



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

*The Artisanal Movement*

# FY2022 ANNUAL PRESENTATION

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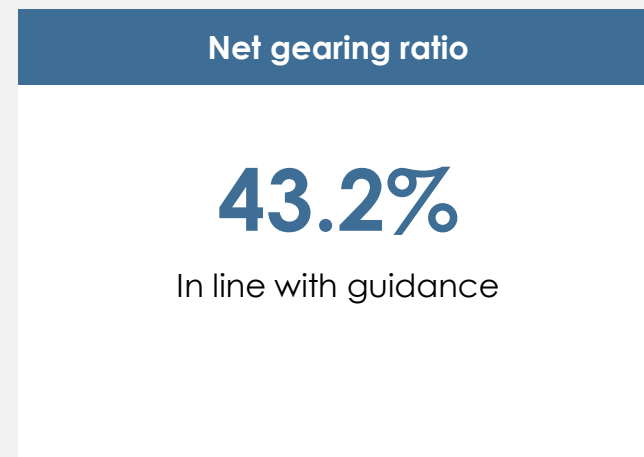
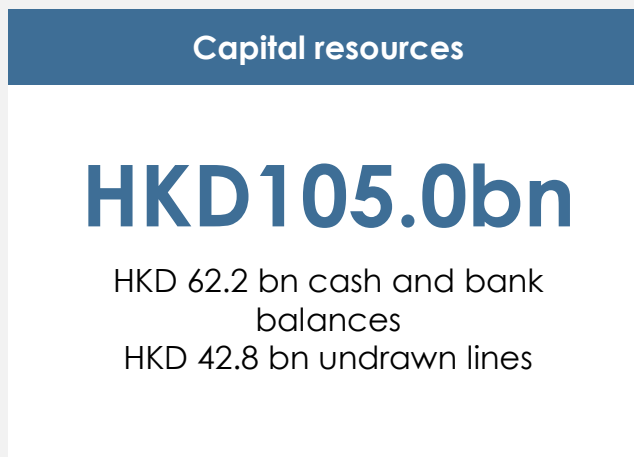
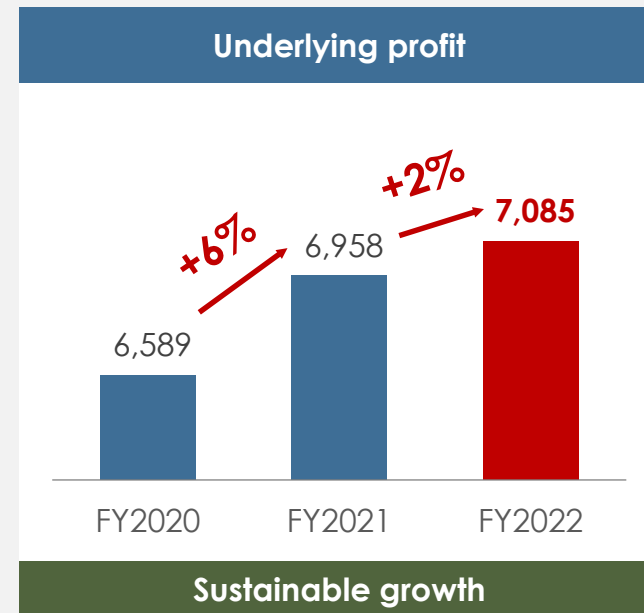
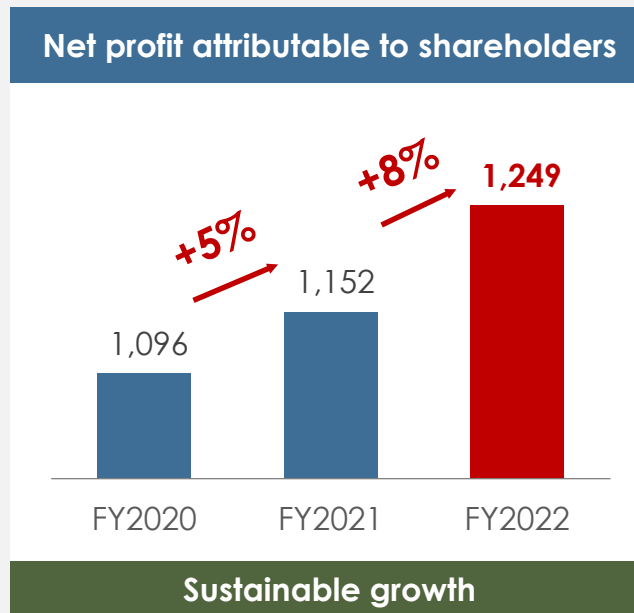
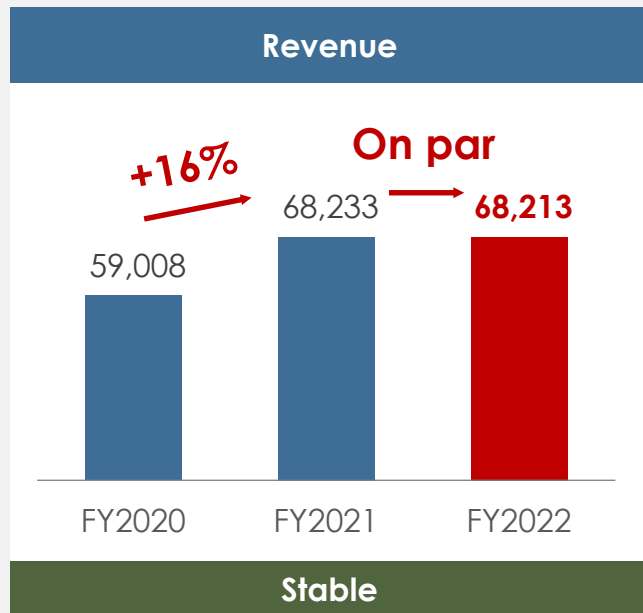
## ANALYST BRIEFING

30 September 2022

## SUMMARY FINANCIALS

# FY2022 FINANCIAL SUMMARY

NWD delivered consistent net profit and underlying profit growth amidst challenging environment



## KEY HIGHLIGHTS

# SOLID DP AND IP SEGMENTS AMIDST CHALLENGING ENVIRONMENT

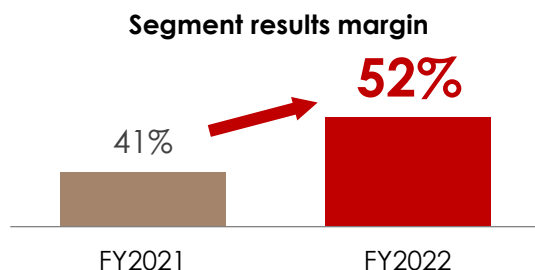
Clear strategy for DP and IP segments enabling satisfactory FY22 segment results

### FY22 FINANCIAL HIGHLIGHTS

#### Development properties

- ✓ **Strong overall DP results margin** driven by **GBA exposure**

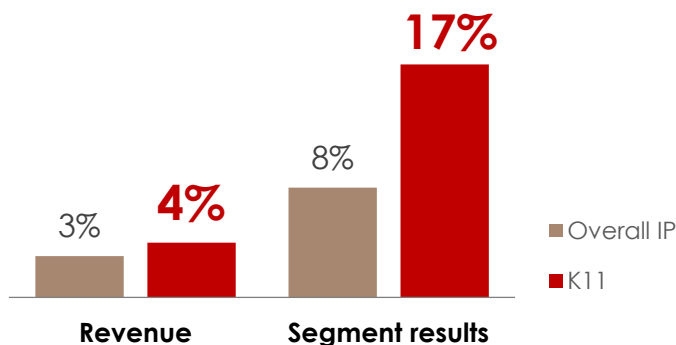
- ✓ **Resilient contracted sales** with strong presence in 1<sup>st</sup> tier cities



**85%**  
from GBA and YRD

#### Investment properties

#### FY2022 YoY growth



- ✓ **Positive YoY growth** amidst tough retail environment

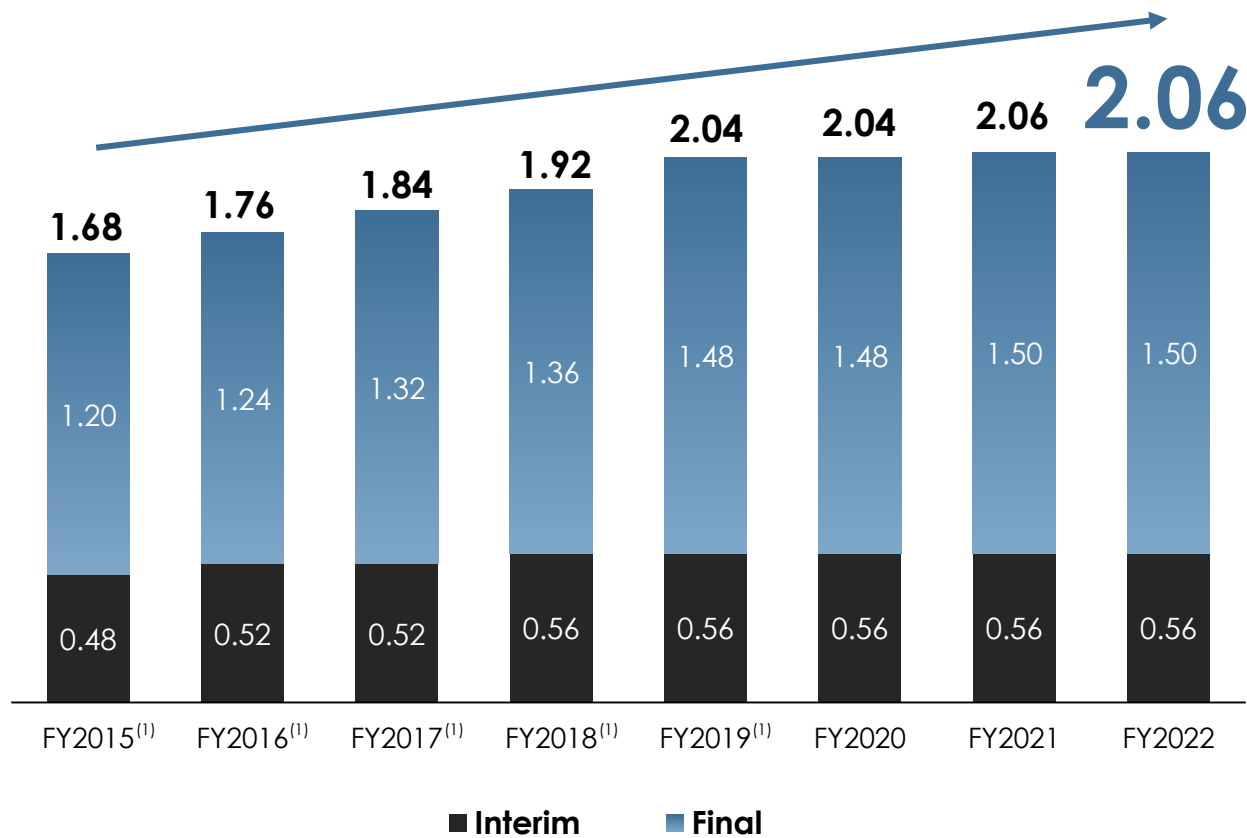
- ✓ **Strong K11 performance**

## DIVIDEND POLICY

# STABLE & PROACTIVE CAPITAL RETURN TO SHAREHOLDERS

Progressive and sustainable dividend since FY2015

Dividend payout (HKD/share)



Dividend yield<sup>2</sup>

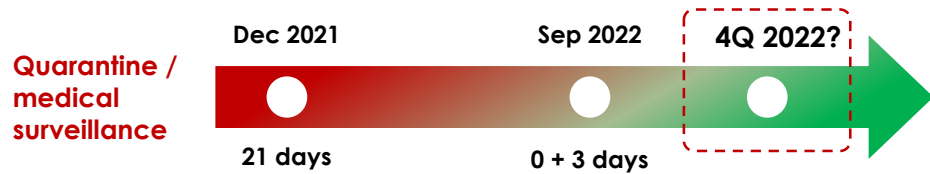
9.4%

Note: (1) Adjusted for 4-to-1 share consolidation  
(2) Dividend yield as of 29<sup>th</sup> September 2022

# NWD WELL POSITIONED TO RIDE ON 4 KEY CATALYSTS

## Travel restriction: further relaxations

✓ IP portfolio set to benefit



## Northern Metropolis: key government development

✓ Abundant farmland at low cost



## Cherry pick projects + SOE partnership in China

✓ Healthy contracted sales outlook

FY22

SZ  
Prince Bay



FY23

GZ  
Hanxi



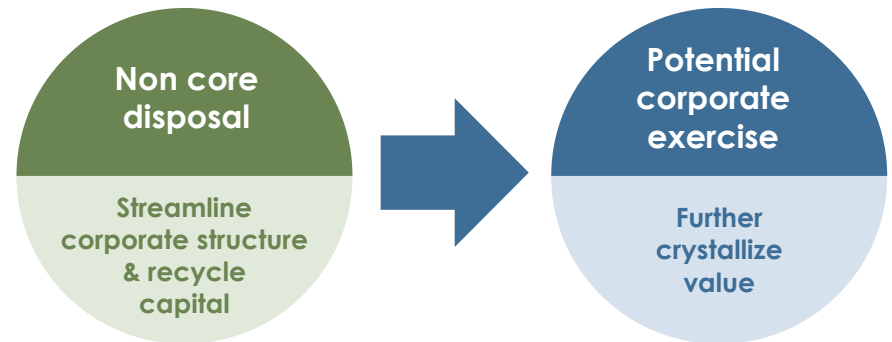
FY24

SH  
Putuo



## Continuously enhance corporate structure

✓ Maximize shareholder return



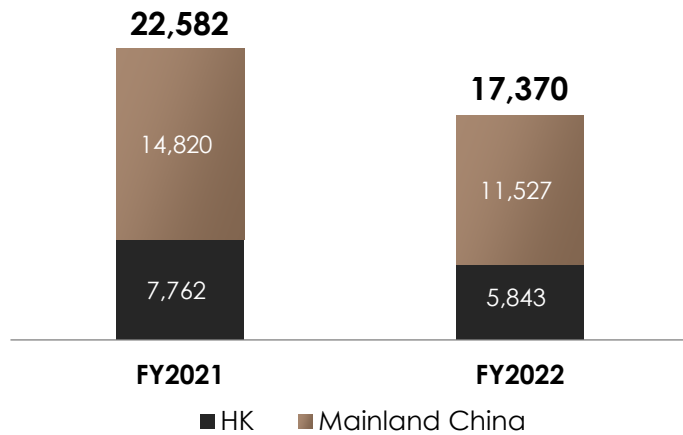


# DEVELOPMENT PROPERTIES

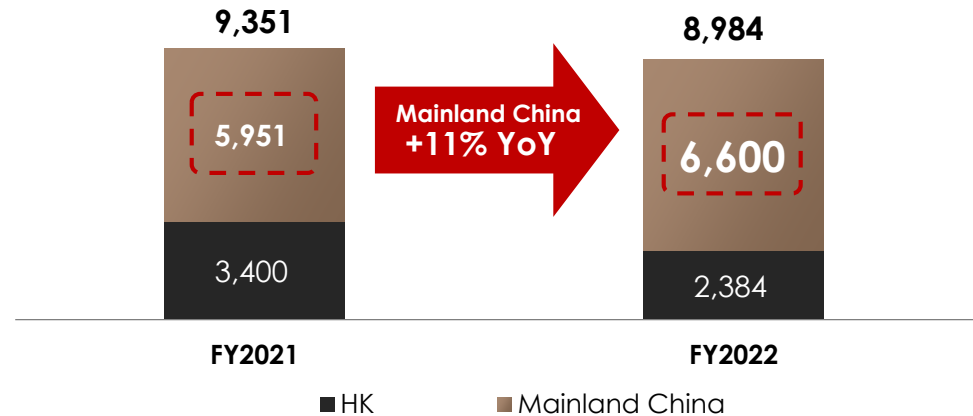
# RESILIENT RESULTS BENEFITING FROM BALANCED PORTFOLIO OF HK & MAINLAND CHINA

Mainland China result up 11% contributed by more GBA bookings of higher margin

Revenue by Region



Segment Results by Region



Strong **GBA** performance

Contribution to result

~70%

of total

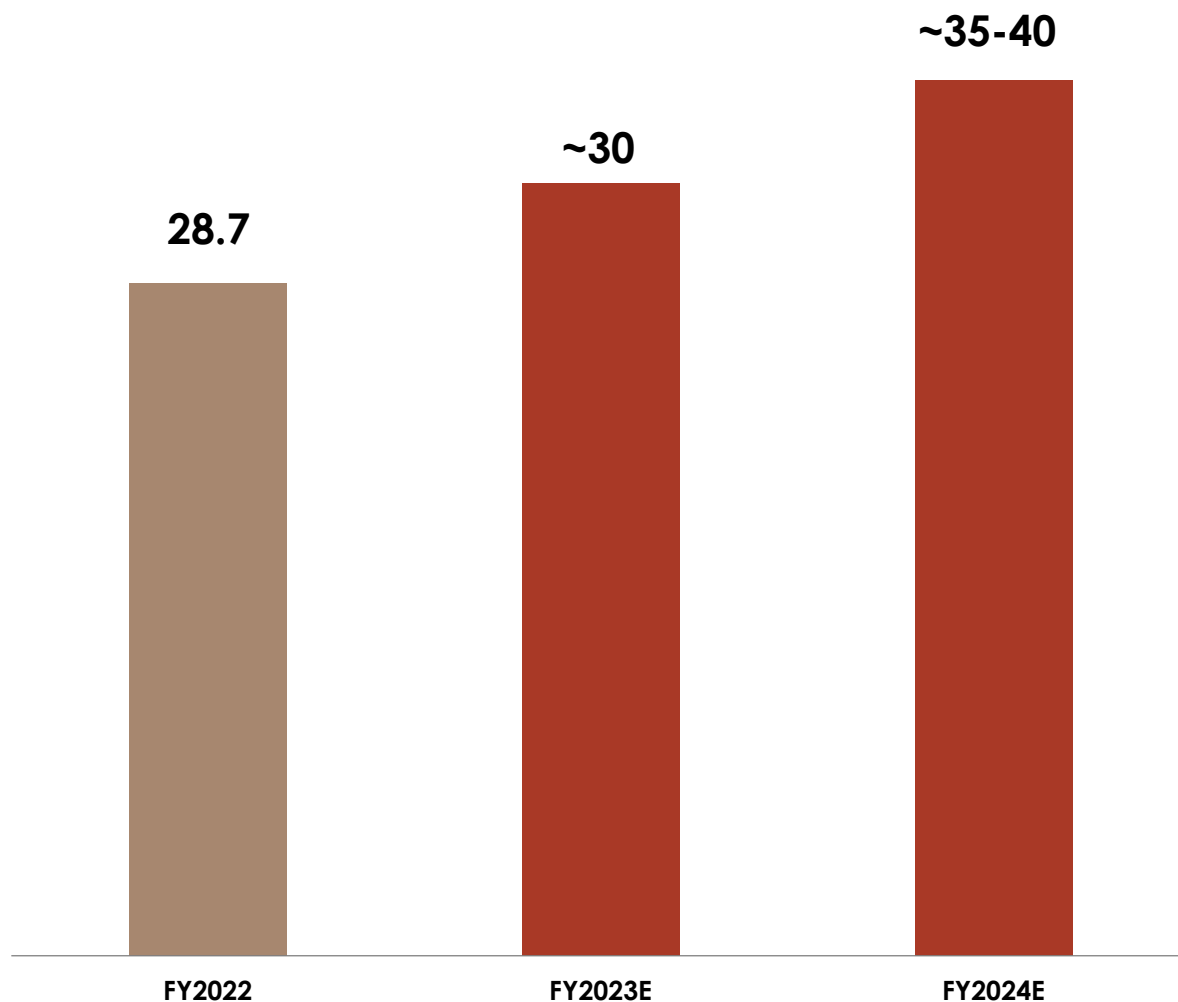
Margin

~70%

(e.g. 太子灣; 嶺南新世界; 逸彩庭園)

## STABLE COMBINED CONTRACTED SALES IN FY23 AND FY24

Total contracted sales (HKD BN)



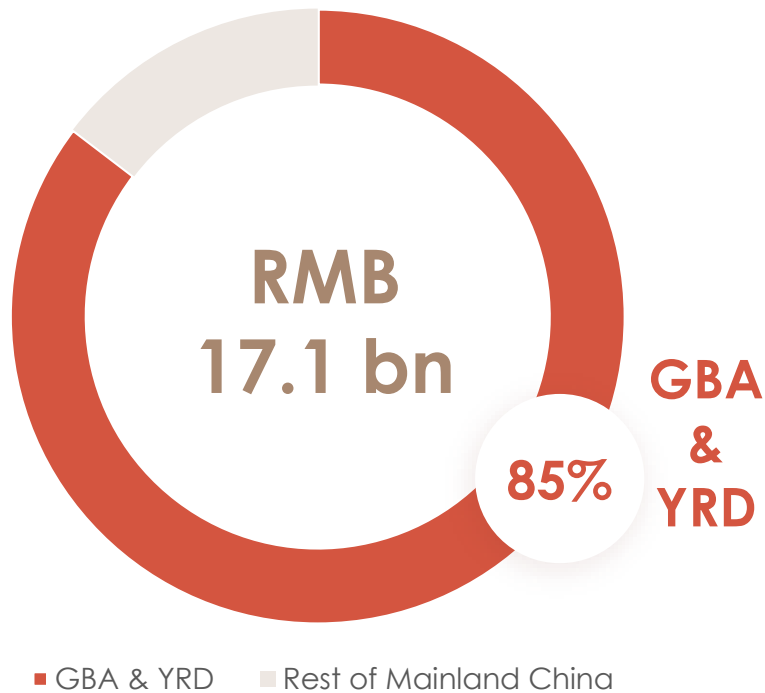
- ✓ Balanced portfolio between HK and Mainland China
- ✓ Conservative outlook given market uncertainty and volatility



# MAINLAND CHINA: RAPID CASH COLLECTION FROM RESILIENT CONTRACTED SALES IN FY22

Robust performance driven by higher presence in 1<sup>st</sup> tier cities of GBA and YRD

## FY22 gross contracted sales



## FY22 case study: Hangzhou project



Total saleable resources  
**RMB13.9 bn**

Completion in  
**FY2024**



# PROFITABLE LANDBANK REPLENISHMENT THROUGH SOE PARTNERSHIP AND QUICK-WIN PROJECTS

Region	Landbank (in thousand sqm GFA)
GBA	2,316
YRD	680
Central	688
Northern	589
North eastern	933
<b>Total</b>	<b>5,206</b>

~60% of

total landbank

## Landbank replenishment approach

### Shanghai residential projects

1<sup>st</sup> round  
concentration tender

**FY2024**

Pre-selling

**RMB9.2 bn**

Total saleable resources



2<sup>nd</sup> round  
concentration tender

**FY2024**

Pre-selling

**RMB5.0 bn**

Total saleable resources



1

Partnership  
with SOE  
(強強聯手)

Prime  
locations in  
Shanghai

2

Quick-win  
acquisition

Accelerated  
return

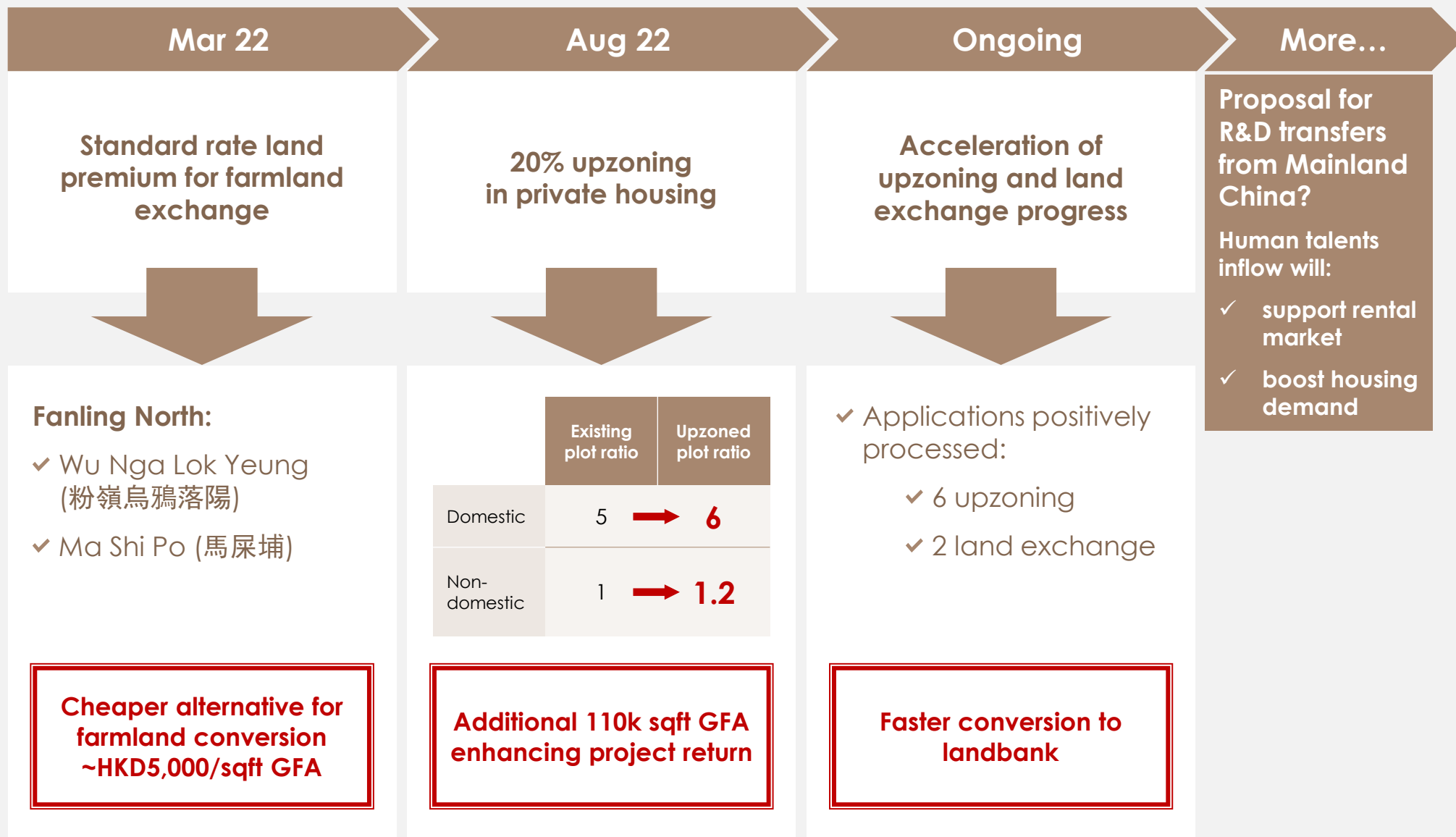
✓ Ability to cherry pick projects with higher returns & lower risks

Longgang  
District 188  
Industrial Zone  
Project

Guangqiao  
Food Factory  
Project

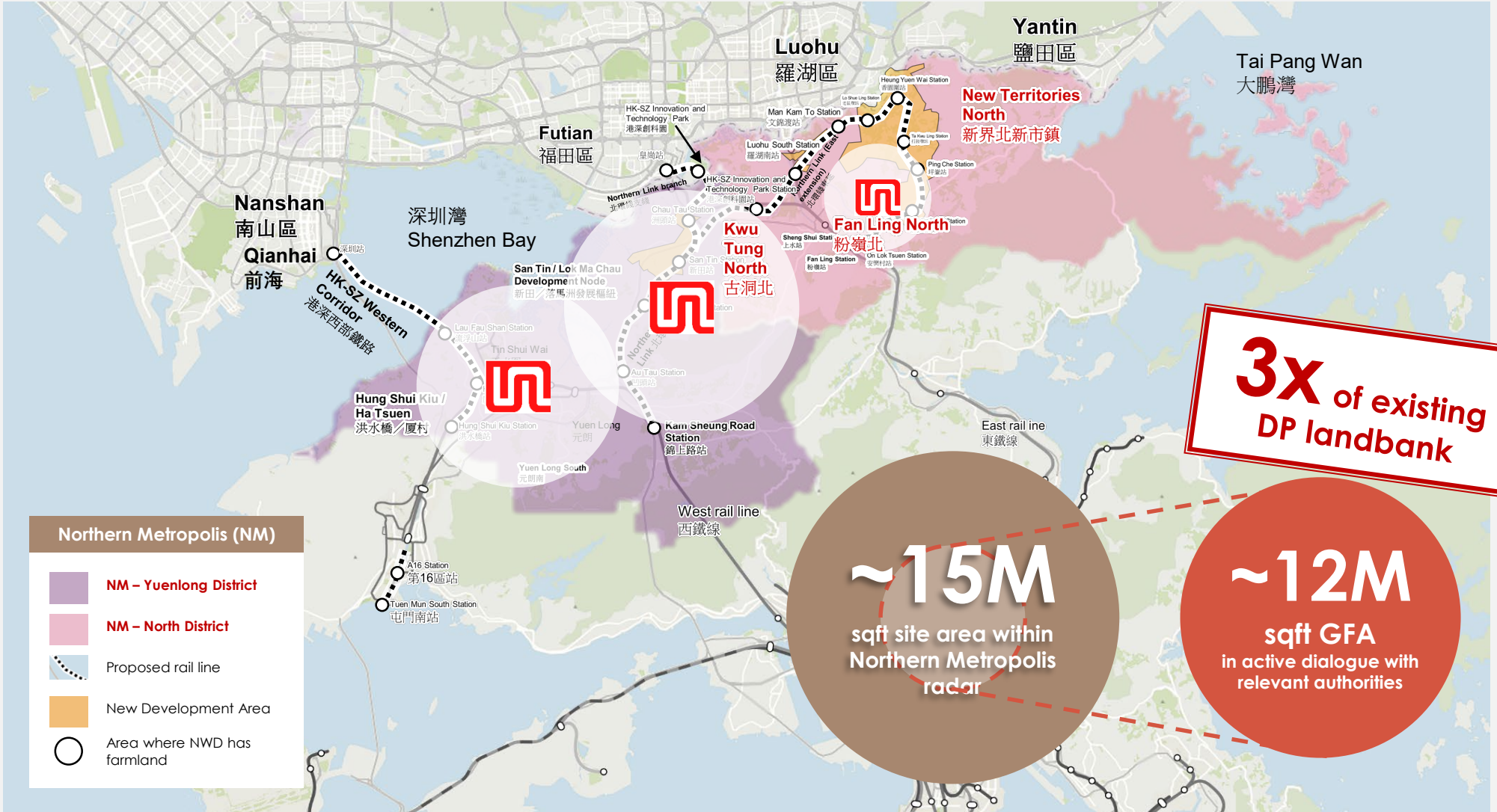
Guangdong  
No.2 People's  
Hospital  
Redevelopment  
Project

# NORTHERN METROPOLIS: KEY GOVERNMENT DEVELOPMENT FROM FAVORABLE POLICIES



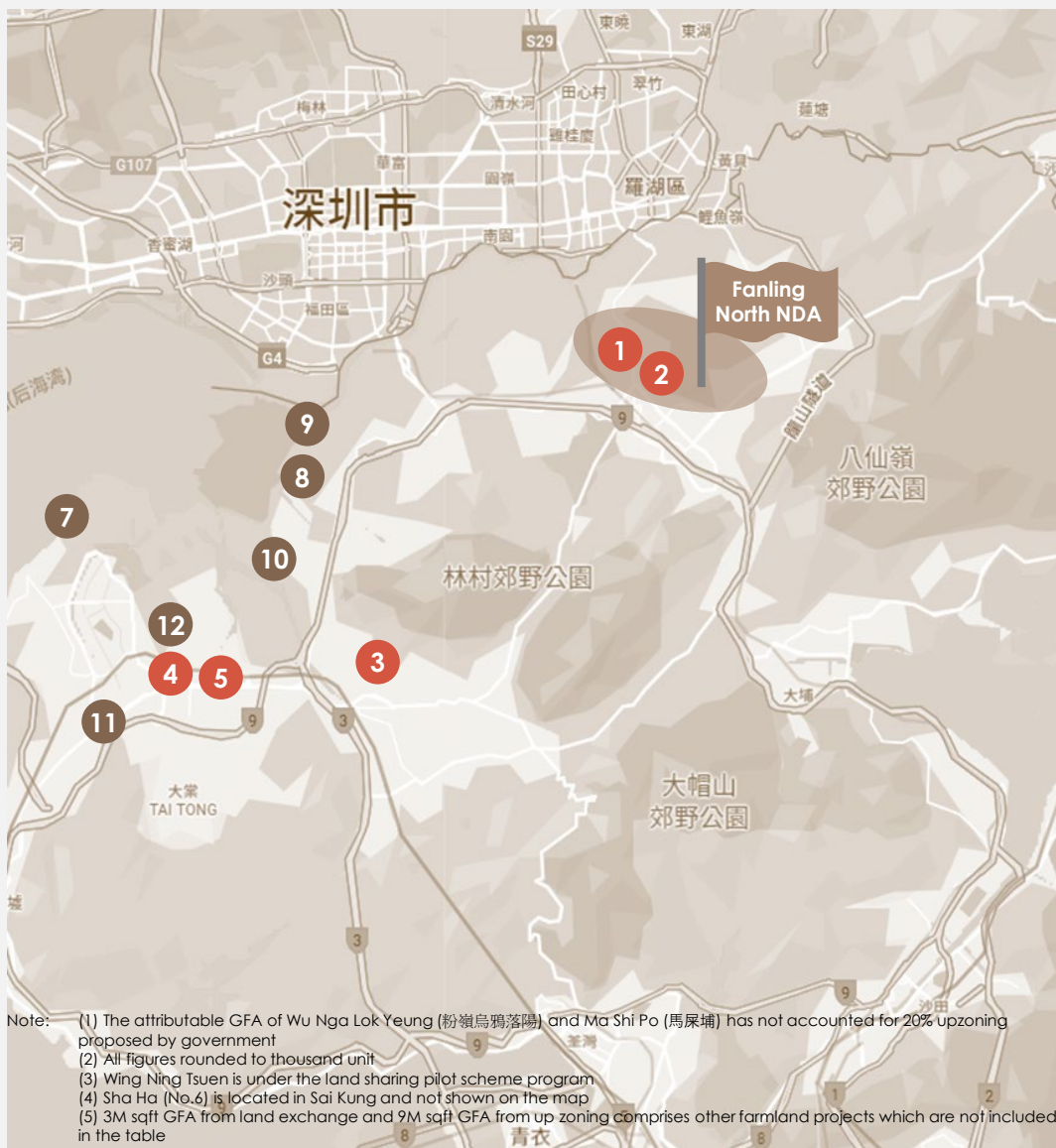
Note: Policy covers Kwu Tung North & Fanling North

# 12M SQFT GFA OF LANDBANK AT LOWER COST FROM FARMLAND CONVERSION (1/2)



Riding on infrastructure developed by government

# 12M SQFT GFA OF LANDBANK AT LOWER COST FROM FARMLAND CONVERSION (2/2)



Note: (1) The attributable GFA of Wu Nga Lok Yeung (粉嶺烏鴉落陽) and Ma Shi Po (馬屎埔) has not accounted for 20% upzoning proposed by government  
 (2) All figures rounded to thousand unit  
 (3) Wing Ning Tsuen is under the land sharing pilot scheme program  
 (4) Sha Ha (No.6) is located in Sai Kung and not shown on the map  
 (5) 3M sqft GFA from land exchange and 9M sqft GFA from up zoning comprises other farmland projects which are not included in the table

## Key land exchange: Short term farmland conversion

Farmland	Conversion schedule	Attr. GFA (sqft)	Total attr. GFA (sqft)
Wu Nga Lok Yeung Fanling 粉嶺烏鴉落陽	1	466,000	<b>~3M<sup>5</sup></b>
Ma Shi Po Fanling 粉嶺馬屎埔	2	100,000	
Tsat Sing Kong, Kam Tin, Yuenlong 元朗錦田七星崗	3 <b>FY23</b>	67,000	
Yuenlong Lungtin Tsuen (Phase 4) 元朗龍田村四期	4 <b>FY25</b>	279,000	
Yuenlong Lungtin Tsuen (Phase 2) 元朗龍田村二期	5	441,000	
Sha Ha Saikung 西貢沙下	6	716,000	

## Key up-zoning: Medium to long term pipeline

Farmland	Plot ratio		Attr. GFA (sqft)	Total attr. GFA (sqft)
	Existing	Proposed		
Lau Fau Shan 流浮山	7 0.2 & 0.4	3	661,000	<b>~9M<sup>5</sup></b>
Ngau Tam Mei 牛潭尾	8 0.4	5	1,090,000	
Lin Barn Tsuen 練板村	9 0.4	1.5	1,418,000	
Wing Kei Tsuen 榮基村	10 0.4	1.5	1,051,000	
Tong Yan San Tsuen 4 唐人新村 4	11 0.4 & 1	3.6	743,000	
Wing Ning Tsuen 永寧村	12 0 & 0.4	6 & 6.5	689,000	

**Total**

**~12M**

## PAVILIA FARM UPDATES

# PHASE I & II COMPLETION ON TRACK; PHASE III DEMOLITION AND RECONSTRUCTION PLAN IN PROGRESS

### THE PAVILIA FARM: Phase I and II



- Completion on track
- Booking in FY23



### THE PAVILIA FARM: Phase III



- Authorized Person certified that the latest estimated material date is 31st March 2025#



"The photographs shown herein is for identification purpose of the location only and not for promotional of sale of any development."  
"此相片只供辨認位置，並非任何發展項目的銷售宣傳資料。"

#The said date has not taken into account the possible further revision(s) of the estimated material date by the project's Authorized Person on occurrence of the situations permitted under the Agreement for Sale and Purchase, including unforeseen events such as inclement weather conditions etc

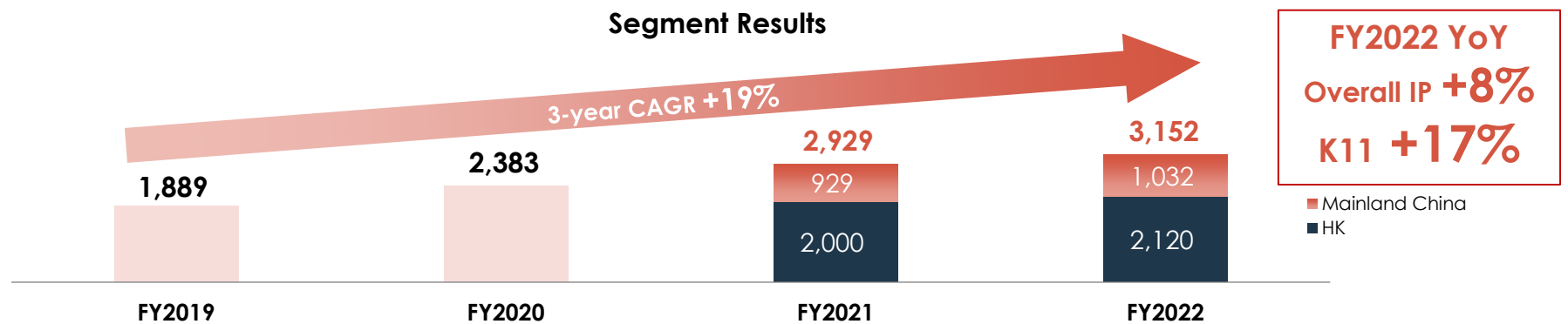
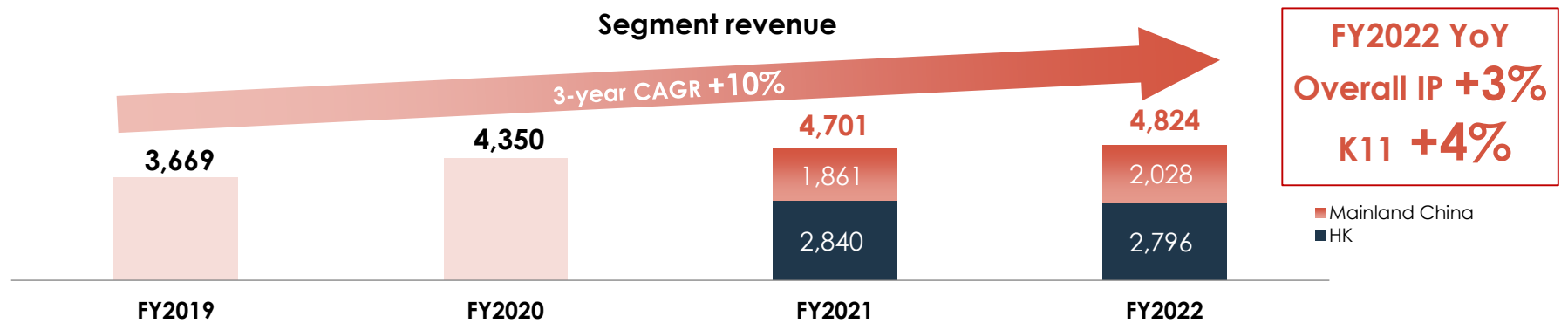


# INVESTMENT PROPERTIES

## INVESTMENT PROPERTIES

# RESILIENT AND STABLE GROWTH IN REVENUE AND SEGMENT RESULTS DESPITE CHALLENGING RETAIL ENVIRONMENT

Continuous operational efficiency enhancement resulting in higher segment results and improved margins



Segment margin

51%

55%

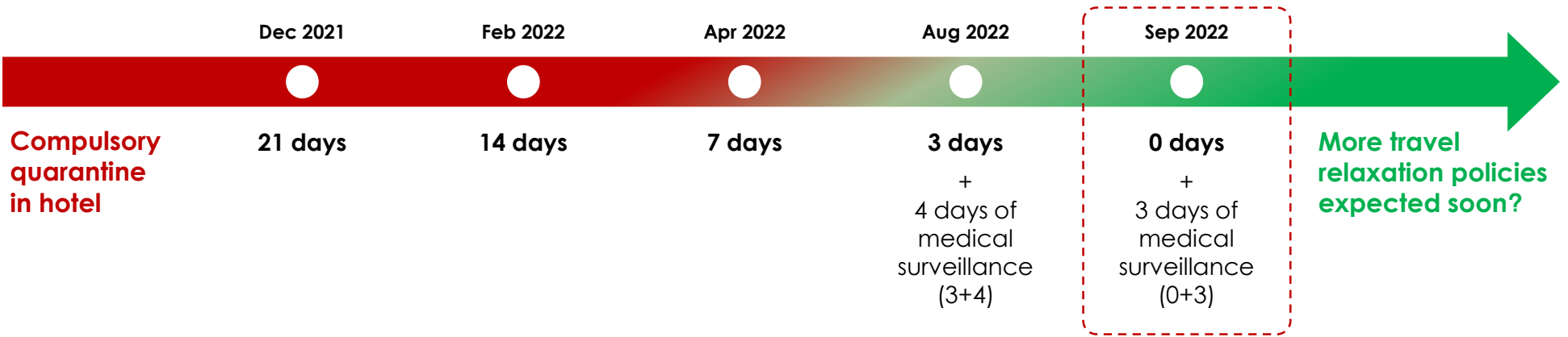
62%

65%

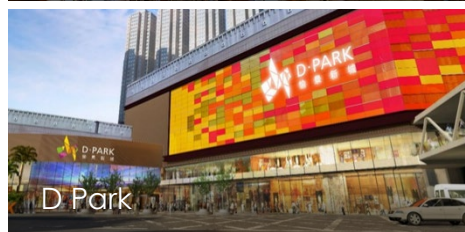
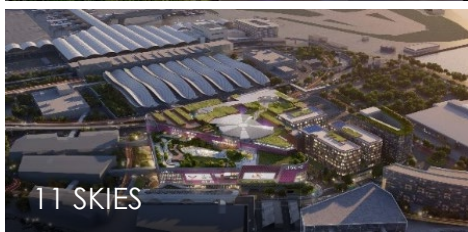
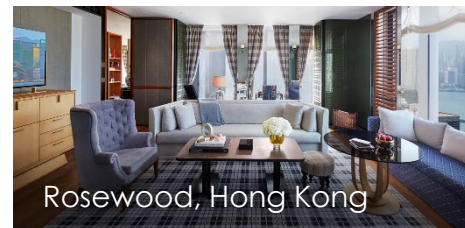


# NWD A KEY BENEFICIARY OF TRAVEL RESTRICTION RELAXATIONS

## Gradual relaxation of quarantine arrangements for inbound travel



## A large hospitality and commercial portfolio to benefit from travel restriction relaxations



Retail hotspots: **>10** in HK

Hotels and residences: **7** in HK

# K11 CONTINUES TO SIGNIFICANTLY OUTPACE THE MARKET AND MAINTAIN HIGH OCCUPANCY

K11's unique edge enables it to outperform the retail markets

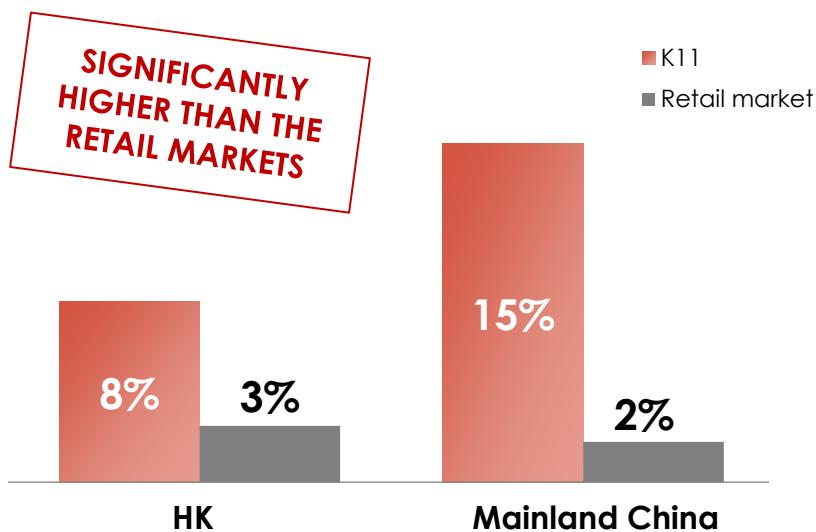
Brand value

Ecosystem traffic

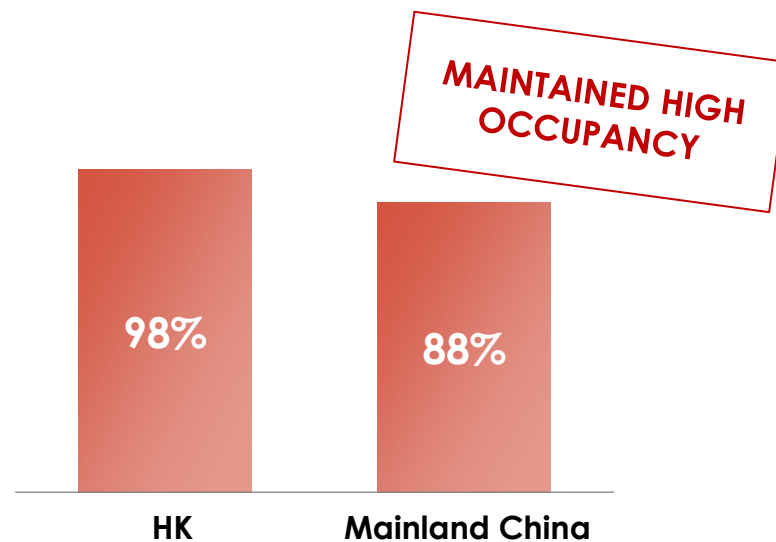
Strong CRM

Operational excellence

FY2022 K11 mall sales YoY growth % vs market average



FY2022 average occupancy rate of K11 malls in tier 1 cities<sup>1</sup>



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

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

## INVESTMENT PROPERTIES

# K11 CONTINUES TO DELIVER EXCELLENT PERFORMANCE THROUGH STRONG BRAND VALUE & MANAGEMENT EXPERTISE

Strong segment results growth due to higher operational efficiency

		FY22 YoY growth					
		HK			Mainland China		
		Victoria Dockside <sup>1</sup>	K11 ATELIER King's Road	Overall	Wuhan Hankou K11	Wuhan Guanggu K11 Select	
Revenue	Overall	+8%	+16%	+4%	+26%	+14%	
Segment result	Overall	+19%	+35%	+29%	+23%	+1.1X	







Note: 1. Victoria Dockside comprises K11 MUSEA, K11 ATELIER, K11 ARTUS and Rosewood HK

## INVESTMENT PROPERTIES

# 11 SKIES: NEW TOURISM DESTINATION BENEFITING FROM BORDER RESTRICTION RELAXATION

Newest tourism landmark with largest RDE in HK (Total GFA 3.8M sqft)

Opening in  
phases from

**July  
2022**



### 3 Grade-A Office Towers

- Wealth Management
- Wellness and Medical
- GBA Business Centre



GBA Forum on 26<sup>th</sup> May

By end of 2022

**~65%**

leasing rate

>20 pre-leasing  
agreements signed

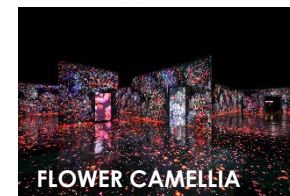


HK's Biggest Indoor Entertainment  
Centre for All Ages

**570,000 sqft**



BEACH AURORA



FLOWER CAMELLIA

Note:  Represents latest update

Note: Photo credit from Arte Museum

# CONTINUOUS PIPELINE GROWTH OF K11

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

K11 projects							
Status	Site	Type	GFA <sup>1</sup> (sqm)	Status	Site	Type	GFA <sup>1</sup> (sqm)
Current	Hong Kong	K11	34,000	FY2024	Hong Kong Kai Tak Sports Center	Retail	57,000
	Hong Kong	D · PARK	60,000		Hong Kong 11 SKIES	Retail	298,000
	Hong Kong Victoria Dockside	K11 MUSEA	104,000		Shenzhen (Prince Bay)	K11 ECOAST	193,000
	Hong Kong Victoria Dockside	K11 ATELIER	40,000		Shenzhen (Prince Bay)	K11 ATELIER	25,000
	Hong Kong Victoria Dockside	K11 ARTUS	36,000		Shenzhen (Prince Bay)	Cultural Retail Space	9,000
	Hong Kong King's Road	K11 ATELIER	47,000		Shanghai Jinqiao <sup>2</sup>	K11 Select	106,000
	Guangzhou (CTF) <sup>2</sup>	K11	70,000		Xiamen Wuyuanwan <sup>2</sup>	K11 Select	95,000
	Guangzhou (CTF) <sup>2</sup>	K11 ATELIER	215,000		FY2025	Guangzhou (Hanxi)	D · PARK
	Wuhan (Guanggu)	K11 Select	51,000	Hangzhou		K11 ATELIER	50,000
	Shanghai	K11	38,000	Wuhan (CTF) <sup>2</sup>		K11	93,000
	Shanghai	K11 ATELIER	81,000	Beijing (K11) <sup>3</sup>	K11	52,000	
	Shenyang	K11	259,000	FY2026	Hangzhou	K11	107,000
	Wuhan (Hankou 2)	K11	40,000		Hangzhou	K11 ARTUS	27,000
	Wuhan (Hankou 1)	K11	43,000		Hangzhou	Art & Cultural Space	6,000
	Wuhan (Hankou 1)	K11 ATELIER	51,000		Shanghai Middle Huaihai Road	K11	53,000
	Tianjin (CTF) <sup>2</sup>	K11 ATELIER	141,000		Shanghai Middle Huaihai Road	K11 ATELIER	40,000
	Tianjin (CTF) <sup>2</sup>	K11 Select	46,000				
<b>Total (17 Projects)</b>			<b>1,356,000</b>	<b>TOTAL BY FY2026 (38 Projects)</b>			<b>2,823,000</b>

FY2023	Hong Kong 11 SKIES	K11 ATELIER	53,000
	Shenzhen (Qianhai) <sup>3</sup>	K11 ATELIER	100,000
	Shenzhen (Qianhai) <sup>3</sup>	Retail	27,000
	Beijing <sup>3</sup>	K11 ATELIER	9,000
	Beijing <sup>3</sup>	K11 HACC	13,000

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

**~30% CAGR rental income**   
from FY2022 – FY2026

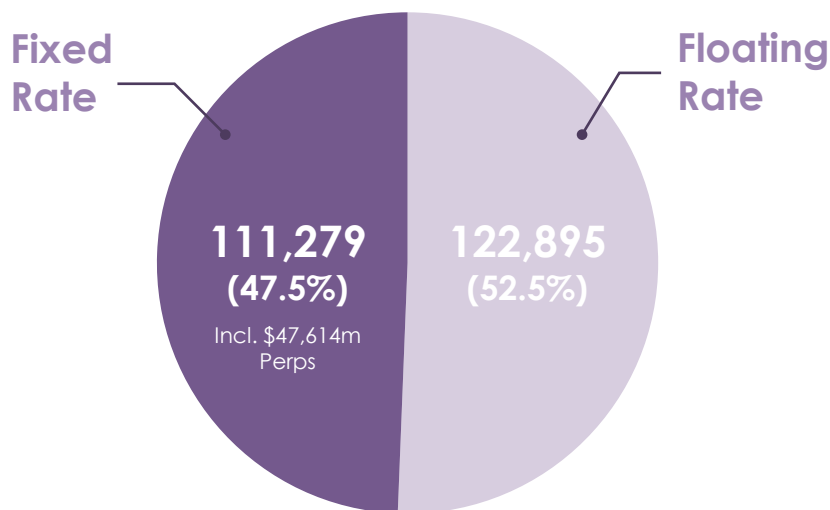


# FINANCIAL & CAPITAL MANAGEMENT

# PROACTIVELY MANAGE INTEREST RATE RISK BY OPTIMIZING FIXED-RATE DEBT RATIO

## Gross Debts – Jun 22

(Incl. Perpetual Bond)



## Strategy

Fixed ratio to stay at Mid to High 40s in next 12-18 months

Market consensus  
**+5 times by Mar 23**  
reach 4.75-5%

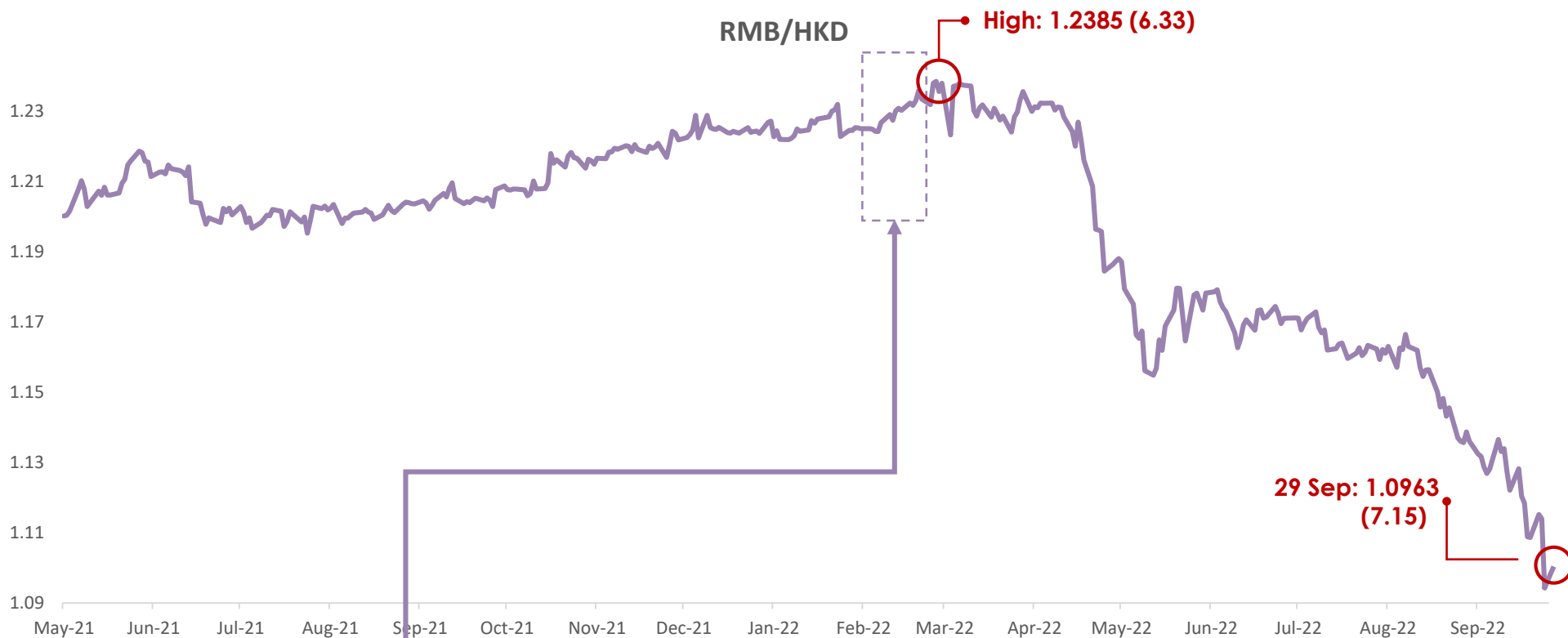
Avg. financing cost

**FY22**      **FY23**  
**2.5%**      **→**      **~4.5%**

Additional  
**~HKD1.2 bn**  
expense

Sufficient DP booking + more recurring income can offset additional interest expense

# CONTINUED MONITORING AND DISCIPLINED HEDGING OF EXCHANGE RATE RISK

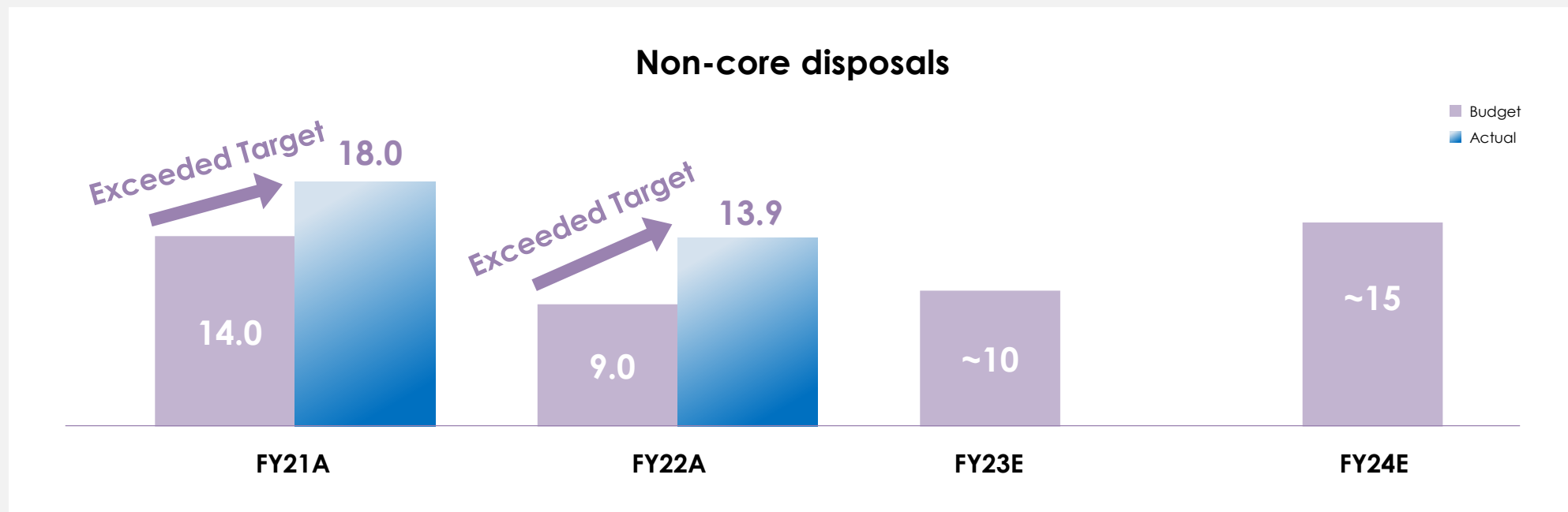


Hedge at 1.2085  
(6.45) average

>50% of next 12 months'  
RMB denominated profit hedged



# PROACTIVE GEARING MANAGEMENT: CONTINUOUS NON-CORE DISPOSAL FOR CAPITAL RECYCLING



## Non-core disposals criteria



**Low IRR** businesses and assets  
→ Recycle capital for higher IRR projects



**Minority stake** → Simplify corporate structure and narrow holdco discount



**Little synergy** to NWD ecosystem

# PROACTIVE CAPITAL MANAGEMENT: CAPEX OPTIMIZATION TO IMPROVE FINANCIAL EFFICIENCY

## Capex optimization initiatives



**More selective with land acquisitions**



**JV partner**



**Earlier designs**



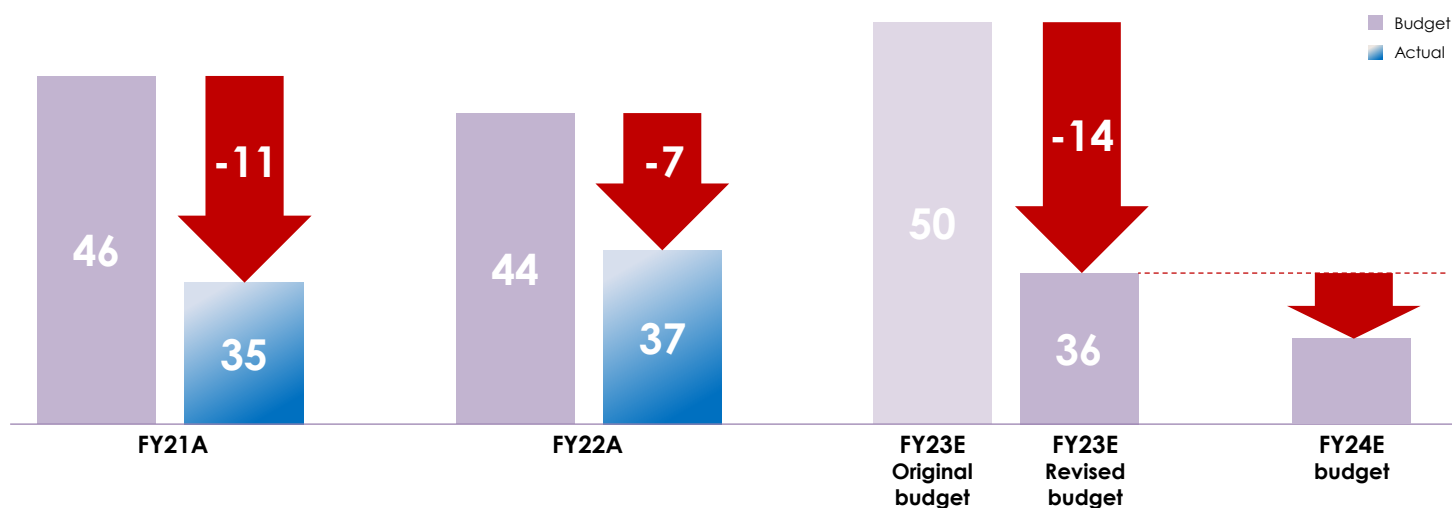
**Adopt newly developed building materials**



**Centralized procurement**



**Less variation order**



**Gearing to edge up but manageable**



**ESG**  
**CREATING SHARED VALUE  
FOR ALL STAKEHOLDERS**

# CREATING SHARED VALUE FOR OUR STAKEHOLDERS

## Build for Good



**Pioneering &  
innovative housing  
solutions**

## COVID-19 rapid response



**Business sector  
first mover in  
responding to  
Hong Kong's fifth  
wave**

## Share for Good



**Hong Kong's  
pioneering  
large-scale  
crowd donation  
platform**

# RECENT ACHIEVEMENTS

## Ambitious climate action and engagement



**3<sup>rd</sup> Asia real estate company** to have **near-term 1.5°C-aligned Science Based Targets** approved by SBTi and commit to SBTi Net-Zero Standard



**Launched market-first “Creating Shared Value” Lease** to partner with tenants to drive sustainability initiatives

**>60%**

of K11 ATELIER Victoria Dockside leased floors enrolled

## Leader in sustainable finance

**HK\$39B**

sustainable financing since 2018

Issued **World’s 1<sup>st</sup>** USD Social and Green Dual Tranche Bond

## Rising performance in international ESG ratings



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



**Highest (5-star) rating since 2019**

1<sup>st</sup> in Public Disclosure score among all HK diversified; 1<sup>st</sup> 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

## Widely recognised by over 40 sustainability awards in FY2022



**Pioneer Award (top level)**  
Green Building Leadership Category (Developer)



**Jade Award (top level)**



**2 Awards, incl.**  
Property Management Team of the Year (Victoria Dockside)



**Best ESG**

# FOCUSING ON OUR PEOPLE

## Commitment to diversity & inclusion

**35.3%** highest female Board ratio among Hong Kong real estate developers (effective 1 December 2022)

NWD is committed to achieving and maintaining a diverse Board and workforce

## Building a people-oriented culture



**100%**

Employee training on ESG topics

**17.3**

Average training hours per employee in FY2022

**4.5-day work week**

Flexible work arrangements to prioritise and uplift our employees' well-being

**Empowering Innovation**

“Artisan Hacks @ New World Innovation Challenge” to encourage colleagues to develop their ideas into practical solutions



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

*The Artisanal Movement*

**THANK YOU**

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