reversion in our Central office towers

### Mall

- Strong performance in K11, TST
  - Positive growth in rental income
  - Average footfall 1.4 mil per month
- Resilient performance in regional mall
  - Positive rental income growth in D • PARK
  - Average footfall 2.4 mil per month

### Street shop

- Under pressure, especially in prime tourist areas





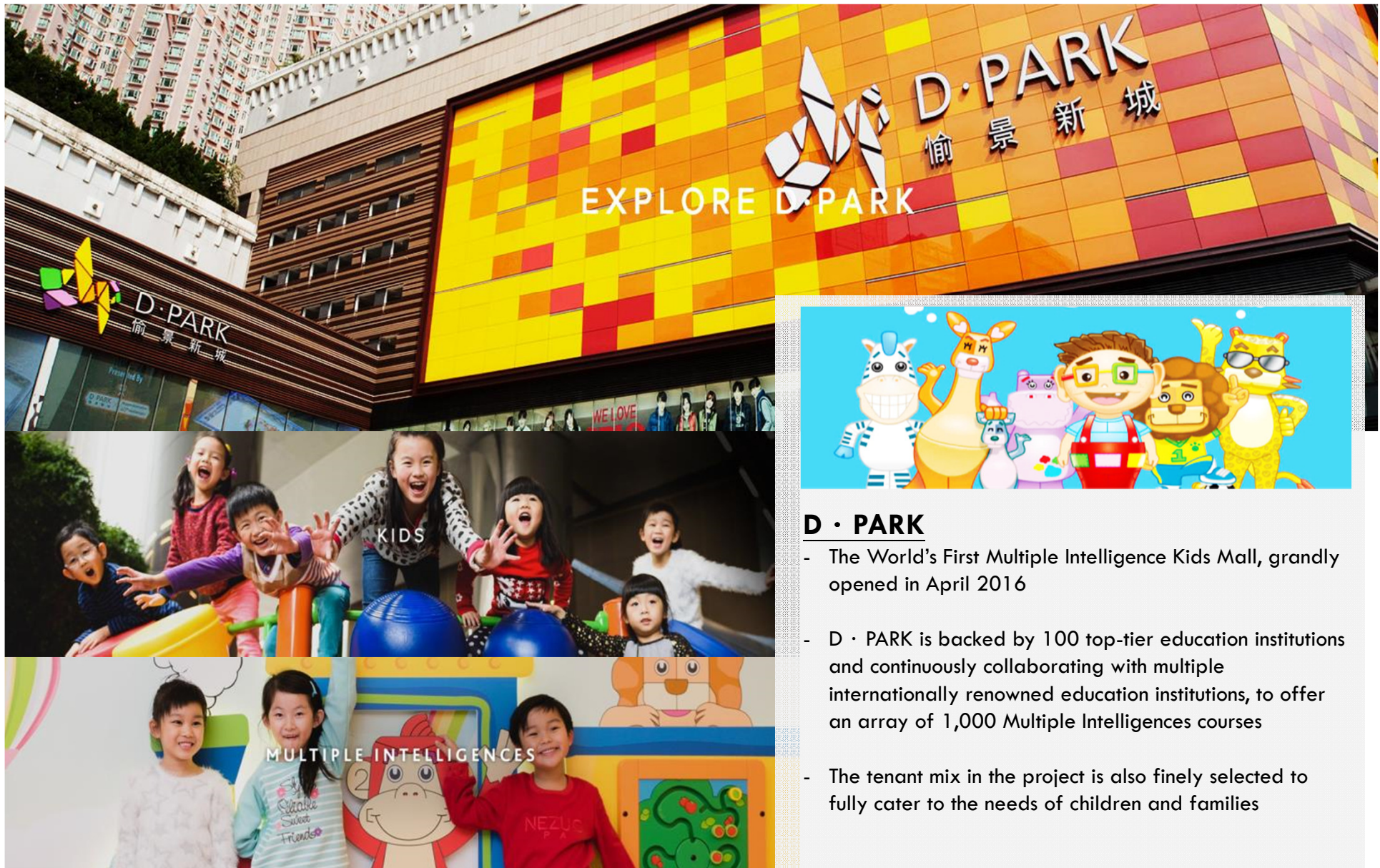


### Shanghai K11

- The revolutionary formation of the world's first museum retail concept by K11, creating new consumption experience and brand equity
- Sustainable "Art x Commerce" K11 business model, creating a museum retail concepts, office and residences in Greater China
- **2016:** One for fashion and photography lovers, BAGISM is an exhibition of over 300 handbags dating from 400 years ago to the present day
- **2015:** An exhibition partnership with Gala-Salvador Dalí Foundation, which had culminated in the first exhibition of the Spanish surrealist in China since 2001
- **2014:** The first ever exhibition of Claude Monet in China was held







### **D · PARK**

- The World's First Multiple Intelligence Kids Mall, grandly opened in April 2016
- D · PARK is backed by 100 top-tier education institutions and continuously collaborating with multiple internationally renowned education institutions, to offer an array of 1,000 Multiple Intelligences courses
- The tenant mix in the project is also finely selected to fully cater to the needs of children and families



## UPCOMING CATALYST - NEW WORLD CENTRE REDEVELOPMENT



### Total GFA

- 3 million sq ft complex

### Current Status

- Construction carried out as scheduled

### Outlook

- New landmark in Hong Kong
- Direct access to public transports
- Abundant carpark for customers



## Strategy

- Actively review the asset portfolio to unlock value
- Enhancement in geographic mix, especially in those cities with enormous potential

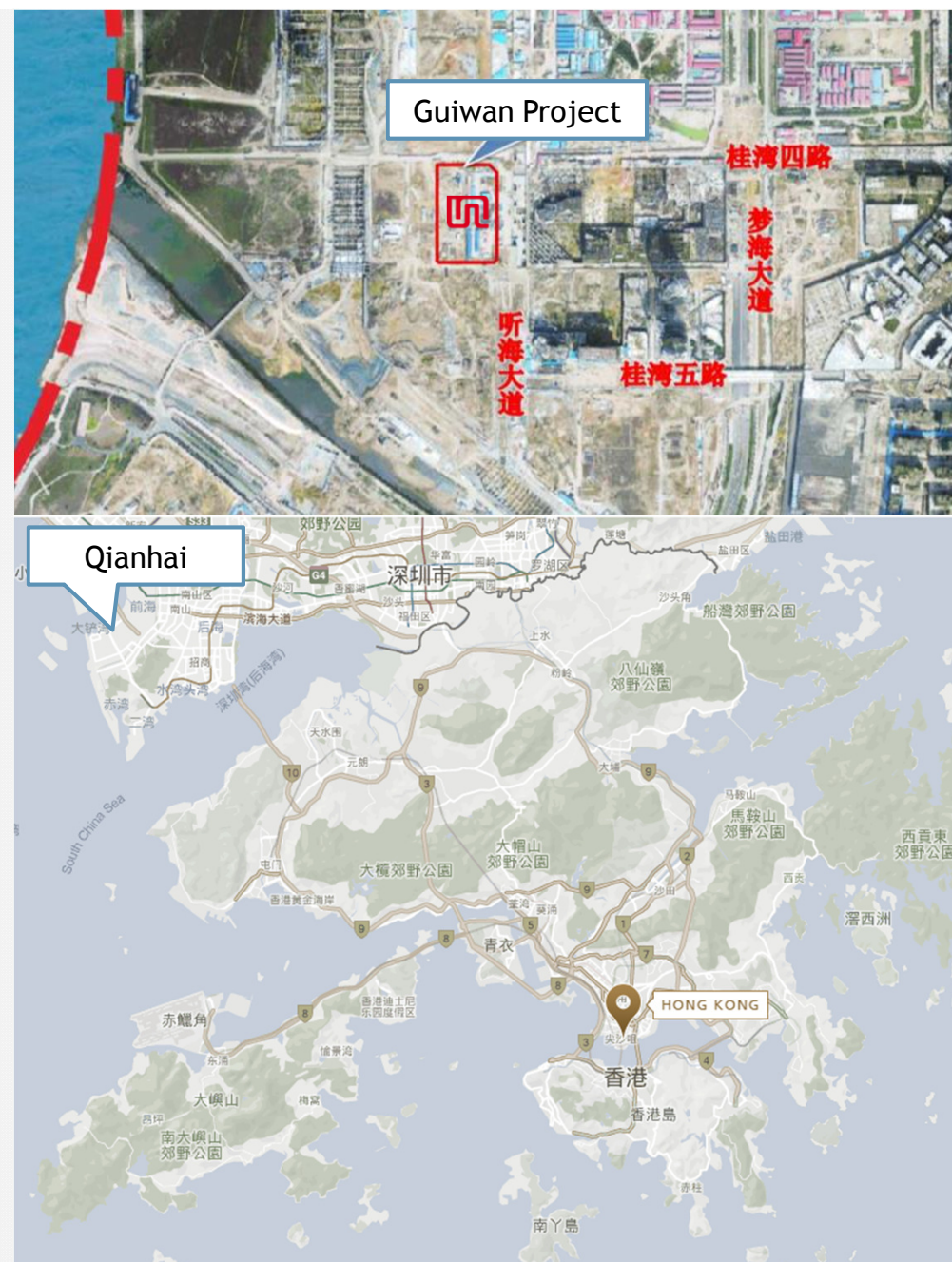
## Strategic move

- 4Q 2015:  
Sold 5 non-core assets for RMB21 bn
- 3Q 2016:  
Acquired 1 prominent site with huge potential at RMB4.2 bn



## Qianhai Guiwan project

- NWD 30% ; CTFE 70%
- designated for commercial use (major usage is office)
- permissible total GFA of 170,000 sq m
- Shall be sold one-off to a foreign financial institution listed in Fortune 500 in 2015
  - (1) GFA of 45,000 sq m to 55,000 sq m of the office, and
  - (2) GFA not more than 1,000 sq m of retail
- The Group is in proactive negotiation with potential buyers



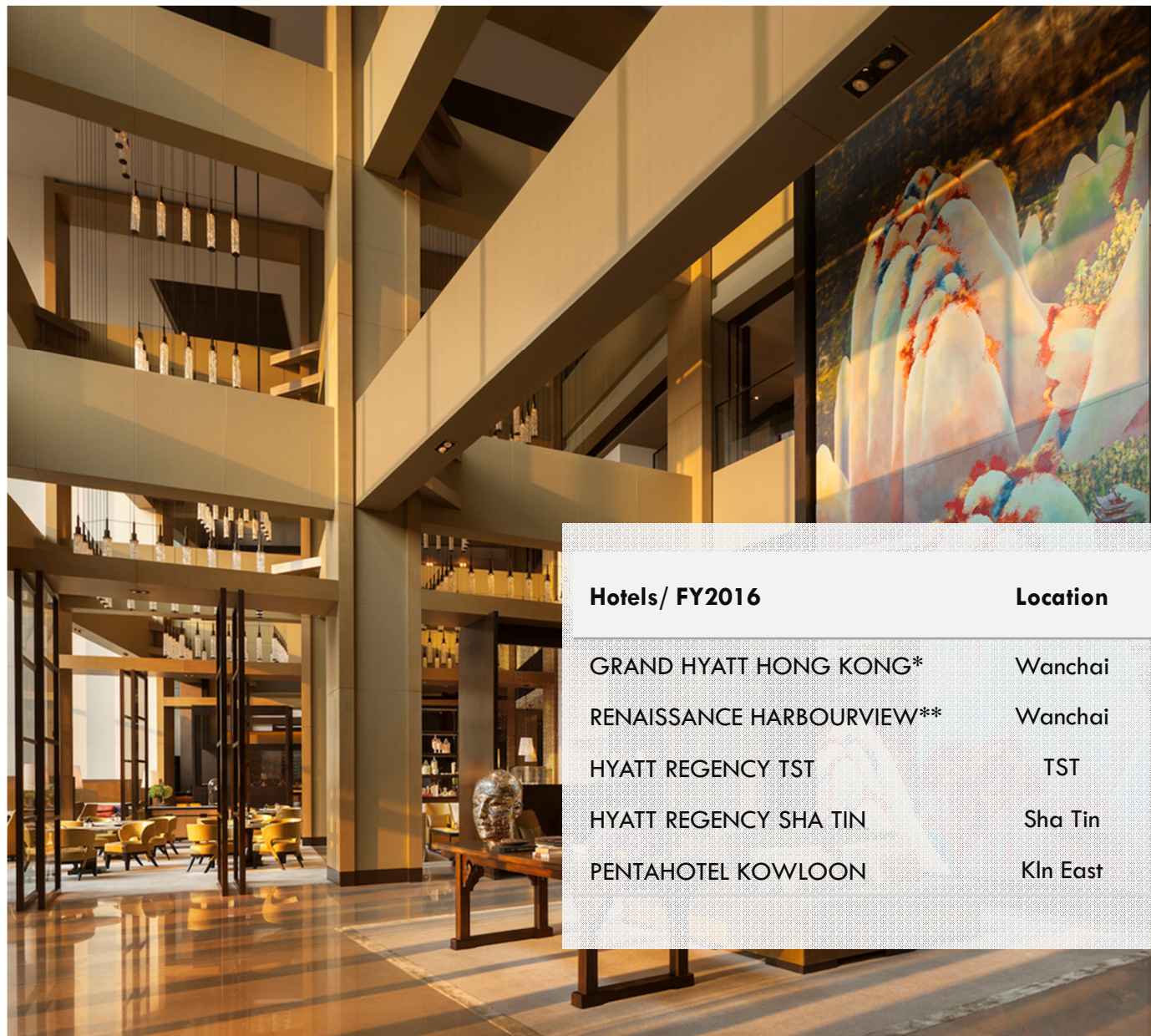




## HOTEL OPERATIONS



## HOTEL OPERATIONS – CRYSTALISING VALUES



Location	No of hotels
Hong Kong	6
China	8
SE Asia	3
<b>Total</b>	<b>17</b>

Hotels/ FY2016	Location	Total room	Occupancy (%)	ADR (HK\$)
GRAND HYATT HONG KONG*	Wanchai	545	64	3,100
RENAISSANCE HARBOURVIEW**	Wanchai	861	78	2,000
HYATT REGENCY TST	TST	381	88	1,900
HYATT REGENCY SHA TIN	Sha Tin	559	79	1,300
PENTAHOTEL KOWLOON	Kln East	695	79	600

\* Under major renovation: Guestroom and Grand Café

\*\* Under renovation: Lobby Lounge and lobby ceiling



## **MACRO ECONOMY**

- Slower and uneven economic growth around the world will be the major challenges
- Speculation on US interest rate hike might create ripples
- China economic rebalancing and RMB currency outlook

## **NWD**

- Continue to uplift the value of the New World brand in Hong Kong and Mainland China
- Adhering to the key strategy of structure & resources optimisation, and strengthening internal synergy to further enhance our competitiveness

