



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

The Artisanal Movement

1HFY2023 INTERIM PRESENTATION

MEDIA SESSION

23 February 2023



1HFY23 FINANCIAL SUMMARY

Continued Covid-19 disruptions hindered 1HFY23 financial performance

Revenue	Net profit attributable to shareholders	Underlying profit
HK\$40,193M +13% YoY	HK\$1,209M -15% YoY	HK\$3,360M -14% YoY
Capital resources	Net gearing ratio	Interim dividend
HK\$92 BN HK\$ 57 bn cash and bank balances HK\$ 35 bn undrawn lines	46.9% +3.7 pts HoH Already peaked in Dec 22	HK\$0.46/share 1HFY22: HK\$0.56/share

SOLID DP AND K11 RESULTS AMIDST CHALLENGING ENVIRONMENT

NON-CORE DISPOSALS ON TRACK OF FULL YEAR TARGET

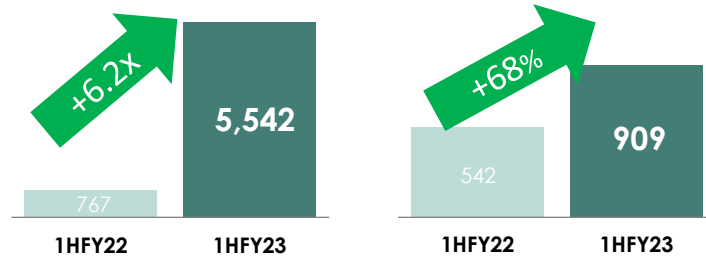
1HFY23 financial highlights

✓ **Strong HK DP performance** driven by Pavilia Farm I booking

✓ **Resilient Mainland China contracted sales** with strong presence in 1st tier cities

Revenue (HK\$ M)

Segment results (HK\$ M)



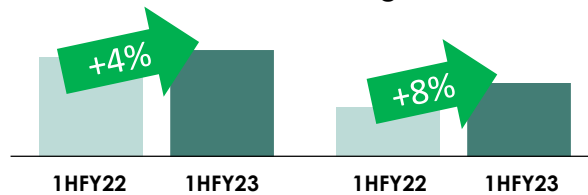
~60%
of full year target
(RMB 15 bn) achieved

Development properties

K11 YoY growth (HK and Mainland China)

Revenue

Segment results

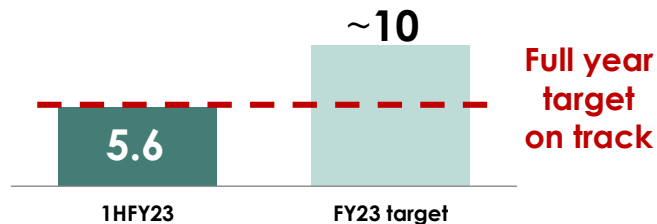


✓ **Resilient K11 performance** amidst tough retail environment

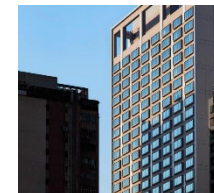


Investment properties

Non-core disposals (HK\$ bn)



✓ **Confident to exceed full year target**



Penta Hotel
HK\$2.0 bn
Status: SPA signed



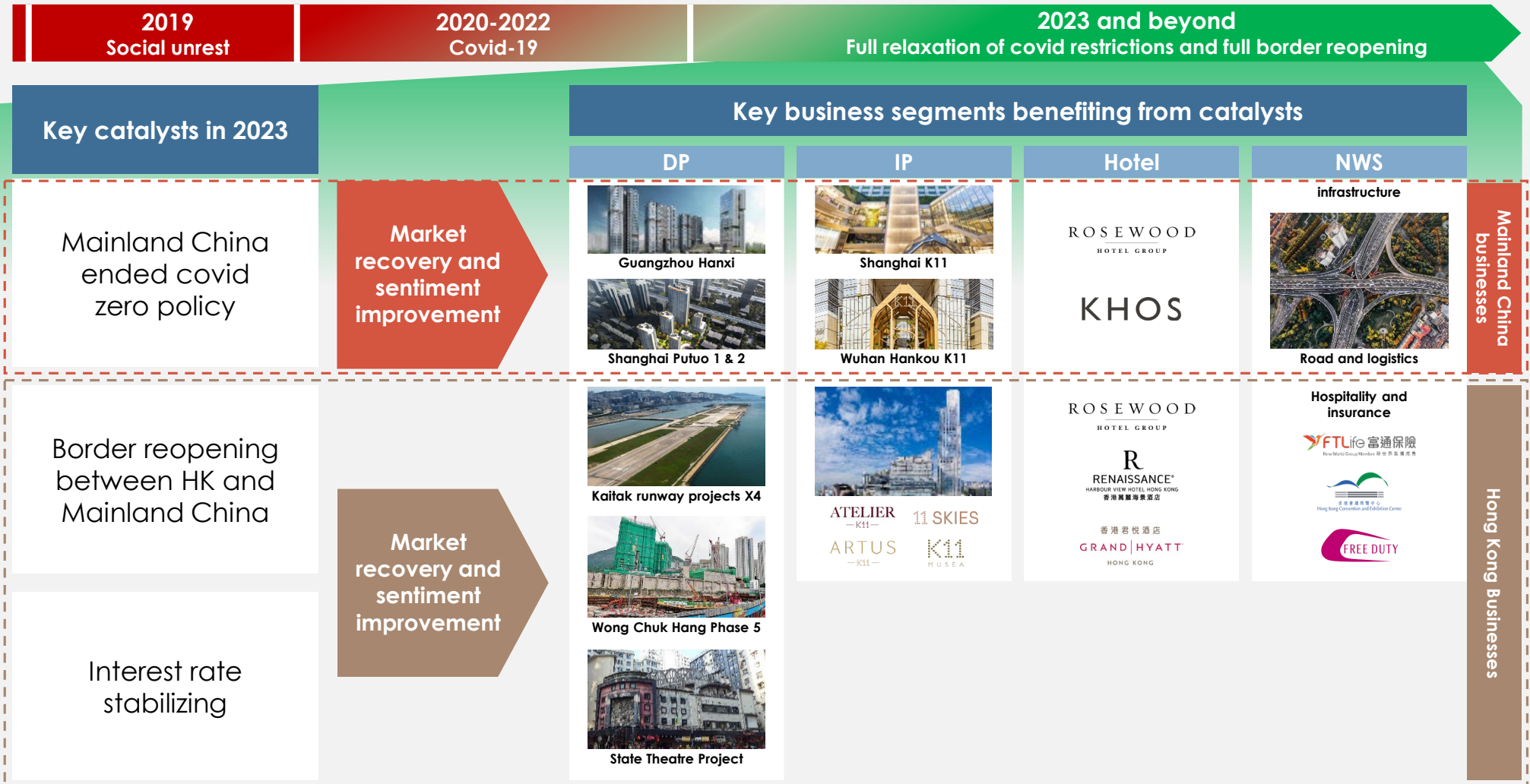
KOHO
HK\$2.1 bn
Status: Completed

Non-core disposals

POSITIVE OUTLOOK IN 2023

NWD A KEY BENEFICIARY OF IMPROVING OPERATING ENVIRONMENT IN HK & MAINLAND CHINA

Despite the headwinds in 1HFY23, we are seeing positive catalysts going forward



POSITIVE OUTLOOK IN 2023

HK: SIGNIFICANT INCREASE IN MAINLAND CHINESE VISITORS (MCV) FROM BORDER REOPENING BENEFITED OUR BUS

Full border reopening

Since full border reopening (from 6 Feb 23),
no. of daily average MCV was **18X** of Dec 22 daily average



Management alpha

Brand
value

Good
tenant mix

Strong
CRM

Differentiated
customer
experience

Source: HK Immigration Department

Significant improvement in BUs performances

K11 MUSEA

Feb 23 MTD	Mall sales	↑ 100% YoY
	Footfall	↑ 100% YoY
2023 forecast	Mall sales	Exceed 15% of original budget

K11 Art Mall

Feb 23 MTD	Mall sales	↑ 80% YoY
	Footfall	↑ 85% YoY
2023 forecast	Mall sales	Exceed 20% of original budget

K11 ARTUS

After full border reopening (from 6 Feb 23)	Revenue	↑ >50% YoY
	Mainland customers #	↑ 4X YoY

Office leasing

Jan 23	Leasing and sales enquiries	↑ 200% MoM
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FTLife

CNY period	APE	↑ 30% YoY
	Policies to MCV	↑ 60% YoY

Humansa

CNY period	Revenue	↑ 4X YoY (~80% of revenue from Mainland China business)
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FreeDuty

Feb 23 YTD	Sales	20% of pre-covid level, expect to recover in phases
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Note: 1. CNY period YoY comparison between 15-28 Jan 23 and 25 Jan 22 – 7 Feb 22

K11 MUSEA: ACHIEVED SUBSTANTIAL MALL SALES GROWTH SINCE BORDER REOPENING

2019
Social unrest

2020-2022
Covid-19

2023 and beyond
Full relaxation of covid restrictions and full border reopening

K11 MUSEA
opened in Aug 19



The first cultural and art shopping landmark in Hong Kong to participate in "Ctrip BOSS Live"

Mall sales and footfall Feb 23 MTD YoY growth

Mall sales

Footfall

▲ 100%

▲ 100%

New stores opening in 1HFY23



~50

BURBERRY

AUDEMARS PIGUET
Le Brassus



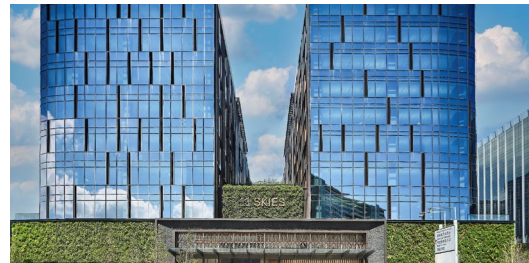
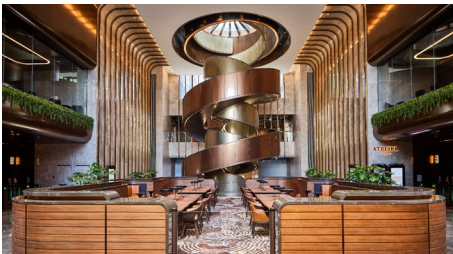
China's first exhibition tracing the history of the global graffiti and street art movement launching on 20 March 2023

POSITIVE OUTLOOK – 11 SKIES

11 SKIES: NEW TOURISM DESTINATION AT THE HEART OF GBA WILL LARGELY BENEFIT FROM BORDER REOPENING WITH MAINLAND CHINA



K11 ATELIER
By Jun 2023
~70%
commitment rate



3 Grade-A Office Towers

Wealth Management | Wellness & Medical | GBA Business Centre

>30 pre-leasing agreements signed

HK's Biggest Indoor Entertainment Hub for All Ages

570,000 sqft



Actual photo of 11 SKIES



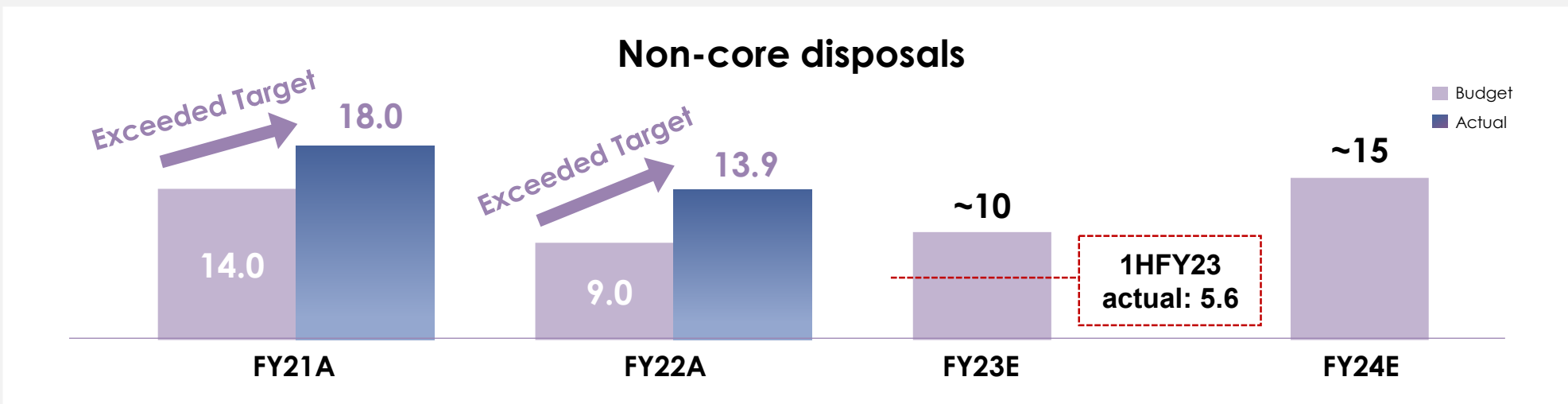
Note: Represents latest update




FINANCIAL & CAPITAL MANAGEMENT

NON-CORE DISPOSALS


Non-core disposals to optimize portfolio mix and enhance return




Non-core disposals criteria



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



Minority stake →
Simplify corporate structure and narrow holdco discount

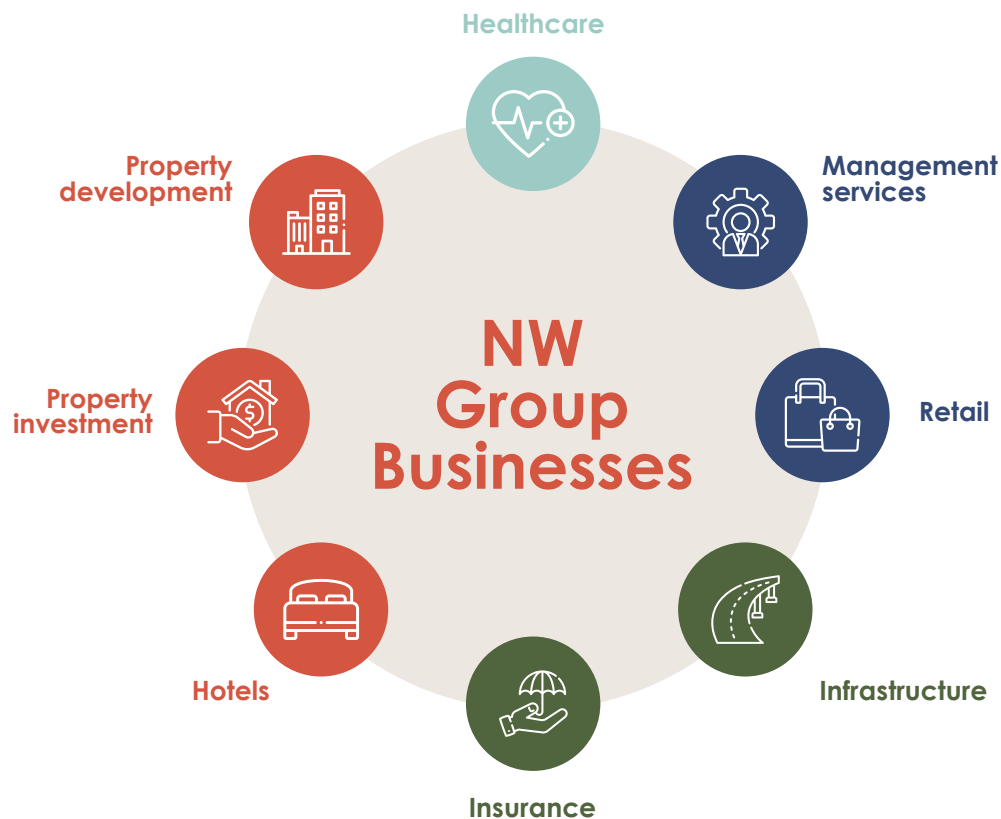


Little synergy to
NWD ecosystem

Non-core assets disposed of in 1HFY23	Total consideration (HK\$ BN)
KOHO	2.1
Penta hotel (SPA signed)	2.0
Others	1.5
1HFY23 total	5.6

Note: All figures in HK\$ BN

EXPLORE STRATEGIC OPTIONS FOR VARIOUS BUSINESSES TO UNLOCK VALUE AND MAXIMIZE SHAREHOLDER RETURN



Actively exploring strategic options for various businesses in order to:

- **Unlock value** of individual business units
- Sharpen respective **strategic focus** of our group companies
- **Maximize return** for shareholders

Management WILL NOT consider rights issue or any form of equity issuance

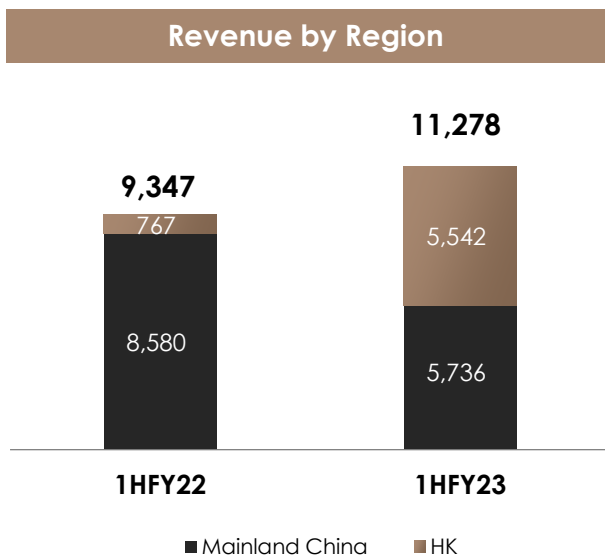




DEVELOPMENT PROPERTIES

BALANCED PORTFOLIO IN HK & MAINLAND CHINA PARTIALLY REMEDIED OVERALL DP PERFORMANCE

Revenue by Region



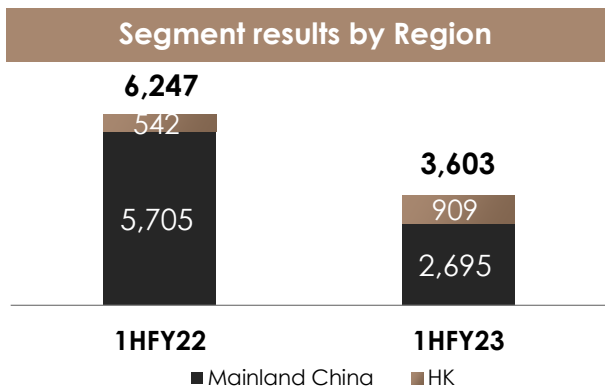
Revenue increase
+21% YoY

Major booking in 1HFY23

- HK: The Pavilia Farm I
(The Pavilia Farm II booking in 2HFY23)
- Mainland China: GBA projects, e.g. 廣州逸彩庭園、廣佛新世界



Segment results by Region

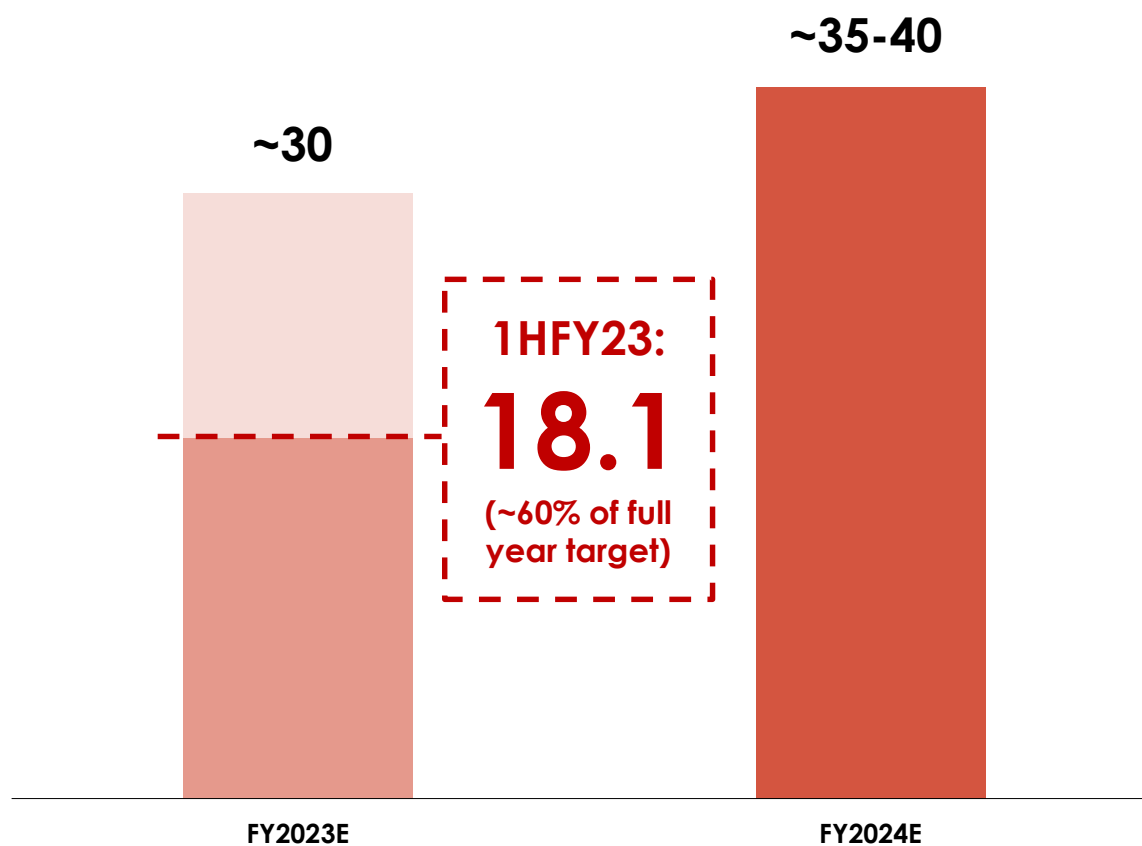


- Covid restrictions delayed handover in Mainland China
- GBA remained resilient with **~60% margin**



RESILIENT CONTRACTED SALES BENEFITING FROM 1ST TIER CITIES FOCUSED STRATEGY

Total contracted sales in HK & Mainland China (HK\$ BN)

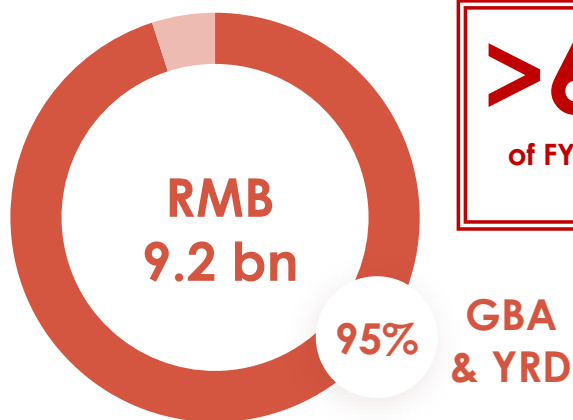


- ✓ Focus mainly on 1st tier cities with strong fundamental demand
- ✓ Conservative outlook for HK notwithstanding potential turnaround from border reopening & stabilizing interest rate
 - E.g. NCB Innovation Centre¹ recorded first sale in Dec 22 after 3 months without any transactions

MAINLAND CHINA: STRONG CONTRACTED SALES AMIDST WEAK PROPERTY MARKET SENTIMENT

Robust performance driven by higher presence in 1st tier cities of GBA and YRD

1HFY23 contracted sales



■ GBA & YRD ■ Rest of Mainland China

NWD's edge

- ✓ Premium New World branding with quality products at higher ASP
- ✓ Best 1st tier locations in GBA & YRD
- ✓ Strong track record with no prolonged construction suspension risk

Case studies

ALL SOLD OUT on 1st day of pre-sale for phase 1 & 2

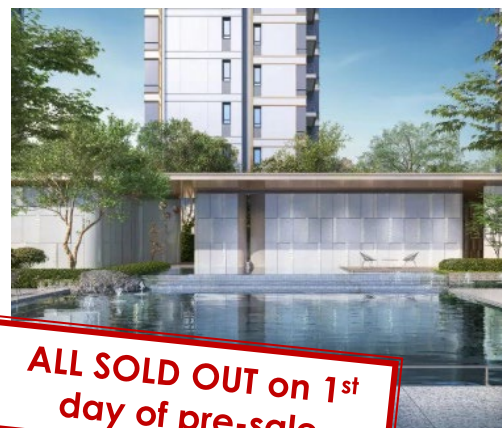


Hangzhou project

RMB11 BN*

2HFY22 & 1HFY23 sales subscription

Note:
1. RMB5.4 bn and 1.9 bn (gross basis) was contracted in 1HFY23 and 2HFY22, respectively
2. NWD has 100% equity interest



ALL SOLD OUT on 1st day of pre-sale

Shanghai Putuo 1

RMB3.5 BN*

1HFY23 sales subscription

Note:
1. RMB3.5 bn (gross basis) was contracted in 1HFY23
2. NWD has 30% equity interest

MAINLAND CHINA: POSITIVE 2023 OUTLOOK WITH FAVORABLE POLICIES TO BOOST ECONOMY AND IMPROVE MARKET SENTIMENT

Effect	Key favorable policies	Positive impact
Demand + Supply	Ended covid zero in Dec 22	<ul style="list-style-type: none"> ✓ Economic growth and consumer spending to accelerate <i>(Forecasted China 2023 GDP growth 5.2% YoY by IMF)</i>
	Reduced financing costs <i>(5-year LPR lowered from 4.65% to 4.3%)</i>	<ul style="list-style-type: none"> ✓ Lower funding cost for developers ✓ Lower mortgage payment for home purchasers
Demand	Relaxation of requirements in home purchase, e.g. 限購、貸款額度、降低首付比例、貸款利率	<ul style="list-style-type: none"> ✓ Improve property market sentiment / housing demand
Supply	3 arrows (三支箭) and 16 point plan (金融16條) to provide liquidity to property developers	<ul style="list-style-type: none"> ✓ Ensure home delivery (保交樓) by developers to improve buyers' confidence in home purchase

MAINLAND CHINA: ABUNDANT SALEABLE RESOURCES OF RMB55 BN+ FROM GBA & YRD IN 2HFY23 & BEYOND

Key GBA projects



Guangzhou Hanxi

RMB11bn
Saleable resources

2HFY23
Pre-sale



Shenzhen Longgang 188

RMB22.6bn
Saleable resources

FY24
Pre-sale



Shenzhen Guangqiao

RMB7.1bn
Saleable resources

FY24
Pre-sale

Urban renewal project



Shenzhen Xili

RMB4.3bn
Saleable resources

FY24
Pre-sale

Urban renewal project

Key YRD projects



Hangzhou project

RMB2.9bn
Remaining saleable resources
(commercial portion)

2HFY23
Pre-sale



Shanghai Putuo 1

RMB6.5bn
Remaining saleable resources

FY24
Pre-sale



Shanghai Putuo 2

RMB5.7bn
Saleable resources

FY24
Pre-sale

HONG KONG: ABUNDANT PIPELINE OF 1.4M+ SQFT ATTRIBUTABLE GFA LAUNCHING IN 2HFY23 & FY24

Key project launches in 2HFY2023

Residential projects

Kai Tak 6574 **Pre-selling**

Kai Tak 6576 **Pre-sale consent obtained**

Kai Tak 6552

Kaitak Mansion

Attributable GFA: >400,000 sqft

Key new project launches in FY2024

Residential projects

State Theatre Project **Exp. 23Q4**

Kaitak 6591 **Exp. 23Q4**

Wong Chuk Hang Phase 5

4A-4P Seymour Road

Attributable GFA: >1,000,000 sqft

>1.4M sqft attributable GFA launches in 2HFY23 & FY24



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THANK YOU

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