



新世界發展有限公司
New World Development Company Limited

The Artisanal Movement

FY2022 INTERIM PRESENTATION

ANALYST BRIEFING


25 February 2022

SUMMARY FINANCIALS

1HFY2022 FINANCIAL SUMMARY: 穩中求勝

Committed and delivered underlying profit growth | Strong balance sheet with abundant capital

Revenue HKD 35,573M On par with 1HFY2021	Profit Attributable To Shareholders  HKD 1,430M +41% YoY	Underlying profit  HKD 3,898M +5% YoY
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Net gearing ratio 41.3% 35.6% as at 30 Jun 2021	Cost of financing  2.52% -0.41 ppts YoY	Capital resources HKD 103 bn HKD 52 bn cash and bank balances HKD 51 bn undrawn lines	Dividend floor HKD 0.56/share HKD2.06/share in FY2021
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 **Recurring SG&A Expenses ↓ 5% YoY**









Key segment results	1HFY2022	1HFY2021	YoY change
Development properties	HKD 6.2 bn	HKD 4.1 bn	+52%
Investment properties	HKD 1.7 bn	HKD 1.3 bn	+26%

(K11: +54%)

FULL YEAR GUIDANCE

OUTPERFORM & ON TRACK OF FY2022 KEY FULL YEAR GUIDANCE

Fully on track for FY2022 full year guidance notwithstanding highly challenging macro environment

	Full year guidance	Status	
Key financials			
Underlying profit	High single digit growth	Outperform	
Mainland China DP margin	Improved from FY2021	Outperform	
Recurring SG&A expenses	↓ 5% YoY	On Track	
Contracted sales			
Hong Kong	HKD 10 bn	On Track	
Mainland China	RMB 20 bn	On Track	
Financial and capital management			
Net gearing	Low 40s %	On Track	
Non-core disposals	HKD 8-10 bn	On Track	
Capex	HKD 44 bn	On Track	

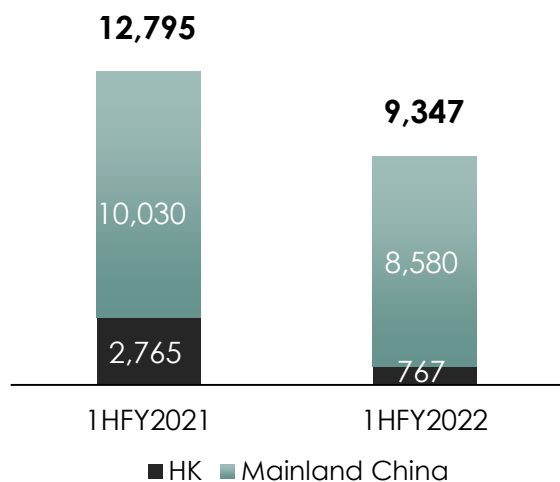


PROPERTY DEVELOPMENT

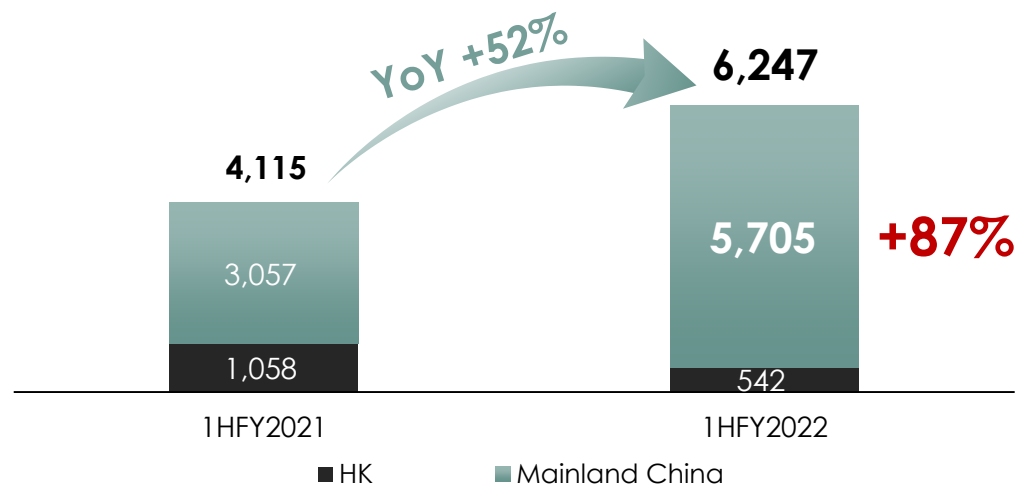
BALANCED PORTFOLIO: STRONG GBA RESULTS TO BOOST OVERALL PERFORMANCE

Mainland China result up 87% contributed by more GBA bookings of higher margin

Revenue by Region



Segment Results by Region



Strong GBA performance

Contribution to result

~70%

of total

Margin

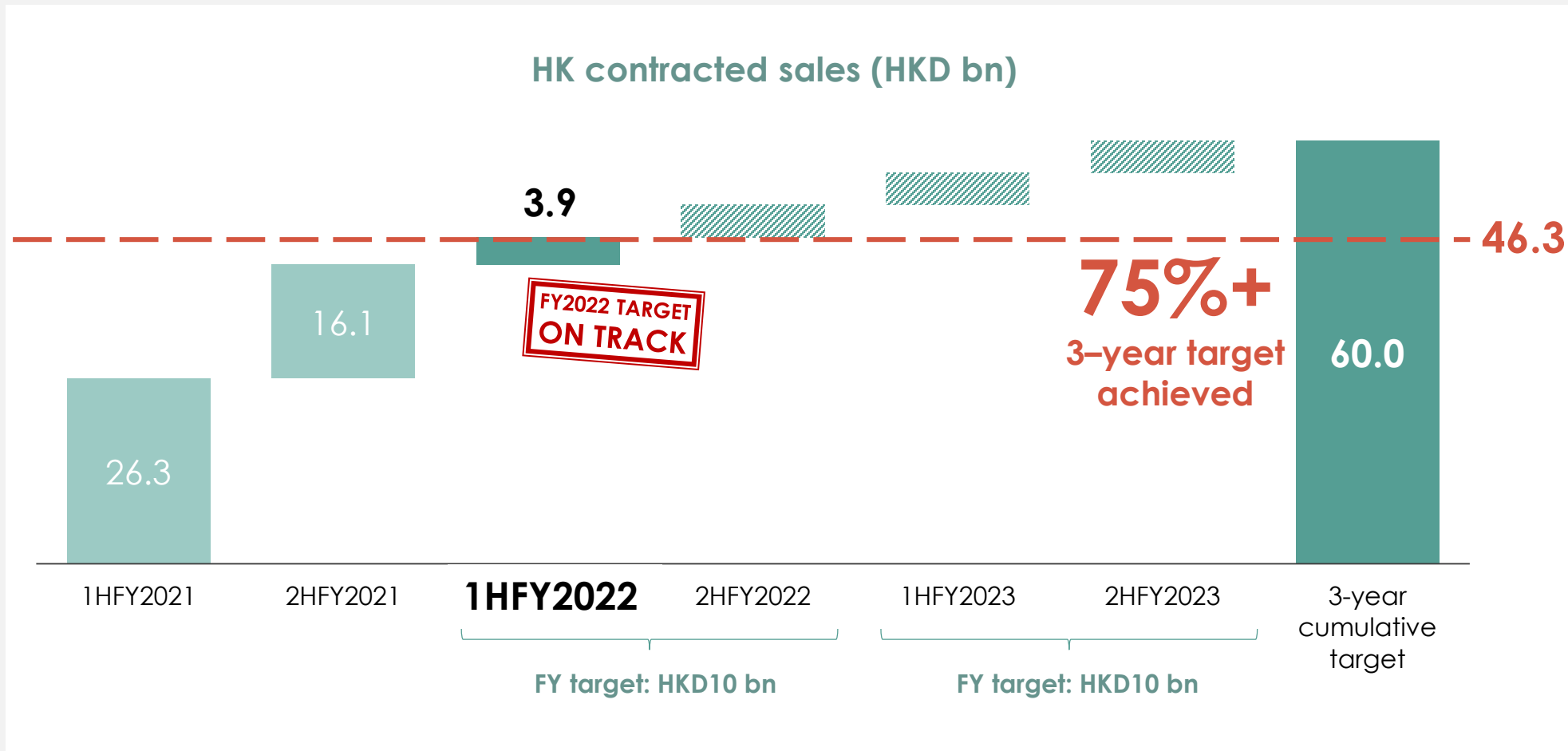
~70%

(e.g. 太子灣; 嶺南新世界; 逸彩庭園)



HK CONTRACTED SALES ABOVE TRACK FOR 3-YEAR TARGET

Half-way through 3-year contracted sales target period and already achieved over 75%



Note: FY2021 contracted sales has not accounted for 160 cancellation units from Pavilia Farm Phase III as of 21 Feb 2022

HK: MAINTAIN STABLE DP WITH >4M SQFT LANDBANK

Quick-win strategy to acquire projects at attractive cost and ensure steady pipeline

+375,000 sqft attributable GFA to landbank

Acquisition of residential property in Kai Tak (6591)



Tender price in 2018 Nov

HKD8.9 bn

Presale in **2023 Q4**;

Booking in **2025 Q2**



Our consideration in 2021 Nov
for land + formation

HKD7.9 bn

Attributable GFA

~287,000 sqft

Saved **HKD1 bn** for land cost + formation

Speed up pre-selling and booking

**Pre-selling in
2 yrs**

Acquisition of Kai Tak Mansion

Presale in **2023 Q1**;

Booking in **2024 Q3**

Attributable GFA

~88,000 sqft

**Pre-selling in
1 yr**

Attributable landbank

9.8M sqft

4.9M sqft

Development
Properties

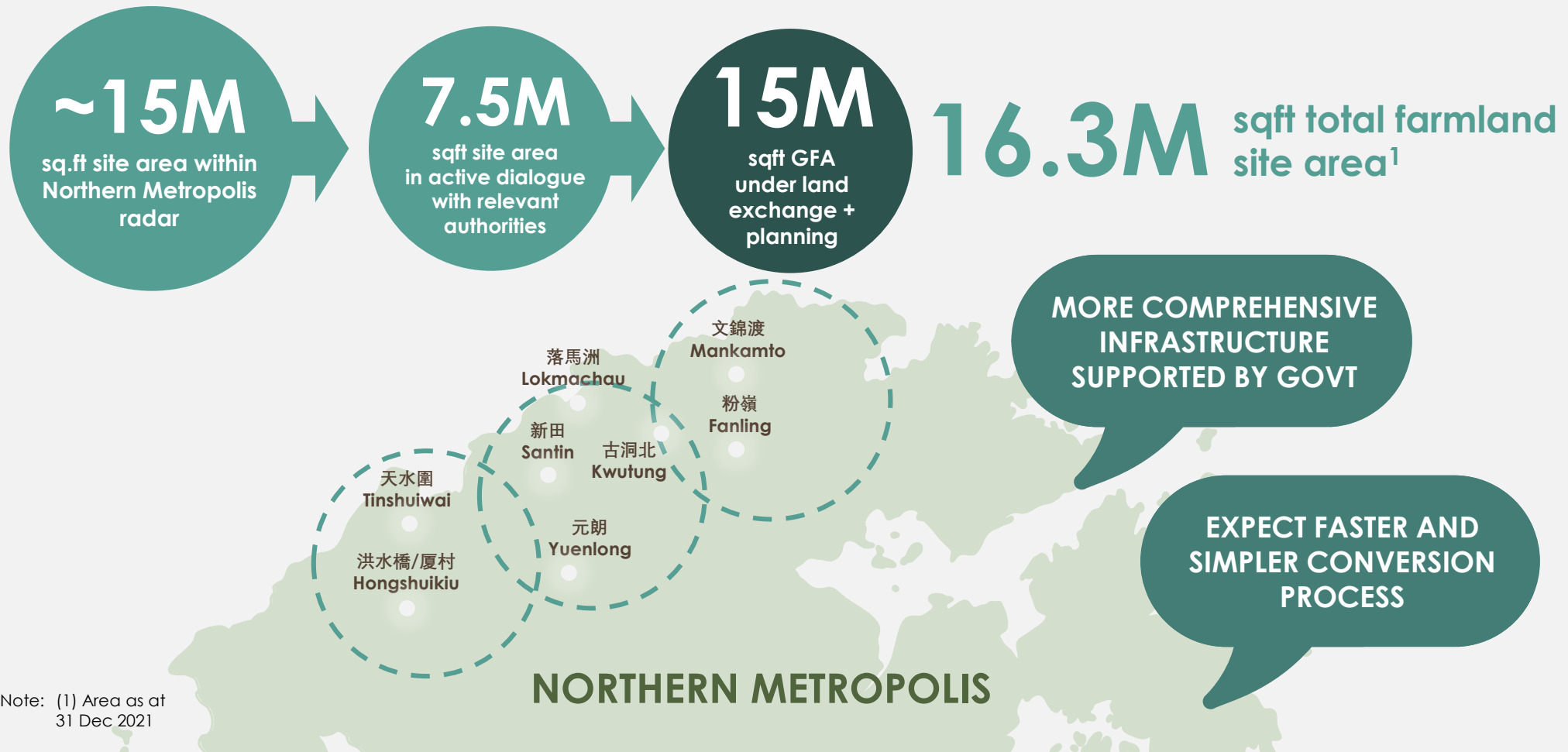
4.9M sqft

Investment
Properties

RIDING ON NORTHERN METROPOLIS DEVELOPMENT STRATEGY (北部都會區) IN 2021 POLICY ADDRESS

>90% of NWD total farmland area within Northern Metropolis radar

"The Northern Metropolis will be the most important area in Hong Kong that facilitates our development integration with Shenzhen and connection with the GBA" - The Chief Executive's 2021 Policy Address



Note: (1) Area as at 31 Dec 2021

ACTIVE FARMLAND ACQUISITION & CONVERSION

1 Various Lots and Adjoining Government Land in D.D. 221, Sha Ha (沙下), Sai Kung, New Territories



GFA

~927,000 sqft

Site area

~618,000 sqft

No. of residential units

966

NWD Shareholding

77.19%

Development plan
APPROVED
by Town Planning
Board in

mid Jan

2 Wu Nga Lok Yeung, Fanling (粉嶺烏鴉落陽)

GFA

~930,000 sqft

Site area

~155,000 sqft

NWD Shareholding

50%

Lands Department issued practice
note for land exchange applications
in Kwu Tung North & Fanling North
New Development Area in

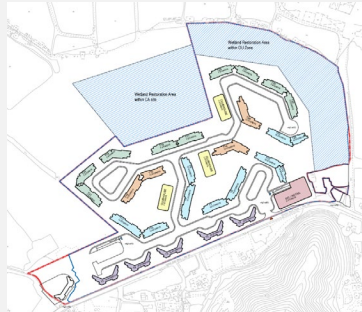
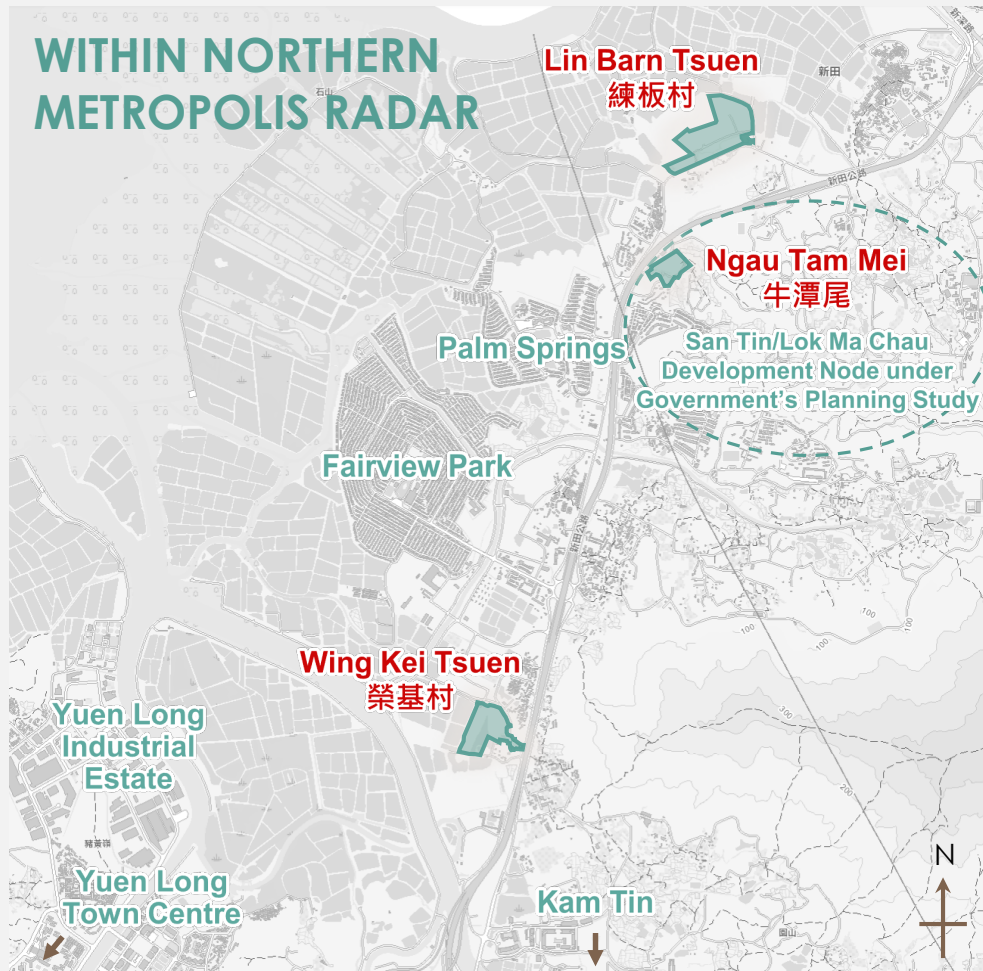
mid Feb

SPEED UP FARMLAND CONVERSION & UNLOCK VALUE

Another 3 farmland sites submitted application to Town Planning Board for upzoning

>4M sqft GFA

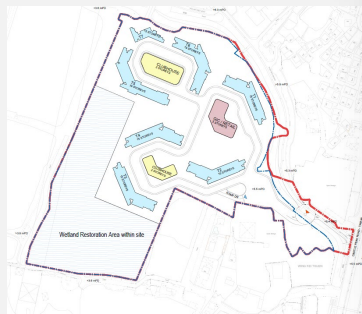
WITHIN NORTHERN METROPOLIS RADAR



Lin Barn Tsuen 練板村

- Site area¹: ~1,831,000 sqft
- Upzone plot ratio²: ~1.5
- No. of resi units: ~4,176

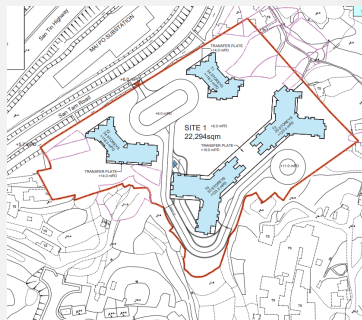
Submitted within
1 month after 2021 Policy Address



Wing Kei Tsuen 榮基村

- Site area¹: ~736,000 sqft
- Upzone plot ratio²: ~1.5
- No. of resi units: ~1,997

Submitted within
1 month after 2021 Policy Address



Ngau Tam Mei 牛潭尾

- Site area¹: ~240,000 sqft
- Upzone plot ratio²: ~5
- No. of resi units: ~1,980

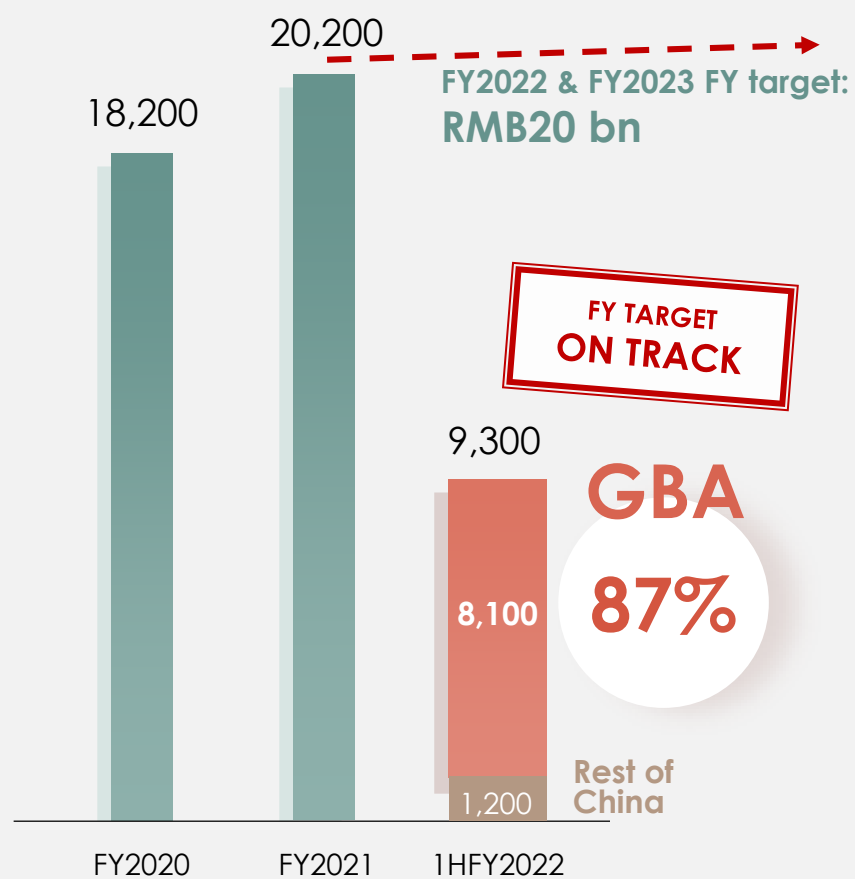
Submitted **1 week**
before 2021 Policy Address

Note: (1) Site area includes government land
(2) Plot ratio applicable to domestic area

MAINLAND CHINA: RESILIENT DESPITE CHALLENGING ENVIRONMENT

Contracted sales on target | Maintaining strong presence in GBA

Gross Contracted Sales (RMB M)



Note: *Approximate figures rounded to the nearest thousand/billion

Successful case studies in GBA

The Glory of Legend (雲耀) in Guangzhou



Sales achieved in first day of pre-sale

RMB 1.17 bn

Residential GFA ~87,000 sqm

ASP cap increased
RMB 50k/sqm →
RMB 68k/sqm

>20%
higher than peers



Guangzhou Zengcheng (新世界星輝)



Residential GFA ~277,000 sqm

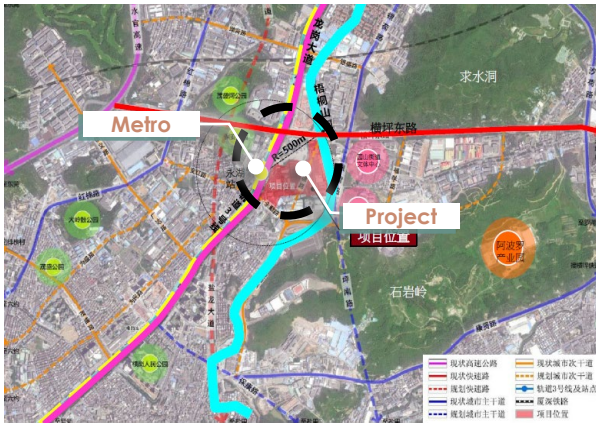
ASP
RMB 22k/sqm

>50%
higher than peers



PROACTIVE QUICK-WIN ACQUISITIONS TO ACCELERATE RETURN & BOOST MARGIN

Longgang District 188 Industrial Zone Project



Shenzhen

Residential + Commercial

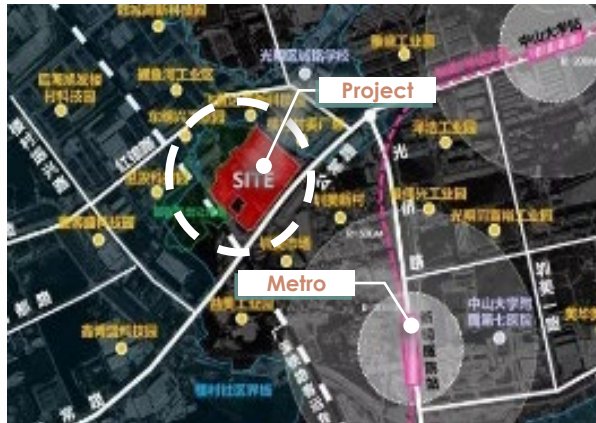
Development scale up to

~650,000 sqm

Atop
Metro station

Landbank
conversion in 2022
Fast-track by **3 yrs**

Guangqiao Food Factory Project



Shenzhen

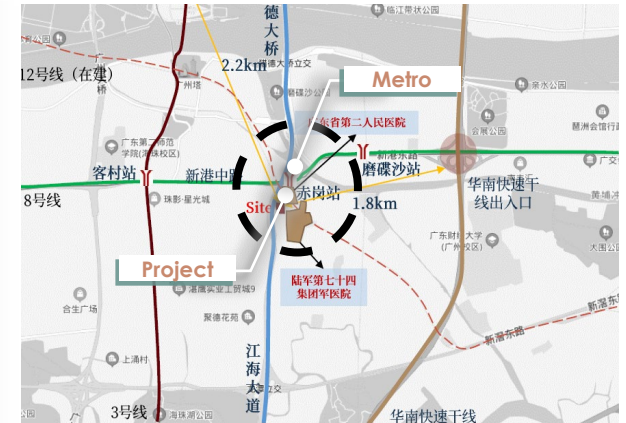
Core development area
in Guangming

Development scale up to

~160,000 sqm

Pre-selling in
1.5 yrs

Guangdong No.2 People's Hospital Redevelopment Project



Guangzhou

Healthcare property for
sale (社會醫療建築)

Development scale up to

~57,000 sqm

Pre-selling in
1.5 yrs

Save time | Save cost | High margin | Prime location

HANGZHOU COMPREHENSIVE DEVELOPMENT PROJECT

National benchmark for pioneering city-industry integration to build micro society

Total GFA 450,000 sqm
Opening in phases 2023-2026

Development properties

Residential + Retail + Office
~240,000 sqft GFA

**Pre-sale FAST-TRACK from
2023Q4 to 2022Q2**



Investment properties and hotel

~210,000 sqft GFA

K11 **ARTUS** **ATELIER** **ROSEWOOD**
—K11— —K11— HOTEL GROUP



Micro society with
housing,
commercial, hotel



Strategically
located in **primary
business circle**



Proximity to
**transportation
hub**

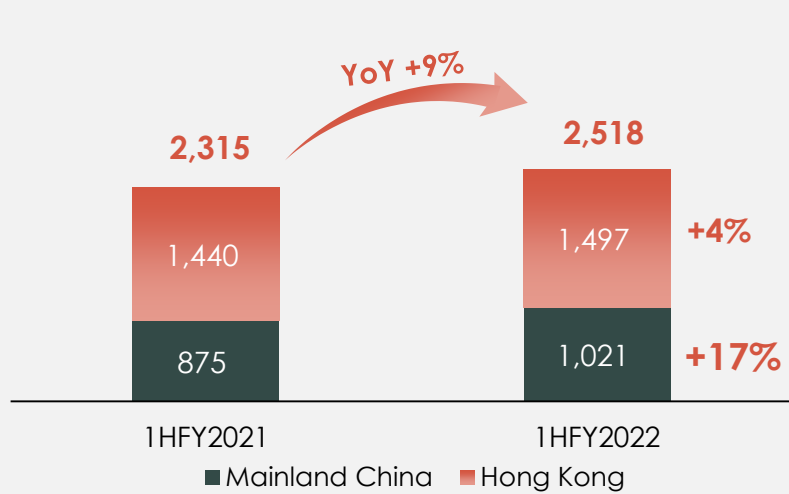


PROPERTY INVESTMENT

STRONG RESULTS GROWTH DRIVEN BY SUPERIOR K11 PERFORMANCE

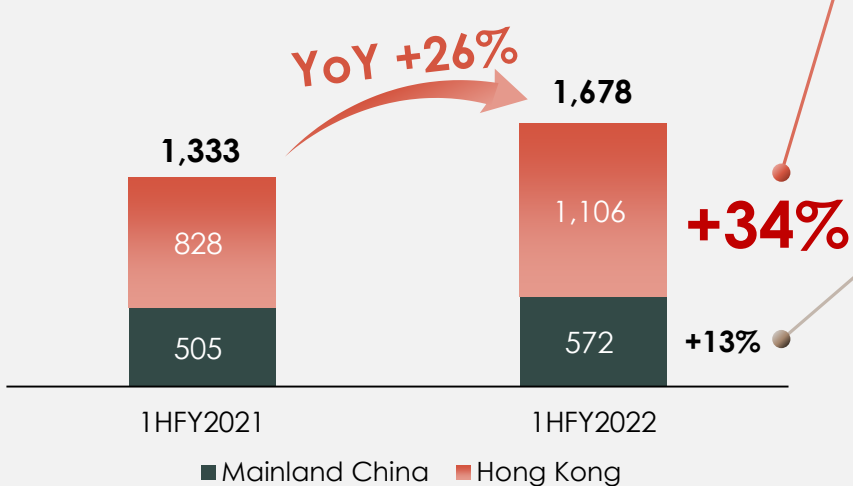
Strong segment results growth due to higher operational efficiency

Total revenue by Region



Hong Kong	YoY growth
K11 MUSEA	↑ 1.9x
K11 Atelier King's Road	↑ 40%
K11 Art Mall	↑ 36%
D Park	↑ 24%

Segment Results by Region

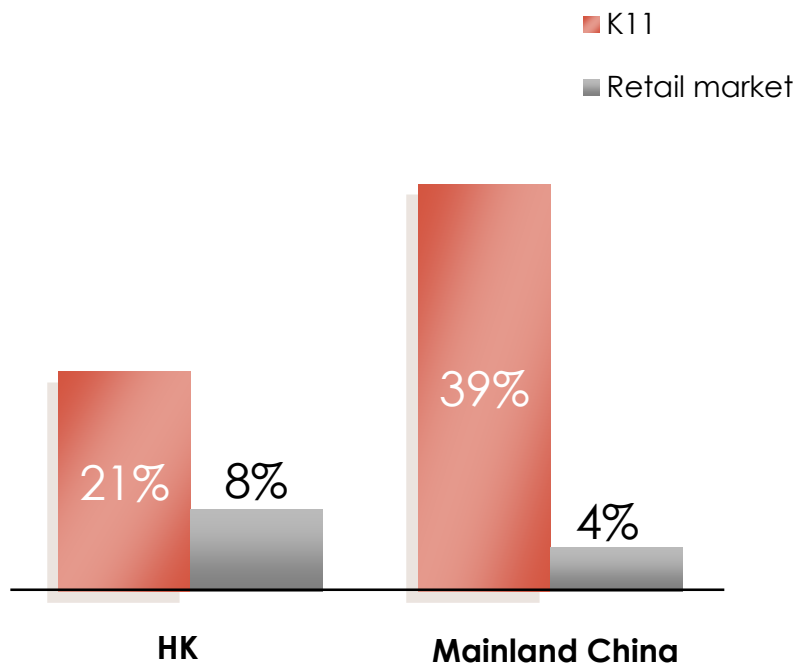


Mainland China	YoY growth
Wuhan Guanggu K11 Select	↑ 65%
Guangzhou Yunmen (廣州新世界雲門)	↑ 25%

K11 COMPLETELY OUTPACED THE MARKET

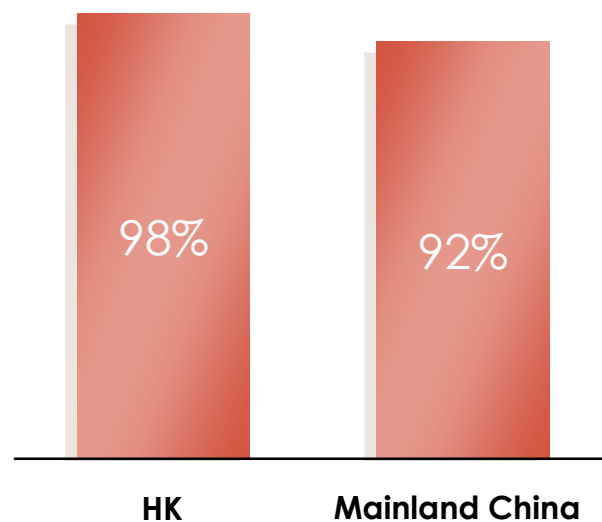
K11 maintained strong mall sales growth and high occupancy rate despite border closure

1HFY2022 K11 mall sales YoY growth % vs market average



Source: HK retail market figures from Hong Kong Census and Statistics Department
Mainland China retail market figures from National Bureau of Statistics of China

1HFY2022 average occupancy rate of K11 malls in tier 1 cities¹



Note 1: Tier 1 cities in Mainland China include Shanghai and Guangzhou

PROPERTY INVESTMENT

K11 MUSEA RECORDED SUBSTANTIAL RESULTS GROWTH DUE TO HIGHER OPERATIONAL EFFICIENCY AND STRONG MALL SALES

1HFY2022 financial performance

	YoY growth
Gross rental income	↑~20%
Expenses	↓~30%
Operating result	↑~150%
Operating margin	~70%

Rental reversion update

70+

tenancy agreements (1/3 of total) to be renewed by June 2022

All negotiating



Mall sales YoY growth

Christmas

▲ 100%

Chinese New Year

▲ 41%

1HFY2022

▲ 20%

11 SKIES UNVEILS: K11 ATELIER SPEARHEADS THE GRAND OPENING

3 Grade-A office towers target to partially open in July 2022

Largest retail, dining & entertainment complex in HK (Total GFA 3.8M sqft)
Opening in phases 2022-2025

K11 ATELIER

570,000 sqft

Expected to be partially opened in

July 2022



3 Grade-A Office Towers

- Wealth Management
- Wellness and Medical
- GBA Business Centre

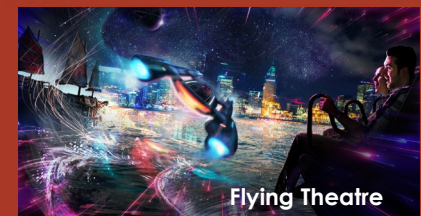
Anchor Tenants



HK's Biggest Indoor Entertainment Centre for All Ages

570,000 sqft

(Open in phases starting from Q4 2023)



By mid of 2022

~65%

leasing rate

PROPERTY INVESTMENT

CONTINUOUS PIPELINE GROWTH OF K11

K11 completion schedule on track | 38 K11 projects by FY2026 with ~2.8M sqm in portfolio

K11 Investment Properties

Status	Site	Type	GFA ¹ (sqm)
Current	Hong Kong	K11	34,000
	Hong Kong	D · PARK	60,000
	Hong Kong Victoria Dockside	K11 MUSEA	104,000
	Hong Kong Victoria Dockside	K11 ATELIER	40,000
	Hong Kong Victoria Dockside	K11 ARTUS	36,000
	Hong Kong King's Road	K11 ATELIER	47,000
	Guangzhou (CTF) ²	K11	70,000
	Guangzhou (CTF) ²	K11 ATELIER	215,000
	Wuhan (Guanggu)	K11 Select	51,000
	Shanghai	K11	38,000
	Shanghai	K11 ATELIER	81,000
	Tianjin (CTF) ²	K11 ATELIER	141,000
	Shenyang	K11	259,000
	Wuhan (Hankou 2)	K11	40,000
	Wuhan (Hankou 1)	K11	43,000
	Wuhan (Hankou 1)	K11 ATELIER	51,000
	Tianjin (CTF) ²	K11 Select	46,000
Total (17 Projects)			1,356,000

FY2022	Beijing ³	K11 ATELIER	9,000
FY2023	Hong Kong 11 SKIES	K11 ATELIER	52,500
	Shenzhen (Qianhai) ³	K11 ATELIER	100,000
	Shenzhen (Qianhai) ³	Retail	27,000
	Beijing ³	K11 HACC	13,000

Status	Site	Type	GFA ¹ (sqm)
FY2024	Hong Kong Kai Tak Sports Center	Retail	57,000
	Hong Kong 11 SKIES	Retail	297,500
	Shenzhen (Prince Bay)	K11	97,000
	Shenzhen (Prince Bay)	K11 ATELIER	25,000
	Shenzhen (Prince Bay)	D · PARK	96,000
	Shenzhen (Prince Bay)	Cultural Retail Space	9,000
FY2025	Guangzhou (Hanxi)	D · PARK	81,000
	Hangzhou	K11 ATELIER	50,000
	Wuhan (CTF) ²	K11	93,000
	Ningbo	K11 + K11 ATELIER	146,000
Beijing (K11) ³	K11	52,000	
FY2026	Hangzhou	K11	107,000
	Hangzhou	K11 ARTUS	27,000
	Hangzhou	Art & Cultural Space	6,000
	Shanghai Middle Huaihai Road	K11	53,200
	Shanghai Middle Huaihai Road	K11 ATELIER	39,500
TOTAL BY FY2026 (38 Projects)			2,793,700

- Refers to accountable GFA including above and below ground, and excluding carpark areas
- Asset owned by other party and managed by NWD
- Asset owned in form of JV between NWD and other parties

~30% CAGR from FY2021 – FY2026 



FINANCIAL & CAPITAL MANAGEMENT

NON-CORE DISPOSALS ON TRACK OF ANNUAL TARGET

HKD3.8bn of disposals in 1HFY2022 to recycle capital for deploying to better returning business

Major non-core assets disposed in 1HFY2022	Total Consideration (HKD bn)
Xiamen Container Terminal Group in Mainland China	1.8
Mei foo shops in Hong Kong	0.3
Others	1.7
Total	3.8

HKD 8-10 BN FULL YEAR
TARGET
ON TRACK



Xiamen Container Terminal Group



Mei Foo shops

FINANCIAL & CAPITAL MANAGEMENT

PROACTIVE CAPITAL MANAGEMENT TO MAINTAIN STRONG FINANCIAL STRENGTH

Lower financing cost | Active sustainable financing to support ESG



2.52%

Average financing cost

-0.41 ppts vs 1HFY2021

41.3%

Net gearing ratio

35.6% as at 30 Jun 2021



HKD 103 bn

Total capital resources

HKD 52 bn cash and bank balances
HKD 51 bn undrawn lines

**FULL YEAR TARGET AT
LOW 40s**

HKD 6 bn syndicated green loan (Dec 2021)

5-Year loan

Based on sustainable finance framework



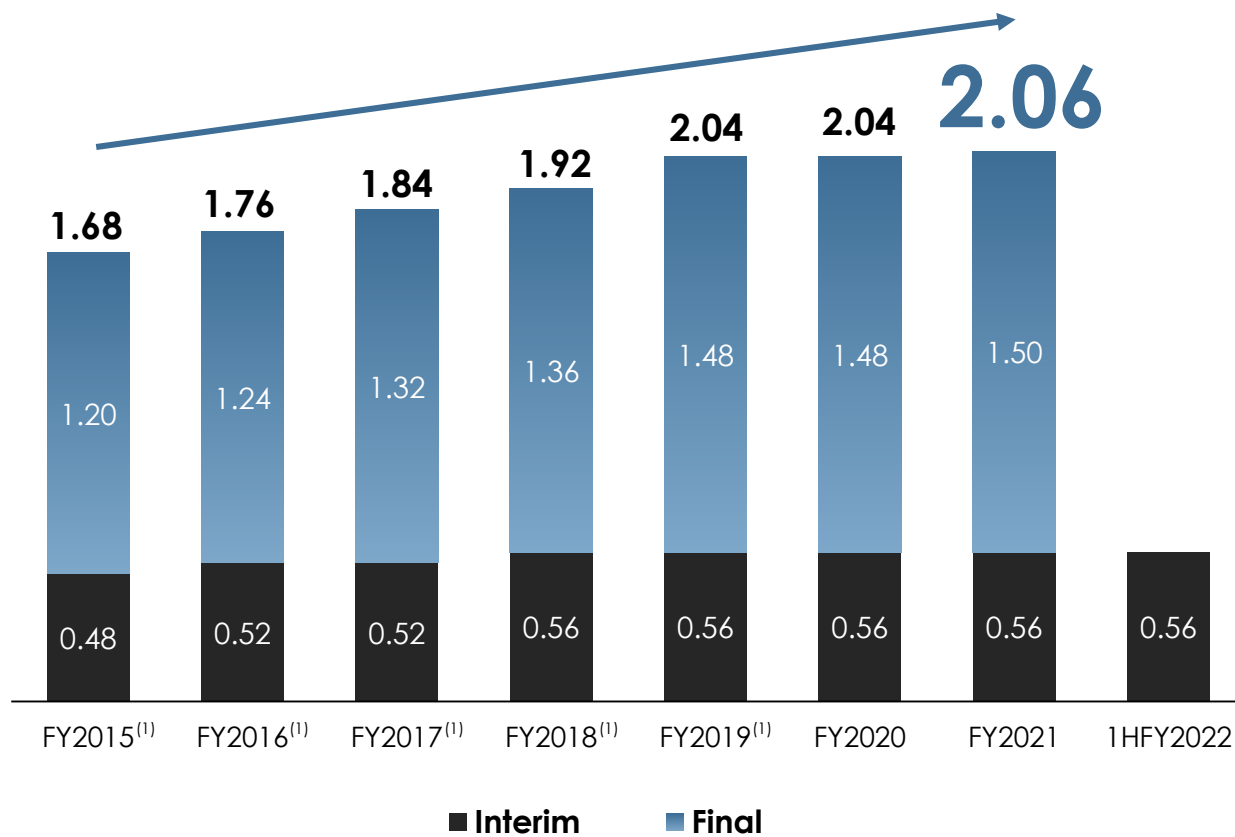
**Total sustainable finance
transactions amount since 2018¹**

HKD 25 bn+

STABLY & PROACTIVELY RETURNING CAPITAL TO SHAREHOLDERS

Progressive and sustainable dividend since FY2015

Dividend payout (HKD/share)



Dividend yield²

6.5%

Note: (1) Adjusted for 4-to-1 share consolidation
 (2) Dividend yield as of 24th Feb 2022

MAJOR SHAREHOLDER STAKE INCREASE

MAJOR SHAREHOLDER INCREASING STAKE - DEMONSTRATING CONFIDENCE IN NWD

Summary details of major shareholder purchases in Dec 2021

	23 Dec	24 Dec	28 Dec	29 Dec
Average price per share (HKD)	29.70	29.68	30.40	30.78
No. of shares bought	500,000	300,000	400,000	420,000
Total consideration (HKD)	14.9M	8.9M	12.2M	12.9M

Total consideration of **HKD48.9 M** spent by major shareholder to increase stake



ESG

CREATING SHARED VALUE FOR ALL STAKEHOLDERS

HUMANISTIC & INNOVATIVE HOUSING SOLUTIONS TO SUPPORT THE YOUNGER GENERATION

Sharing the greater good to citizens and resolving Hong Kong housing issues

新世界建好生活 (New World Build for Good)

New World Build For Good
新世界建好生活 築構未來



Pioneer in
subsidized private
housing project



Launched HK's first Subsidized Private Housing Project 300 new homes offering **5% down-payment option** and "**progressive payment**" model to assist young buyers purchasing home

Case example

Size	300 sqft
Estimated price	HKD2.7 M (50% - 60% discount of market price)
Down payment (5% of price)	HKD135k
1 st mortgage loan drawdown (45% of price)	HKD1.2M @ P-2.5% mortgage rate for up to 30 years; monthly installment of HKD5,010
2 nd mortgage loan drawdown (50% of price)	HKD1.35M paid in phases over period of 10 years

First Mover in Giving Back from the Business Sector



1

First to mobilise and donate 200 heaters to hospitals and COVID testing centres for those waiting in the cold weather

Speedy Response to the Urgent Social Needs caused by COVID

2



First mover in donating rapid antigen test kits 300,000 kits to the underprivileged

First hotel offered for community isolation - Pentahotel Kowloon for community isolation



3

Pioneering raft of COVID Relief Solutions for Society

4

First Batch Cabin Hospital

Loan land to the govt. for the construction of Mobile Cabin Hospital 方艙醫院



The site is readily available with formed land & sewage system

- Northern Fanling
- 400,000 sqft
- Construction work commenced

5

First to offer 10,000 oximeters for COVID patients isolating at homes

6

Fully protecting frontline medical staff with 70,000 pieces of personal protective clothing

7

Most timely medical support - Gleneagles launched free telemedical services for COVID patients isolating at homes

8

Timely offer of COVID insurance - FT Life with Free Pandemic Coverage for "Anti-epidemic" taxi & mini bus drivers

9

Empowering students from grassroots families with 10,000 cellular SIMs for at-home classes

10

Broadcast anti-epidemic information in CABLE TV, NWD-managed shopping malls and residential buildings

RISING PERFORMANCE AND RECENT ACHIEVEMENTS

RISING PERFORMANCE IN INTERNATIONAL ESG RATINGS



BBB on MSCI ESG Rating
(improved from BB in 2019-2020)



Highest (5-star) rating since 2019
1st in Public Disclosure score among all HK diversified; 1st in Management score among all Asia



Low ESG risk
since 2019

Member of
Dow Jones Sustainability Indices
Powered by the S&P Global CSA

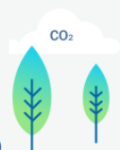
Listed on **Dow Jones Sustainability Asia Pacific Index** since 2019

DRIVING SV2030 PERFORMANCE



↓ 50%

Energy Intensity
(MWh/million HKD revenue)



↓ 50%

Carbon Emissions Intensity
(tCO₂e/million HKD revenue)

FY2022 1H Progress: **↓13%**

FY2022 1H Progress: **↓25%**

MARKET-FIRST “CREATING SHARED VALUE” LEASE



Win-win initiative that brings together NWD, our tenants and their employees to drive sustainability initiatives



NWD is partnering with tenants to raise their sustainability awareness and support their efforts in **energy saving and waste management**



Upon reaching agreed sustainability milestones such as energy saving, NWD will offer **K Dollar rewards** direct to tenant employees to drive employee engagement and sustainable operations

WON OVER 40 SUSTAINABILITY AWARDS IN 2021







LEADER IN SUSTAINABLE FINANCE



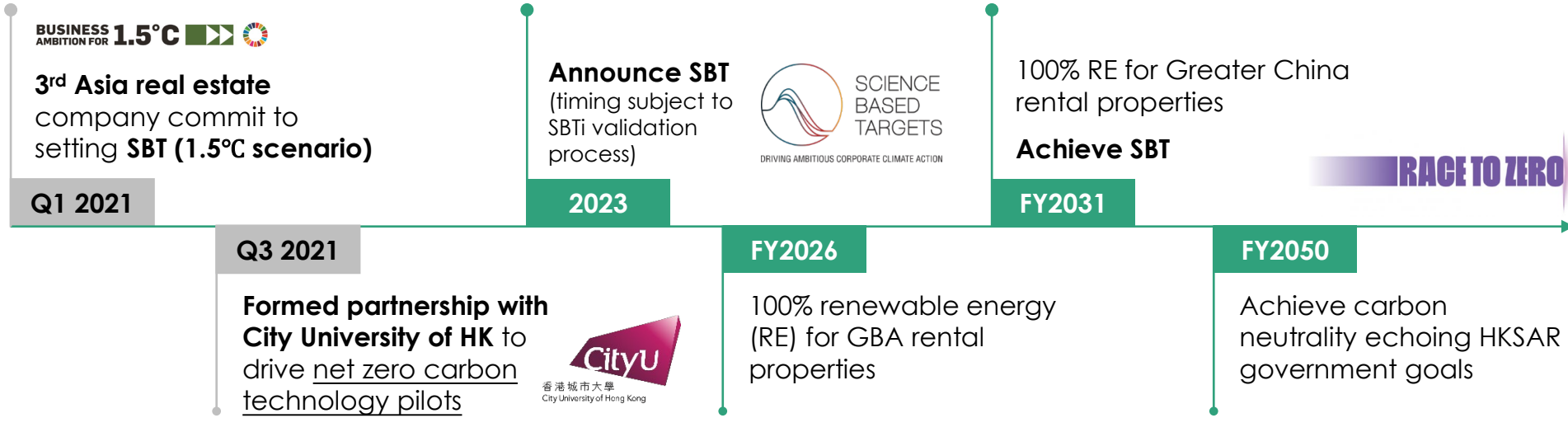
Amount Raised since 2018



HKD 25 bn +

NWD TAKING AMBITIOUS CLIMATE ACTION

 <p>TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES</p>		<h2>GOVERNANCE</h2> <p>A pioneer in Asia with Board oversight of climate actions & risk disclosure as per TCFD recommendations, ahead of mandatory disclosures by HKEX in FY2025</p>	
<h2>STRATEGY</h2>		<h2>RISK MANAGEMENT</h2>	
 <p>No Coal Pledge in Climate Change Policy</p>	 <p>Climate Resilience Building Design Guidelines for new developments, major refurbishment and construction activities Currently being implemented at pilot sites</p>	 <p>Climate Risk Scenario Analysis on 14 GBA existing buildings and implemented measures to enhance resilience</p>	<p>Enterprise Risk Management Enhanced ERM with climate and supply chain considerations, included as high priority risks</p>

METRICS & TARGETS



<p>BUSINESS AMBITION FOR 1.5°C</p> <p>3rd Asia real estate company commit to setting SBT (1.5°C scenario)</p> <p>Q1 2021</p>	<p>Formed partnership with City University of HK to drive <u>net zero carbon technology pilots</u></p>  <p>香港城市大學 City University of Hong Kong</p> <p>Q3 2021</p>	<p>Announce SBT (timing subject to SBTi validation process)</p>  <p>SCIENCE BASED TARGETS DRIVING AMBITIOUS CORPORATE CLIMATE ACTION</p> <p>2023</p>	<p>100% RE for Greater China rental properties</p> <p>Achieve SBT</p> <p>FY2031</p>	<p>100% renewable energy (RE) for GBA rental properties</p> <p>FY2026</p>	<p>Achieve carbon neutrality echoing HKSAR government goals</p> <p>FY2050</p>
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RACE TO ZERO



新世界發展有限公司
New World Development Company Limited

The Artisanal Movement

THANK YOU

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