FY2017 Annual Results Highlights

(21 September 2017, Hong Kong) New World Development Company Limited ("NWD" or the "Group"; stock code: 0017) today announced the audited consolidated annual results for the financial year ended 30 June 2017.

Financials – Underlying profit up 26%; Robust financial position

- Underlying profit: HK$7,133.3 million, up 26% (after stripping out the one-off disposal gain of five projects in Mainland China in FY2016)
- FY2017 final dividend: HK$0.33 per share, up 6.5% year-on-year
- FY2017 full year dividend: HK$0.46 per share, up 4.5% year-on-year
- Cash on hand and bank balances: HK$67.1 billion
- Net gearing: 34.8%, down 3.6 percentage points

HK property sales – Diversified saleable resources

- In FY2017, attributable contracted sales amounted to HK$15.6 billion, that surpassed the HK$10 billion target
- Property development segment was mainly attributable to the sales of residential units of the projects including SKYPARK, BOHEMIAN HOUSE, Double Cove Summit, The Masterpiece and THE PAVILIA HILL
- Stable launch pipeline with balanced product mix. Key projects include the pending for sale units of MOUNT PAVILIA, ARTISAN HOUSE, THE PARKVILLE, PARK REACH and Yuen Long Tong Yan San Tsuen project
- Upcoming launches + remaining units of those previous launched projects: Over 1,300 units of saleable resources

HK landbank – Actively manage development resources via various methods

- As at 30 June 2017, attributable GFA of ready landbank: 10 million sq ft, of which 4.7 million sq ft for residential usage. Meanwhile, the Group has attributable land area of farmland: 17 million sq ft
- In August 2017, the Group has taken another step forward to unlock the hidden value of the farmland. The agricultural land use conversion of Lung Tin Tsuen Phase 3 project located in Yuen Long town centre was completed with total GFA 121,149 sq ft
- The landbanking activities of the Group in Hong Kong are listed below:

New projects acquired in FY2017	Area	Channels	Key usage	NWD%	Attri. GFA/ sq ft
Seymour Road project	Mid Levels	Old building	Residential	35%	165,265
Tonkin Street project	Cheung Sha Wan	Old building	Residential	100%	232,836
Waterloo Road project	Ho Man Tin	Old building	Residential	51%	48,436

香港中環皇后大道中18號新世界大廈1期30樓
30/F, New World Tower 1, 18 Queen's Road Central, Hong Kong
電話 Tel (852) 2523 1056
傳真 Fax (852) 2810 4673

King Lam Street project	Cheung Sha Wan	Tender	Office	100%	998,210
Cheung Shun Street project	Cheung Sha Wan	Tender	Office	100%	538,759
Tsun Yip Street project – site A	Kwun Tong	Old building	Industrial	100%	100,840
Tsun Yip Street project – site B	Kwun Tong	Old building	Industrial	100%	60,830
Luk Hop Street project – site A	San Po Kong	Old building	Industrial	100%	100,800
Luk Hop Street project – site B	San Po Kong	Old building	Office/ Retail	100%	65,787
				Total	2,311,763

New projects acquired in August 2017	Area	Channels	Key usage	NWD%	Attri. GFA/ sq ft
Wing Hong Street project	Cheung Sha Wan	Tender	Office	100%	370,962
Lung Tin Tsuen Phase III	Yuen Long	Farmland	Residential	100%	121,149
				Total	492,111

<u>HK property investment – Pioneered operation concepts and defensive rental portfolio</u>

- Gross rental income amounted to HK$1,576.2 million, If stripping out the effect from the contract expiry of 2 MacDonnell Road and disposal of certain area in Chevalier Commercial Centre in Kowloon Bay during the year under review, the Group's gross rental income in Hong Kong up 4.2% year-on-year
- K11 recorded 99% occupancy rate with an average monthly footfall of approximately 1.5 million
- D•PARK recorded an occupancy rate of 96% with rental income up 15% year-on-year and an average monthly footfall of approximately 3.3 million
- VICTORIA DOCKSIDE, under construction, is the integrated commercial development project with a GFA of 3 million sq ft will offer Grade A offices, an ultra-luxury hotel Rosewood Hong Kong, and Rosewood Residences, and premier art, design and leisure experiences with unmatched views of Victoria Harbour and Hong Kong Island
- This project is progressing smoothly and set to fully open in 2019. The first phase, the 273-meter high tower was the first completed. Office portion will start to handover and commence operation in the fourth quarter of 2017.

<u>China property sales – maintain a strong momentum with sales target accomplished</u>

- Overall contracted property sales in Mainland China in FY2017 reached 897,000 sq m in GFA and RMB16.2 billion in gross sales proceeds, exceeding the target of RMB16.0 billion. In particular, Southern region had the largest contribution which amounted to 33%
- The average selling price of overall residential sales recorded is RMB18,741 per sq m
- Property sales gross margin maintains at a health level of 30% plus

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- In FY2017, the completed development property projects excluding carpark in Mainland China amounted to a GFA of 819,033 sq m, up 38%, of which, 83% is residential
- In FY2018, it is expected that the GFA will increase by 45% to 1,185,785 sq m, of which, 86% is residential

China landbank – Asset enhancement in progress

- Acquired two prime Shenzhen projects (Qianhai Guiwan project and Shekou Prince Bay project) at a reasonable price, with total GFA of approximately 543,536 sq m
- As at 30 June 2017, the Group had a landbank in Mainland China excluding carpark for immediate development with total GFA of approximately 8.2 million sq m, of which approximately 5.1 million sq m is residential usage
- The core property development projects had a landbank excluding carpark with total GFA of approximately 6.5 million sq m, of which approximately 3.8 million sq m is of residential usage, spreading across eight cities including Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Beijing, Langfang and Shenyang, of which, 40% are located in Southern region

China property investment – In-line performance despite challenging market dynamics

- Gross rental income in Mainland China amounted to HK$834.7 million during the year under review and the occupancy rates of key leasing projects achieved a satisfactory result
- Shanghai K11 has become the most diversified trend-setter in Mainland China. Rental income up 7% year-on-year with the average monthly footfall over 800,000 in FY2017
- The pioneered concepts of K11 will further expand and will soon commence its operations in Guangzhou, Shenyang and Wuhan Guanggu

Hotel operations – Stable contribution with business travellers focus

- Stable contribution from Hong Kong hotels: Grand Hyatt Hong Kong (ADR HK$3,100, Average occupancy 76%), Renaissance Harbourview (ADR HK$1,900, Average occupancy 84%), Hyatt Regency TST (ADR HK$1,900, Average occupancy 91%) and Hyatt Regency Sha Tin (ADR HK$1,300, Average occupancy 87%)
- For Mainland China, average occupancy rates of hotels in first-tier cities recorded notable improvement. Of which, the Group's three hotels of different classes in Beijing have all recorded satisfactory performance in average occupancy rates ranging from 76.0% to 88.2% in June 2017.

This media information is also available at NWD's website (www.nwd.com.hk).

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Founded in 1970, **New World Development Company Limited** ("the Group", Hong Kong stock code: 0017) was publicly listed in Hong Kong in 1972 and is a constituent stock of the Hong Kong Hang Seng Index. A premium brand infused with a unique personality defined by The Artisanal Movement, New World Group's core business areas include property development, property investment, infrastructure and services, department stores and hotels. As at 30 June 2017, the total asset value of the Group amounted to HK$437.1 billion. The Group has an effective interest of approximately 61% in NWS Holdings Limited (Hong Kong stock code: 0659), approximately 72% in New World Department Store China Limited (Hong Kong stock code: 0825) and wholly owned in New World China Land Limited.

For media enquiry, please contact:

New World Development Company Limited
Ms Marjorie Law - Corporate Communication
Tel: 2131 6856 / 9389 2228
Email: marjorielaw@nwd.com.hk