



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

**FY2024**  
**INTERIM PRESENTATION**  
MEDIA BRIEFING

29 February 2024



# Delivering Resilient Results in a Challenging Environment...

## ...With Lights Seen at the End of the Tunnel

**HK PROPERTY MARKET EXPECTED TO REVIVE**  
*on the back of scrapping all property cooling measures*

**MAINTAIN OVERALL STABLE PROFITABILITY**  
*from rising core profit margin and improved IP contributions*

**DELEVERAGING, ENSURING LIQUIDITY & FINANCIAL FLEXIBILITY**  
*with capital resources exceeding short-term debt obligations*

**SOLID BUSINESS FUNDAMENTALS & EARNINGS POTENTIAL**  
*as mega IPs completing and robust DP pipeline contributing*

SECTION I

# FINANCIAL HIGHLIGHTS



# DELIVERING RESILIENT RESULTS IN A CHALLENGING ENVIRONMENT

Core Profit <sup>(1) (2)</sup>	Profit/(loss) for the Period	Capital Resources
<p style="text-align: center;"><b>HK\$4,866M</b></p> <p style="text-align: center;"><b>+12% YoY</b></p> <p style="text-align: center;"><b>Core profit margin: 29%</b></p> <p style="text-align: center;"><b>+9.5 p.p YoY</b></p>	<p style="text-align: center;"><b>HK\$1,543M (+16% YoY)</b> From continuing operations (Excl. NWS)</p> <p style="text-align: center;"><b>HK\$502M</b> Profit attri. to shareholders From continuing operations (Excl. NWS)</p> <hr style="border-top: 1px dashed black;"/> <p style="text-align: center;"><b>HK\$(5,701)M</b> Non-equity impact of NWS disposal loss <sup>(3)</sup></p>	<p style="text-align: center;"><b>HK\$52.0B</b></p> <p style="text-align: center;">HK\$39.0b cash &amp; bank balances HK\$13.0b undrawn lines</p>
OPEX <sup>(1)</sup>	CAPEX <sup>(1)</sup>	Net Gearing
<p style="text-align: center;"><b>HK\$2.0B</b></p> <p style="text-align: center;"><b>-16% YoY</b></p>	<p style="text-align: center;"><b>HK\$7.5B</b></p> <p style="text-align: center;"><b>-21% YoY</b></p>	<p style="text-align: center;"><b>49.9%</b></p> <p style="text-align: center;">30 June 2023 48.7%</p>
		Dividend
		<p style="text-align: center;"><b>Interim DPS: HK\$0.20</b></p> <p style="text-align: center;">1HFY23 HK\$0.46/share</p>

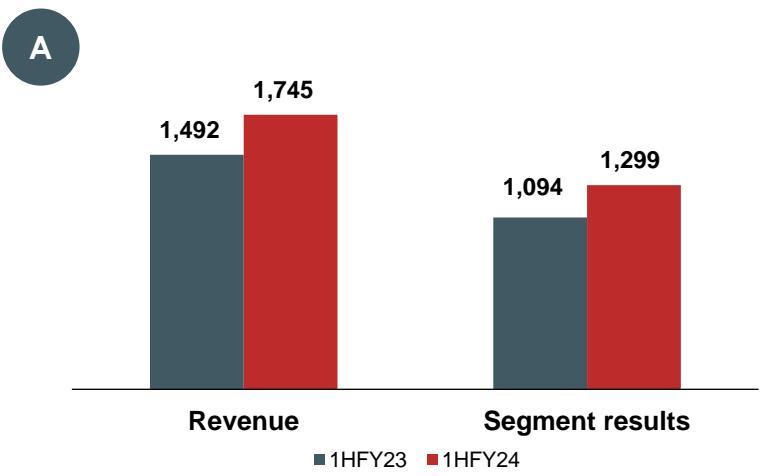
1. From continuing operations  
 2. CORE PROFIT = Earning before Net Finance Costs, Tax, IP Fair Value Changes & Other Non-Cash / Exceptional Items  
 3. Out of the NWS disposal loss of HK\$8.3b, the financial impact to equity was HK\$2.6b while the remaining HK\$5.7b had no equity impact

# DP AND IP RESULTS UNDER CHALLENGING ENVIRONMENT

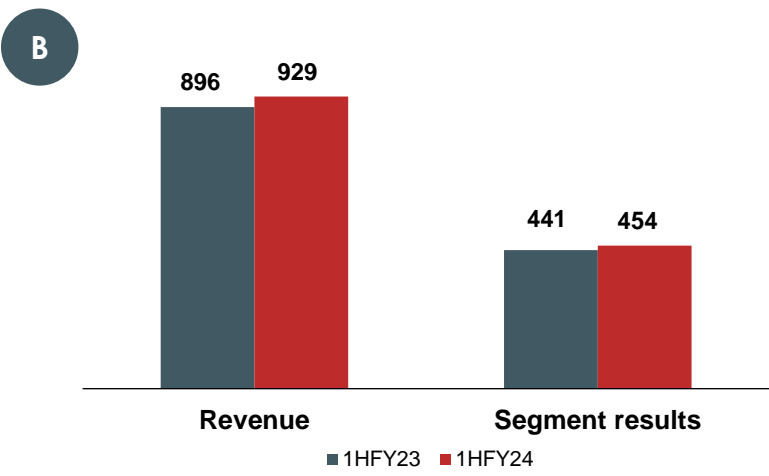
HK\$m

Investment Properties

## Hong Kong



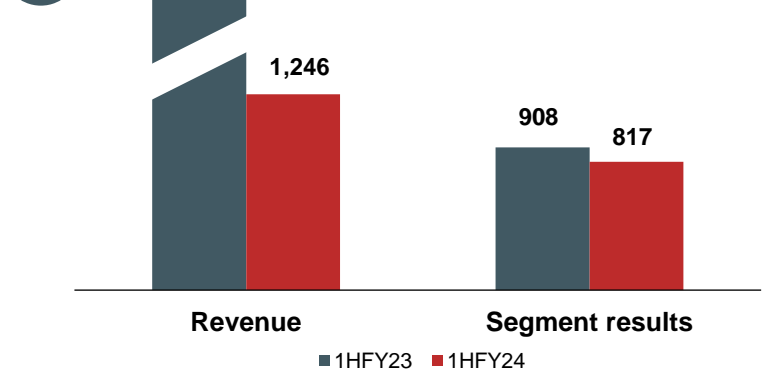
## Mainland China



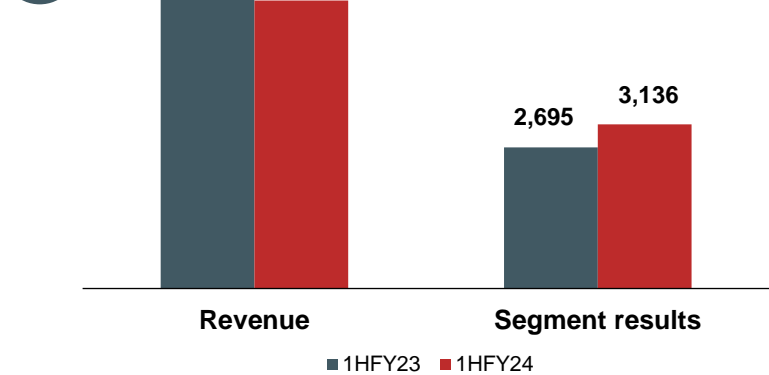
IP  
Revenue: HK\$2.7bn (+12.0%)  
Segment results: HK\$1.8bn (+14.3%)

Development Properties

## Hong Kong



## Mainland China



DP  
Revenue: HK\$6.7bn (-40.2%)  
Segment results: HK\$4.0bn (+9.7%)

**Hong Kong**  
Revenue: HK\$3.0bn (-57.5%)  
Segment results: HK\$2.1bn (+5.7%)

**Mainland China**  
Revenue: HK\$6.4bn (-3.1%)  
Segment results: HK\$3.6bn (+14.5%)

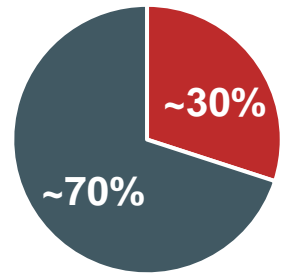
1. SEGMENT RESULTS = Earning before Net Finance Costs, Tax, IP Fair Value Changes, Unallocated Corporate expenses, Other Gain/ (Loss) on major items & Other Non-Cash / Exceptional Items

# RECURRING BUSINESS TO CONTRIBUTE **~50% PROFIT** BY 2026

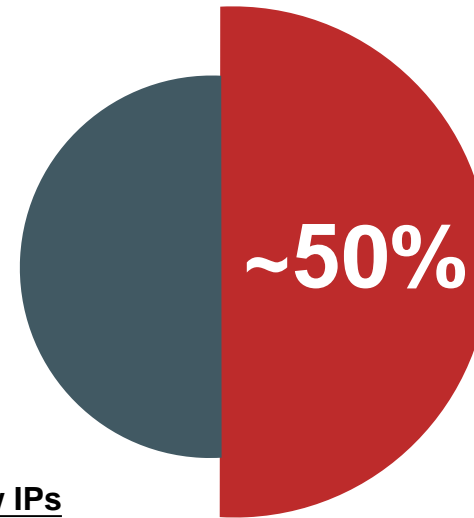
Improved earnings stability as a result of strong rental income growth from IP pipeline

- Recurring core profit
- Non-recurring core profit

2023



2026



**Existing IPs**

**Major IPs**



Victoria Dockside

~ 3.0m FT<sup>2</sup>



K11 Art Mall

~ 0.4m FT<sup>2</sup>



Shanghai K11

~ 1.3m FT<sup>2</sup>

+ Others

**New IPs**



11 SKIES, Skycity Project

~ 3.8m FT<sup>2</sup>



Kai Tak Sports Park

~ 0.7m FT<sup>2</sup>

Retail pre-lease rate: ~70%



Shenzhen K11 Ecoast <sup>1</sup>

~ 2.5m FT<sup>2</sup>

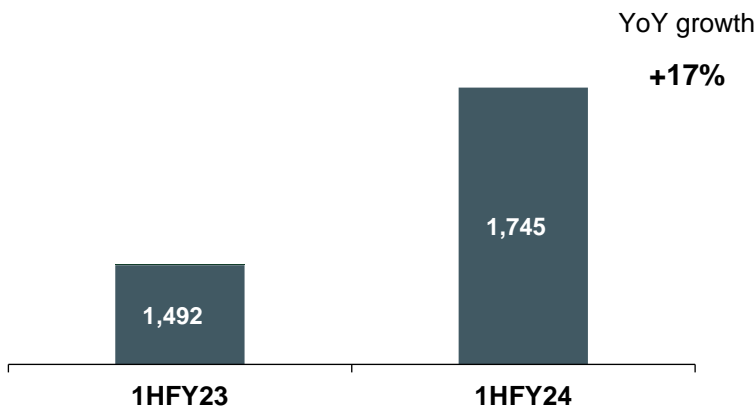
+ Others

1. The total GFA of the project is ~228k m<sup>2</sup> while New World Development has 51% equity interest

2. ft<sup>2</sup> = m<sup>2</sup> \* 10.764

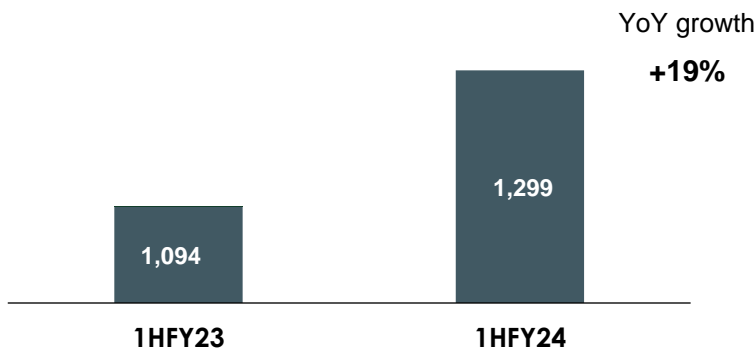
# SOLID K11 RESULTS BENEFITTING FROM CITY REOPENING & STRATEGY ON COLLABORATION WITH DIFFERENT BRANDS

IP Revenue



**K11**  
YoY growth  
**+21%**

IP Segment Results



**K11**  
YoY growth  
**+28%**

## Favorable HK policies



1. All chart figures in HK\$M

# KAI TAK SPORTS PARK: THE LARGEST SPORTS VENUE IN HONG KONG

Retail pre-lease rate: ~70%



The **Largest** “Sportainment” Retail Experience Landmark  
Completion in 2H 2024



Kai Tak Sports Park

Completion in 2024  
Opening in 2025 (Host the 15<sup>th</sup> National Games in 2025)

GFA  
~700k FT<sup>2</sup>

No. of stores  
Over 200

Main Stadium	+	Indoor Sports Center	+	Public Sports Ground
50,000		10,000		5,000
Seats				



# K11 PIPELINE: ENTERING A “HARVESTING PHASE” BEGINNING THE LONGER-TERM PROCESS OF REALIZING RETURNS ON PAST INVESTMENTS

11 SKIES & KAI TAK SPORTS PARK: Newest landmarks at the heart of GBA

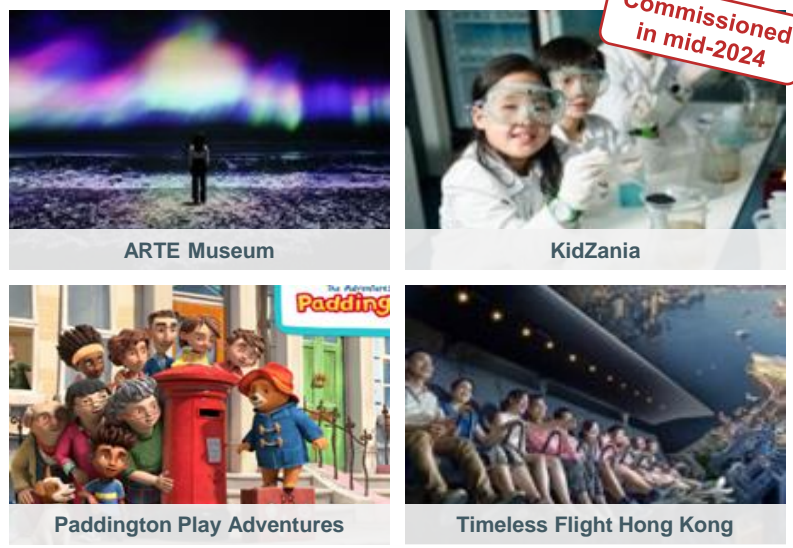
## 11 SKIES One-Stop Largest Entertainment, Retail and Commerce Landmark



Total GFA **3.8M FT<sup>2</sup>** | Over **800 shops**

HK's Biggest Indoor Entertainment Hub for All Ages

**570,000 FT<sup>2</sup>**



Commissioned in mid-2024

### Easy access to key transportation hubs

- |  |   |
|--|---|
| <b>Direct footbridge</b>                   | <ul style="list-style-type: none"> <li>• HK Airport Terminal 2</li> <li>• Asia World-Expo</li> <li>• Airport Express Station</li> </ul> |
| <b>Airportcity Link (autonomous train)</b> | <ul style="list-style-type: none"> <li>• HK-Zhuhai-Macao Bridge (with new parking facility being built)</li> </ul>                      |
| <b>Others key facilities nearby</b>        | <ul style="list-style-type: none"> <li>• SkyPier Terminal</li> <li>• Three Five-Star hotels</li> </ul>                                  |

## Kai Tak Sports Park

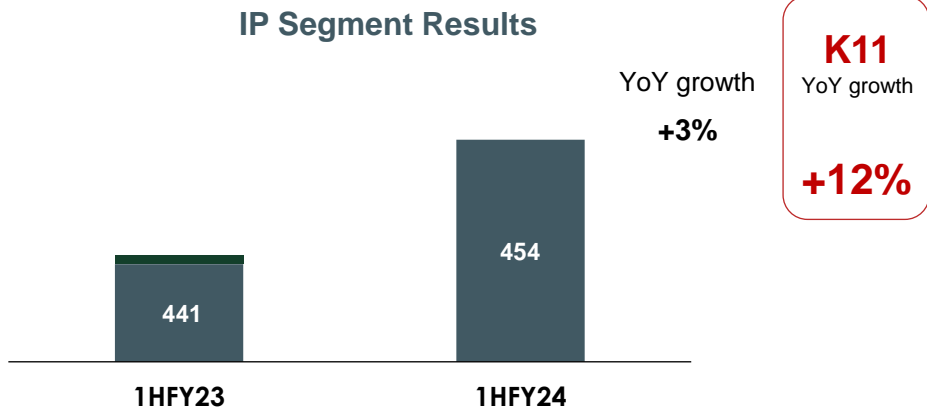
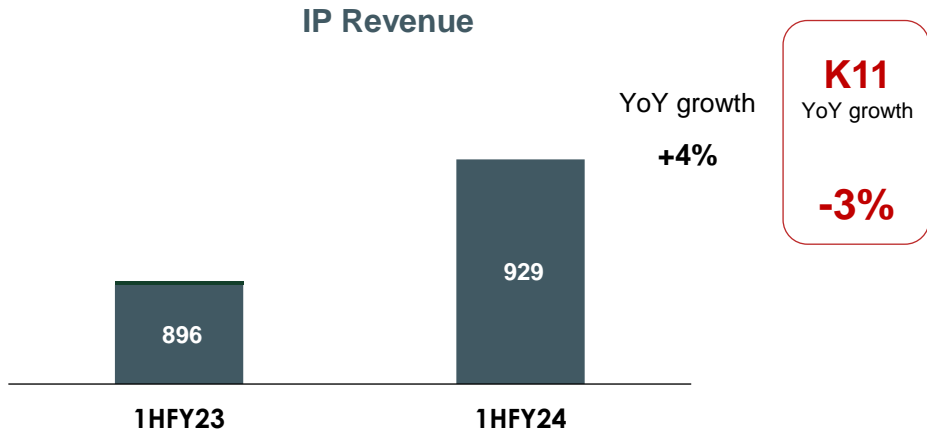


Retail pre-lease rate: ~70%

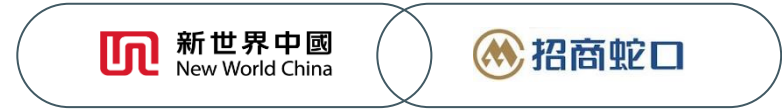
The **Largest Sports Venue** in Hong Kong  
Completion by end of 2024  
Host the 15<sup>th</sup> National Games in 2025

<b>Main Stadium</b>	<b>“Sportainment” retail experience</b>
<b>50,000 seats</b>	<b>700k FT<sup>2</sup></b>

# RESILIENT K11 MARGIN RESULTING FROM GOOD COST CONTROL MEASURES



## Pipeline: K11 ECOAST in Shenzhen Prince Bay (深圳太子灣)



**K11's inaugural flagship project in mainland China**

Opening in phases from 2024

**Total GFA**  
**~228k M<sup>2</sup>**

### Geographical Advantage

- ✓ Spectacular coastal landscape
- ✓ Adjacent to Shekou Cruise Centre and Marine World

1. All chart figures in HK\$M  
2. New World Development has 51% equity interest in the project

# 2024 BUDGET REMOVED ALL PROPERTY DEMAND SUPPRESSION POLICIES

With other property related restrictions relaxed by HKMA, such as mortgage ratios and stress test requirements

## POTENTIAL BUYERS:

Investment demand

- Removal purchase restrictions significantly **reduce the transaction costs & improve investment returns**
- This together with upcoming rate cuts will **unlock meaningful demand**

Local structural demand

- Structural demand currently dampened due to poor sentiment & outlook property prices
- **Increased transaction volume from** property demand will **revive structural demand**

Local upgrade demand

- Removal of property purchase restrictions will **reduce transaction costs** for making upgrade decisions easier

Talents & Professionals' demand

- **Full unlock of pent up demand** from new talents residing in Hong Kong



# ROBUST DP PIPELINE SUPPORTING CONTINUOUS GROWTH



(selective projects)

Hong Kong



• Kai Tak 6591



• Kai Tak Mansion



• WCH Phase 5



• State Theatre



• 4A-4P Seymour Road



• JV with CR Land

.....

China



• Guangzhou The Sillage 白鹅潭



• Shenzhen Longgang 188



• Shenzhen Guangqiao



• Shenzhen Xili

.....

**TO PRICE ACCORDING TO MARKET CONDITIONS**

# FIRST NORTHERN METROPOLIS COOPERATION AGREEMENT IN HK



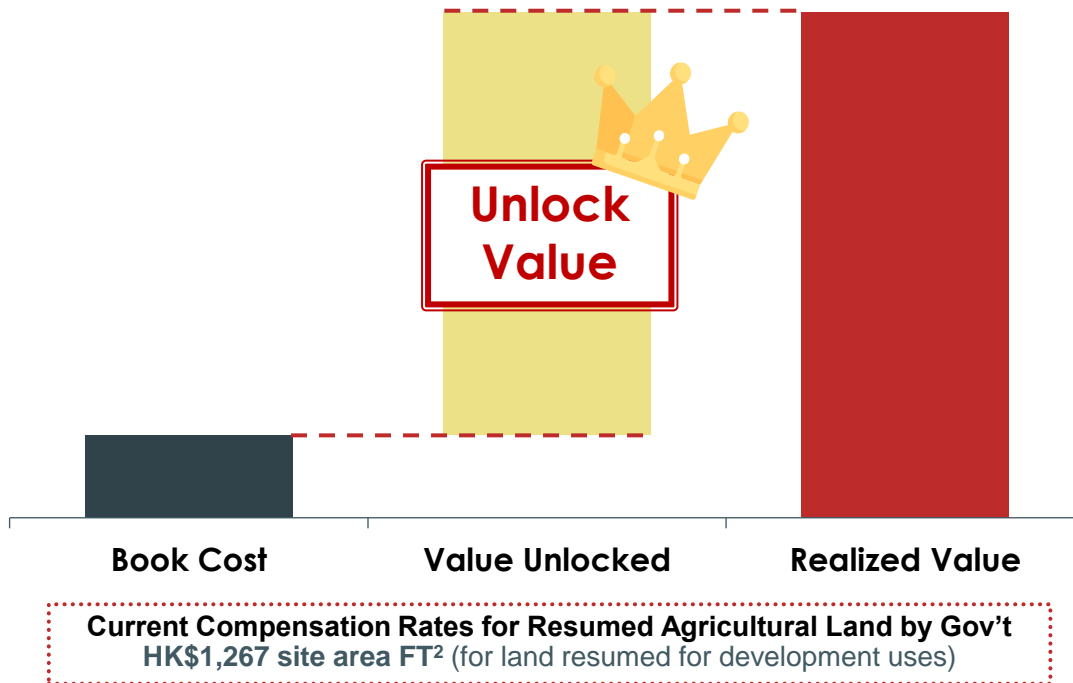
Strategic cooperation agreement signing with CR Land in Dec 2023



$$\begin{matrix} \text{Site Area (FT}^2\text{)} \\ \sim 150,000 \end{matrix} \times \begin{matrix} \text{Plot Ratio} \\ \sim 5x \end{matrix} = \begin{matrix} \text{GFA (FT}^2\text{)} \\ \sim 720,000 \end{matrix}$$

No. of units to build  
**~1,800**

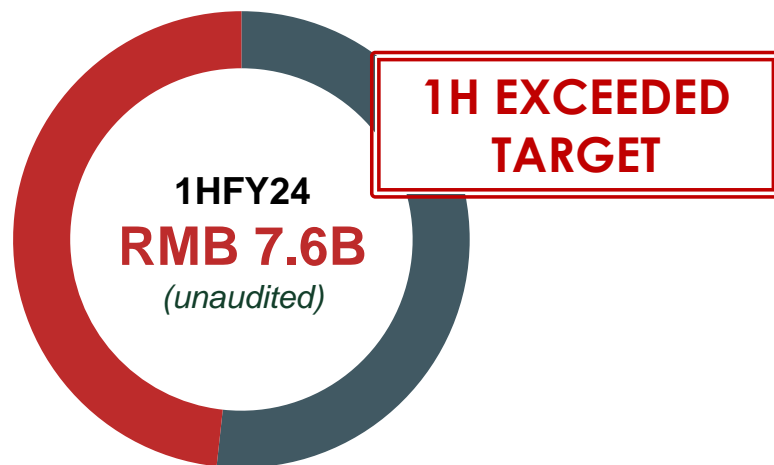
Location (zone)  
Yuen Long South  
(High-End Professional Services  
& Logistics Hub )



# MAINLAND CHINA SALES EXCEEDED TARGET

Abundant saleable resources of RMB57b+ in GBA and YRD tier-one cities

## Contracted sales



## Favourable Guangzhou Property Policy Update (27 Jan 2024)

Remove housing purchase restrictions for units  
**>120m<sup>2</sup> (1,293ft<sup>2</sup>) GFA**

Change ownership recognition for units **<120m<sup>2</sup>** GFA by excluding those **rented-out ( “租一買一” )** or **listed-for-sale ( “賣一買一” )**

**First** Tier 1 city to relax home purchase restrictions

## Recent key projects launched



Note:  
1. NWD has 100% equity interest

## GUANGZHOU THE SILLAGE

To be launched in 2024

- Housing purchase restrictions lifted in Guangzhou on 27 Jan 2024
- Homebuyer visits increased after announcement of the policy
  - ✓ **4** NWD projects currently for sale are covered by the Policy
  - ✓ No. of units with GFA >120M<sup>2</sup> accounts for **>40%** of the total units available to sell



Note:  
1. NWD has 100% equity interest

## SHENYANG PARK VILLE

**~RMB1.0b**

sales subscriptions since July 2023

- **1,000+** prospective homebuyers visiting each month
- **100+** units sold each month
- Continues to top the Residential Property Sales List

# MAINLAND CHINA UNIQUE URBAN RENEWAL PROJECTS (“URP”) APPROACH

Focus on URP with less upfront capex, lower land premium and shorter execution process

## Urban Renewal Projects

Deeply involved in PRC >40 years

New World China moved its headquarters to Guangzhou in 2022

3 urban renewal projects in SZ entered development stage

**8** Projects in progress

~2.0 mil. sqm  
Saleable  
area

RMB80-100b  
Saleable  
resources

**All located in GBA  
Guangzhou, Shenzhen**

## Longgang District 188 Industrial Zone Project



### Residential + Commercial

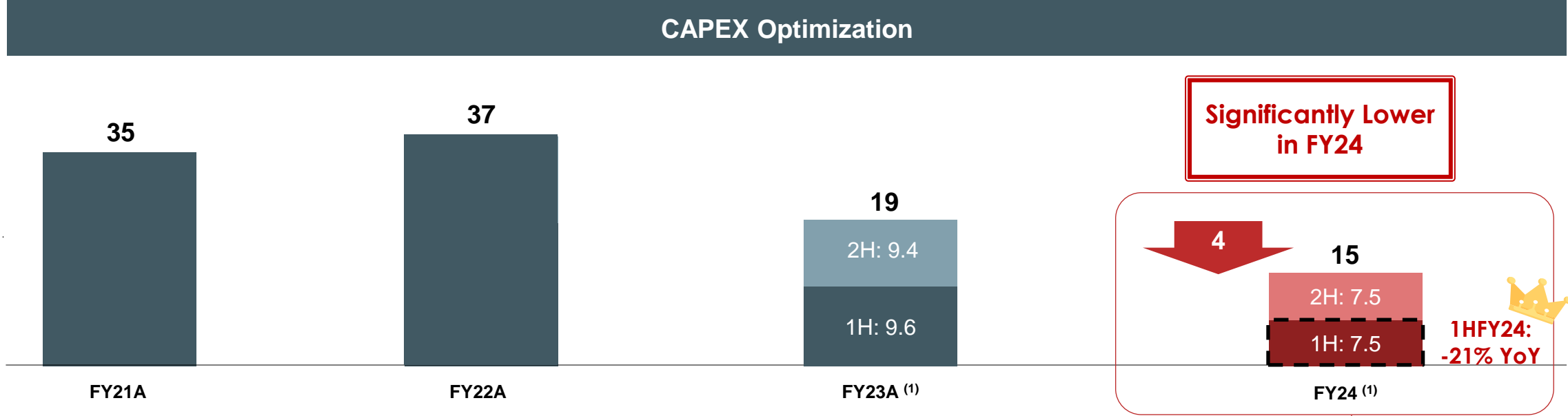
Total GFA up to  
~628,000 sqm

RMB21b      Atop  
Saleable resources      Metro station

## Project timeline



# SIGNIFICANTLY LOWER CAPEX IN FY24



Note: (1) All figures in HK\$b

## CAPEX Optimization Initiatives



JV partner



Earlier designs



Centralized procurement



Landbank strategy

More disciplined land acquisition due to stricter IRR hurdle amidst higher interest rate environment



Large-scale projects construction entering into final stage (e.g. 11 SKIES, K11 ECOAST), incurring significantly less capex in FY24 and beyond

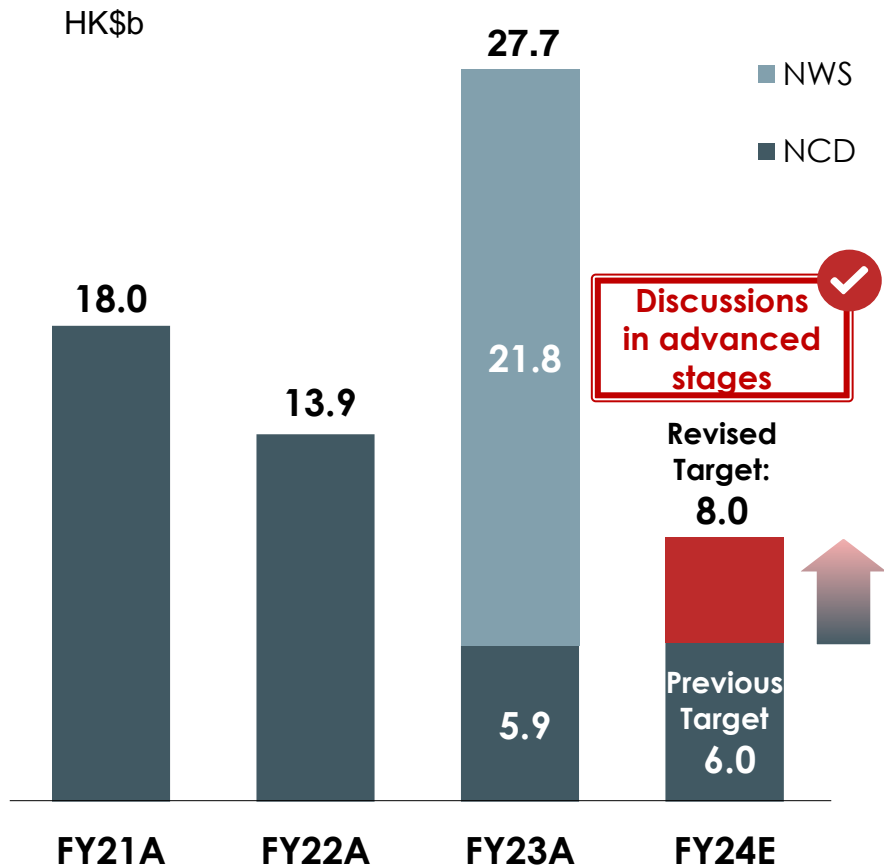
1. From continuing operations, excluding NWS



# NON-CORE DISPOSALS

Non-core disposals to i) optimize portfolio mix; ii) accelerate deleveraging; iii) increase financial flexibility

## Non-core + other disposals ahead of market



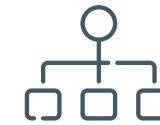
## Progress update

- ✓ NWD has been actively disposing non-core assets since FY2019 for capital recycling
- ✓ FY24 target increase from HK\$6b to **HK\$8b**: Discussions in advanced stages
- ✓ Disposal of NWS to **CTFE** completed in Nov 2023

## 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

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