

WE CREATE
WE ARE ARTISANS
WE ARE CSV.

1HFY2020

Interim results

2020.02.28



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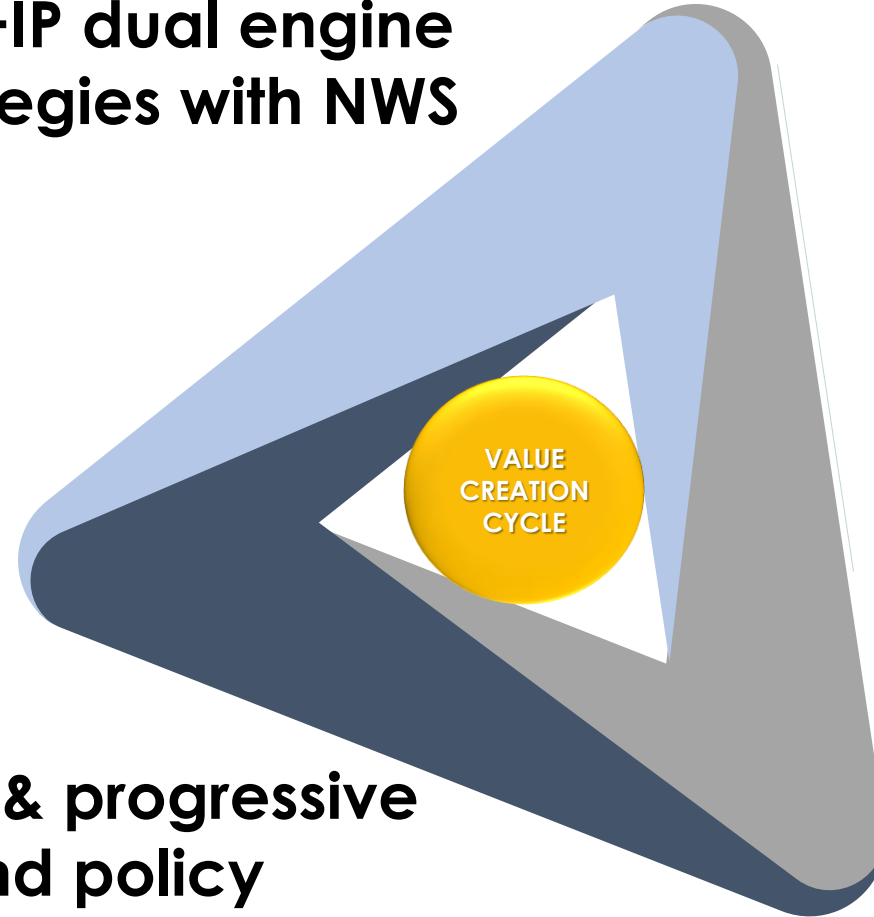
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**DP+IP dual engine
Synergies with NWS**



**GBA initiatives
Old city redevelopment**

**Sustainable & progressive
dividend policy
Non-core asset disposal**

1 HFY2020 financial highlights

	1 HFY2020 HK\$ m	1 HFY2019 HK\$ m	
Revenues	32,464.4	49,267.1	<ul style="list-style-type: none"> - Different booking mix in HK: no new project completion - HK DP revenues dropped from HK\$21bn to HK\$3.7bn
Segment results	9,489.5	12,338.6	<ul style="list-style-type: none"> - Impacts from macro and social event on individual segment - Significant drop in HK tourist arrivals
Changes in fair value of investment properties	(2,401.1)	6,404.6	
Underlying profit	3,929.2	5,396.1	<ul style="list-style-type: none"> - 3rd party valuer concern on rental outlook in HK
Interim dividend per share (HK\$)	0.14	0.14	<ul style="list-style-type: none"> - Interim DPS maintained

	As at 31 Dec 2019 HK\$ m	As at 30 Jun 2019 HK\$ m	
Total cash & bank balances	63,629.6	63,731.6	<ul style="list-style-type: none"> - Total capital resources: about HK\$95 bn
Undrawn lines	31,029.3	33,951.5	
Net gearing	42.2%	32.1%	<ul style="list-style-type: none"> - Major acquisitions: FTLife Insurance + Hangzhou composite development project + remaining interest in Ningbo project

Property sales – GBA growth + margin expansion

Segment results	1HFY2020	1HYF2019	Change
HK\$ m			
Property development	6,800.9	8,885.1	(23%)
- Hong Kong & Singapore	1,777.0	5,734.6	(69%)
- Mainland China	5,023.9	3,150.5	+ 59%

Different booking mix

1HFY2020:
No new project completion; mainly from the inventory sales

Gross margin	1HFY2020	Change
Property development	57%	+ 27% pts
- Hong Kong & Singapore	48%	+ 21% pts
- Mainland China	60%	+ 25% pts

Significant growth in GBA projects; 58% of segment contribution

Revenues and segment results from GBA up 86% and up 166% respectively

Significant gross margin improvement derived from the outstanding product quality and unique positioning

Overall gross margin of GBA project over 70%

Growth in recurrent rental income from investment properties

Segment results	1HFY2020	1HFY2019	Change
HK\$ m			
Property investment	1,310.3	1,157.3	+ 13%
- Hong Kong	848.0	705.4	+ 20%
- Mainland China	462.3	451.9	+ 2%

K11 MUSEA commenced operations in August 2019

Major investment properties recorded satisfactory occupancy

Gross rental income	1HFY2020	Change
HK\$ m		
Property investment	2,188.5	+ 23%
- Hong Kong	1,344.4	+ 36%
- Mainland China	844.1	+ 6%

Mainly due to stable occupancy delivered by key projects in GBA, Shanghai and Wuhan

NWS, hotel and others – negatively affected

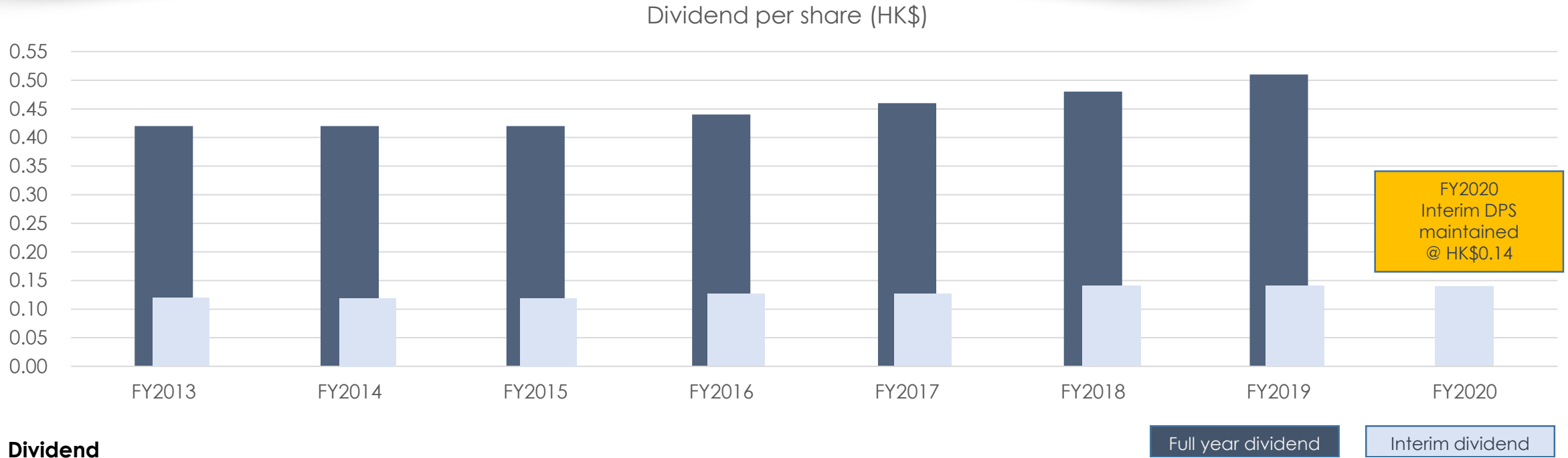
HK\$ m	1HFY2020	1HFY2019	Change	
NWS core businesses ¹	2,163.3	1,918.1	+ 13%	<p>Various investments such as facilities management and transport were affected by the social event and macro trends</p> <p>SUEZ NWS contribution dropped mainly due to one-off fair value gain on restructuring of shares recorded in last period</p>
NWS strategic portfolio ²	(316.6)	385.8	NA	
Other strategic investments	(43.3)	52.8	NA	<p>Recovery of debts in NWTMT and a reversal of provision of operating lease recorded in last period</p>
Hotel operations	(425.2)	(60.5)	NA	<p>Social event plus...</p> <p>Pre-opening expenses incurred by 3 new hotels</p> <p>Operations of new hotels need to further ramp up</p>

1. NWS completed the acquisition of FTLife insurance in November 2019 which accounts for 2 months contribution in 1HFY2020

2. Environment, Logistics, Facilities Management, Transport

1. Sustainable & progressive dividend policy
2. Stable contracted sales
3. Recurrent rental income in acceleration mode
4. Well-positioned in the GBA with old city redevelopment to sustain growth
5. Work ahead of refinancing schedule
6. Non-core assets disposal in good progress and more to come

1. Sustainable & progressive dividend policy



Dividend

- Our board shares glory with investors
- **Sustainable and progressive dividend policy adopted**
- Dividend in growth momentum since FY2014
- Key drivers
 - Recurrent rental income growth with portfolio expansion
 - Resilient contributions from abundant saleable resources
 - Active non-core assets disposals

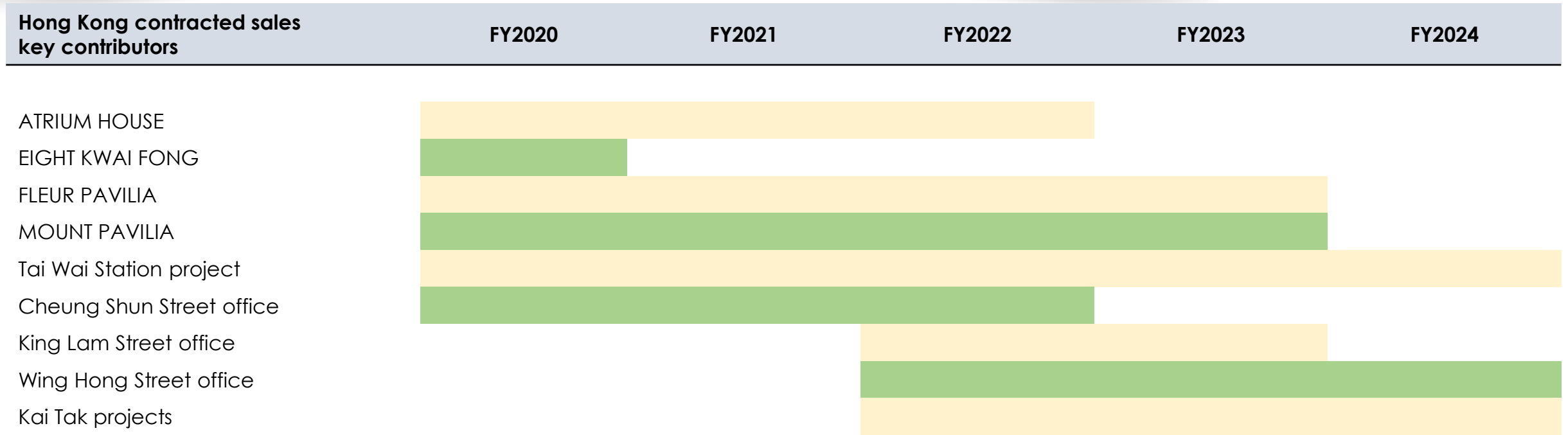
DP + IP dual engine in delivery

Property development

- **Attributable income to be recognized in 2HFY2020, FY2021 and FY2022: Over HK\$13bn**
- Contracted sales in 1HFY2020:
 - HK: HK\$3 bn, impressive ASP was achieved
 - Mainland China: RMB11.6 bn, residential ASP RMB33,000 per sq m
- Targets:
 - HK: attributable contracted sales at **HK\$15-20 bn per annum** in next 2-3 years
 - Mainland China: average contracted sales at **RMB20 bn per annum** with potential CAGR in double digits
- Abundant landbank resources:
 - HK: 4.2 mn sq ft
 - Mainland China: 6.7 mn sq m, of which 50% of the core landbank from GBA
 - Estimated area of about 0.7 mn sq m from the GBA old city redevelopment projects will be gradually included in our landbank starting from FY2023

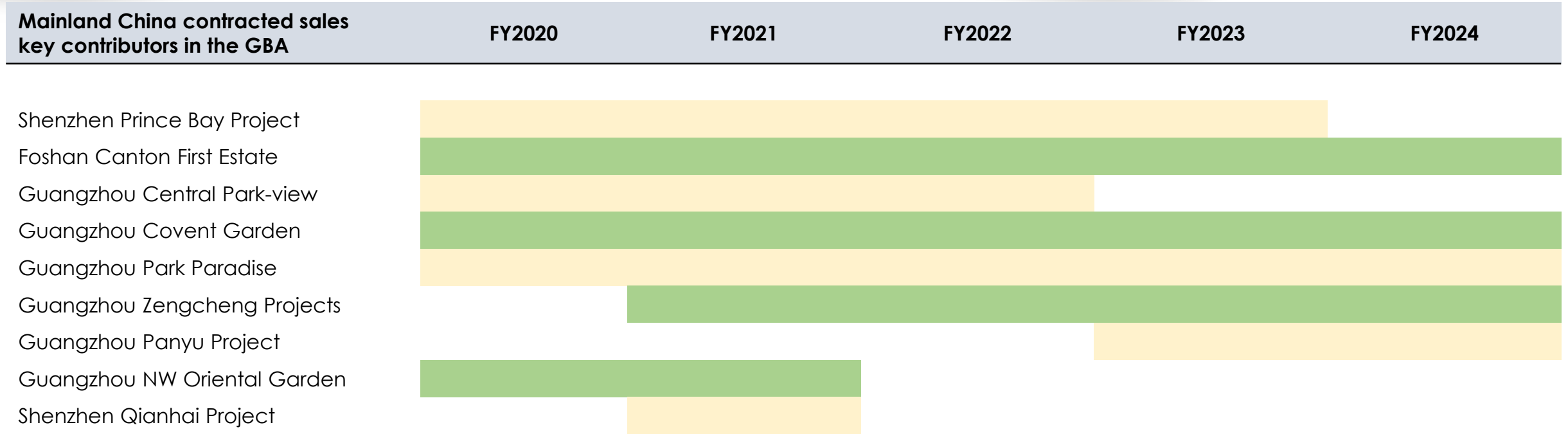


2. Stable contracted sales



- **HK: attributable contracted sales at HK\$15-20 bn per annum in next 2-3 years**

2. Stable contracted sales



- **Mainland China: average contracted sales at RMB20 bn per annum**

3. Recurrent rental income in acceleration mode

DP + IP dual engine in delivery

Property investment

- HK gross rental income recorded HK\$1,344.4 m, up 36%
- Mainland China gross rental income recorded HK\$844.1 m, up 6%
- K11 MUSEA and K11 ATELIER King's Road added over 1.5 m sq ft to our IP portfolio
 - HK core rental portfolio up 1x vs prior year
- Both projects will provide full year contribution in FY2021
- Estimated growth in core IP portfolio area from the initiation of our IP revamp to FY2026:
 - over 3x in HK and over 6x in Mainland China
- **Our target:**
Ramp up the IP contribution to 50% of the total property segments

Projects already in pipeline and will gradually be delivered



3. Recurrent rental income in acceleration mode

Hong Kong key investment properties	FY2020	FY2021	FY2022	FY2023	FY2024
K11 MUSEA	Retail				
K11 ATELIER King's Road	Office				
HK SKYCITY			Office		Retail
Kai Tak Sports Park					Retail
King Lam Street project					Office
Additional area (total over 6.0 m sq ft)	Over 1.5 m sq ft		0.6 m sq ft		Over 4.0 m sq ft

Mainland China key investment properties	FY2021	FY2022	FY2023	FY2024	FY2025
Shenzhen Prince Bay project				K11 D-PARK K11 ATELIER	
Shenzhen Qianhai project			K11 K11 ATELIER		
Guangzhou Panyu project					D-PARK
Wuhan Hankou project	K11 K11 ATELIER				
Ningbo project		K11 ATELIER	K11 K11 ATELIER	K11 ATELIER	K11
Beijing project		K11 ATELIER			
Additional area (total over 800,000 sq m)	139,000 sq m	92,000 sq m	195,000 sq m	234,000 sq m	144,000 sq m

4. Well-positioned in the GBA

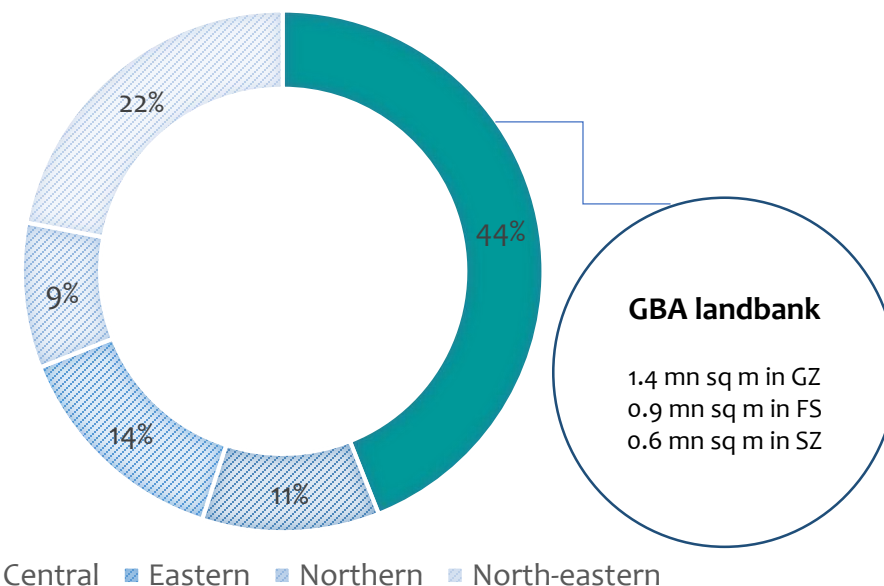
50% of core landbank in GBA

Property development

- Actively reposition our operation with a GBA-centric strategy since 2016
- Proven track record achieved with around 1.5 mn sq m of land acquired
- **50% of the contracted sales in 1HFY2020 was contributed by GBA**
- GBA landbank over 2.9 mn sq m, 50% of the core landbank (44% of the total landbank)
- Guangzhou and Shenzhen are our key coverage
- Our edge
 - Decent ASP and gross margin (supported by reasonable land cost)
 - Strong execution onshore with excellent business network

Period	Project acquired in GBA since 2016	Initial completion
08.2016	Shenzhen Qianhai project	FY2021
12.2016	Shenzhen Prince Bay project – A	FY2022
12.2016	Shenzhen Prince Bay project – B	FY2022
10.2017	Guangzhou Zengcheng composite development	FY2022
11.2018	Guangzhou Panyu Hanxi composite development	FY2023
09.2019	Guangzhou Zengcheng project	FY2024

CHINA
LANDBANK
6.7 MN SQ M



Old city redevelopment in good progress

Old city redevelopment

- We are the only HK developer engaged with proven track record
- **Villagers approval of 4 villages in Shenzhen and Guangzhou garnered**
 - **Lower cost at prime location**
- Our strengths
 - Experienced management team in old city redevelopment in GBA
 - Our ecosystem can enhance the development in living and working communities
 - We deliver high quality assets with good values
- Upside of old city redevelopment
 - Limited initial CAPEX
 - Site located in prime area with limited supply
 - Residential focus with good ASP potential

Already obtained villagers approval

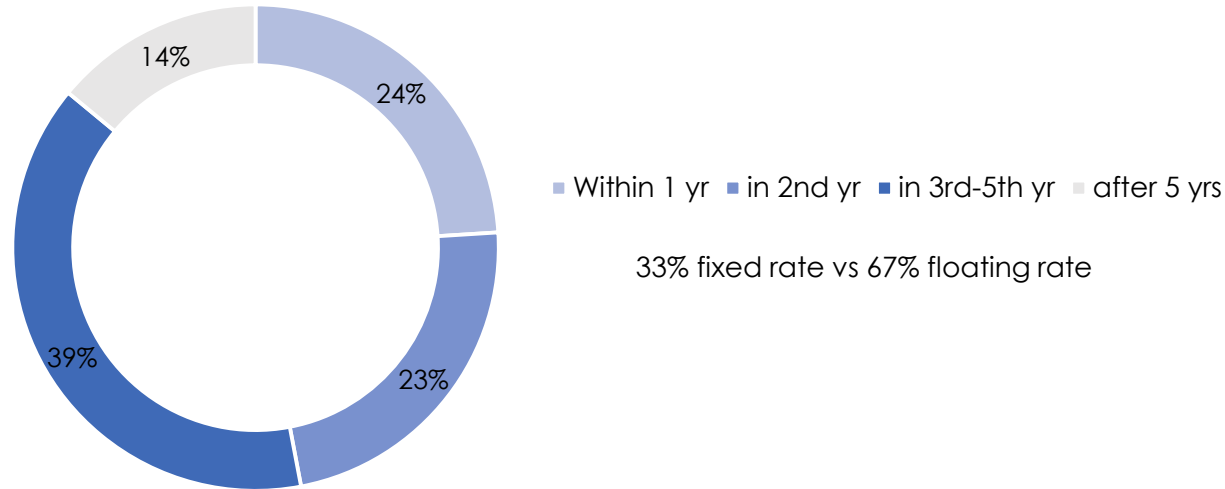
Period	Project	Target inclusion
2017Q2	Shenzhen Nanshan Xili project	FY2023
2018Q3	Guangzhou Liwan Shancun project	FY2024
2019Q2	Guangzhou Haizhu Nanji village project	FY2024
2019Q3	Guangzhou Zengcheng Tagang village project	FY2023
MORE TO COME...couple projects in final stage		

Strategic cooperation project with local government

Period	Project
2018Q1	Shenzhen Lo Wu Man Kam To Crossing Economic Belt

5. Work ahead of refinancing schedule

Maturity profile of borrowings



FY2020 maturity
All refinancing completed

FY2021 maturity
Target all done by June 2020

Working ahead of schedule

- Cash and bank balances: approximately HK\$63.6 bn
- Undrawn facilities from banks: approximately HK\$31.0 bn
- Overall financing cost remained stable, approximately 3.7%
- **Debt profile is well managed with our active cost management**
- **Equity raising is not necessary for the Company in the foreseeable future**

About HK\$95 bn total capital resources

6. Non-core assets disposal in good progress & more to come

Disposal in 1HFY2020		Total consideration
Changsha La Ville New World	NWCL	RMB2.2 bn
Shares of Beijing Capital Int'l Airport	NWS	HK\$0.8 bn
Disposal of various projects	NWS	HK\$0.1 bn

Disposal in 2HFY2020 as at Feb 2020		Total consideration
50% interest in Telford Plaza II	NWD	HK\$3.0 bn
30% interest in PopCorn 2	NWD	

Agreement signed in Feb 2020

Non-core assets disposal

- **Over HK\$6 bn of business and assets disposed of in FY2020 as at Feb 2020**
- Actively review our portfolio and business structure
- Different entities under the Group are engaged in this ongoing strategy
- **Just announced the HK\$3 bn disposal to MTR**
- Potential disposal target in next 18-24 months horizon
 - **Over HK\$15 bn** under NWD + NWCL + NWS

Corporations and society thrive together

We are CSV

To bring actionable solutions to environmental and societal challenges

- We are the 1st Hong Kong developer to...
 - Engage in reimagining social housing through farmland contributions
- During the outbreak of coronavirus, we are the 1st to...
 - **Donate HK\$10 m and relief provisions to society in Jan 2020**
Total of RMB50 m and 200,000 masks were already donated
 - Care for our employees - **announce flexible working arrangement**
 - Halt in construction site
 - **Set up factory capable of producing 200,000 masks a day**
 - All masks will be given to NGOs to distribute to local's needy
 - Establish "Epidemic Caring Teams" to support our PRC staff

“今次捐助希望可以為社會出一分力，並鼓勵商界及各界人士攜手協助香港打贏這場沒有硝煙的硬仗！”



【武漢肺炎】新世界捐「抗炎三寶」助社區抗疫 員工可彈性上班

星島日報 2020年1月27日 下午5:01

回留言 f



【口罩工廠】新世界設口罩生產線日產20萬個 成人兒童均有份 (第二版)



We are well prepared & capturing growth ahead

01 Actively review cost and business structure for efficiency enhancement



03 Abundant saleable resources with well-positioned IP portfolio to create growth momentum



02 Work ahead of our refinancing schedule to contain potential risks



04 Core business direction maintained with a sustainable and progressive dividend policy



Our approach

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WE ARE ARTISANS
WE ARE CSV.

Appendix

New World
Sustainability



Significant Results Achieved in FY 2019



Board Oversight on ESG

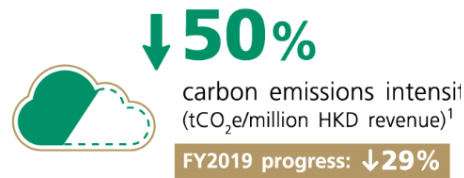
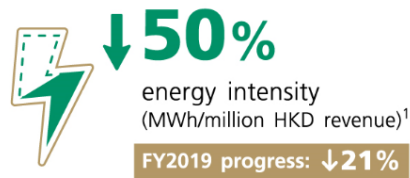
Mr. Adrian CHENG Chi-Kong, Executive Vice-Chairman & General Manager, NWD
Chairperson, Board Sustainability Committee and Group Sustainability Steering Committee

New World Sustainability Vision 2030 Targets

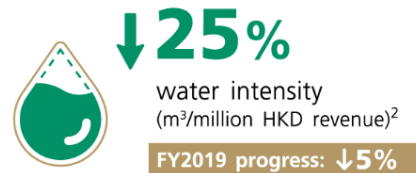


New World Group -

Halve our environmental impact in energy and carbon emissions¹



Construction²



Improve the well-being of



Enhance the quality of life of



Sustainable Property Development Life Cycle

Triple Platinum Certified Green & Healthy Building

With 70 sustainable building features at K11 ATELIER King's Road, HK

Sustainability-Linked Loan

(5-year HKD 1 billion) First in Asia to link with GRESB, in addition to our internal targets

Sustainable Tenancy Pledge

Launched in 3 buildings to support tenants in environmental impact reduction and raising staff awareness of sustainability

An Emerging Global Leader on ESG

Creating Shared Value to People Around Us



ESG Ratings Performance ⁽¹⁾



First listed on DJSI Asia Pacific in 2019



Ranked 1st

Among 12 diversified listed businesses in Eastern Asia (Score 90/100)



Rated "Outperformer"

For 2 consecutive years since 2018



AA (up from AA- in 2018)

Listed since 2014 for 6 consecutive years

Awards and Achievement ⁽¹⁾

20 awards in 2019 incl.:

- **The Asset ESG Corporate Awards 2019** Environmental, Social and Governance – Gold Award
- **10 accolades** at the **Green Building Award 2019** by the **HK Green Building Council**, including:
 - **Grand Award and Special Citation on UNSDGs – New Buildings Completed Projects – Commercial Building** (Victoria Dockside)
- **Hong Kong Management Association Sustainability Award 2018/19**

Alignment with Global Agenda and Roadmaps



Aligning with global concerns



SCIENCE
BASED
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Actively transit to low-carbon economy with technology and innovation



TASK FORCE ON
CLIMATE-RELATED
FINANCIAL
DISCLOSURES

Disclosed climate change actions referring TCFD and continue to conducted climate resilience assessment



Align our SV 2030 with SDGs

Partnerships to accelerate change



1st HK real estate company to join the World Business Council for Sustainable Development



HK's 1st startup accelerator driving UN Sustainable Development Goals



Creating healthy places for future generations to thrive



HK's 1st urban biodiversity museum and sustainability-themed park at K11 Musea



“ We are a **sustainable cultural enterprise**, *impacting Next-Gen changemakers.* ”