

FY2019 Interim Results Highlights

(27 February 2019, Hong Kong) New World Development Company Limited (“NWD” or the “Group”; Hong Kong stock code: 0017) today announced the unaudited consolidated interim results for the period ended 31 December 2018.

Financials: Robust growth in revenue, segment results and underlying profit

- Revenues: HK\$49,267.1 million, up 76%
- Segment results: HK\$12,338.6 million, up 52%
- Revenues from property development and property investment, up 202% and 33% respectively
- Segment results from property development and property investment, up 88% and 23% respectively
- Underlying profit: HK\$5,396.1 million, up 29%
- Basic earnings per share from underlying profit: HK\$0.53, up 23%
- FY2019 interim dividend: HK\$0.14 per share
- Cash on hand and bank balances: HK\$52 billion. Net gearing: 35.6%

Hong Kong property sales: Innovative concepts with stable pipeline and balanced mix

- Segment contributions from property development in Hong Kong, including joint development projects, amounted to HK\$5,734.6 million, up 687%. Mainly benefited from forward-looking sales strategy in the second quarter of 2018, which significantly increased the contribution of property sales
- Contributions were mainly attributable to the sales of residential projects including THE PAVILIA BAY, MOUNT PAVILIA, ARTISAN HOUSE, THE PAVILIA HILL, PARK VILLA, THE PARKVILLE and FLEUR PAVILIA
- Overall gross margin of property development segment was 27%
- The attributable contracted sales amounted to HK\$3.4 billion during the period under review. As at mid-February 2019, HK\$4.1 billion was achieved
- As at end of December 2018, the Group had a total of approximately 750 residential units available for sales. Of which, 232 residential units are led by the sales management of the Group
- Upcoming launches include ARTISAN GARDEN in To Kwa Wan, Waterloo Road project in Ho Man Tin and Lung Tin Tsuen project in Yuen Long, which will provide over 840 residential units in aggregate
- Tai Wai Station project in Sha Tin with approximately 3,000 residential units will be gradually put in the market by phases in FY2020
- The Group pioneered the market by creating Hong Kong’s first property-purchase blockchain platform, in collaboration with Hong Kong Applied Science and Technology Research Institute Company Limited. Bank of China (Hong Kong) is

the first bank to participate and applies the new platform to its services. Advanced blockchain technology allows the platform to provide an all-in-one support service to new unit's buyers, banks and related bodies. With the collaboration, PropTech (Property Technology) is the breakthrough that will fundamentally reshape Hong Kong's real estate industry, saving time and resources in the property-buying process. New unit's buyers will soon enjoy a fast and convenient user experience in the "New Era of Property-Purchase 2.0", coming on-stream in the second quarter of 2019

Hong Kong landbank: Actively manage development resources with diversify channels

- As at 31 December 2018, the Group has attributable GFA of ready landbank: 9.7 million sq ft, of which 4.2 million sq ft for property development
- The Group has attributable land area of farmland: 17 million sq ft. Of which, 8 projects that are located in Yuen Long South and Fanling are under active negotiation with the corresponding bureau on usage conversion, with total GFA of 1.6 million sq ft, in particular, GFA of approximately 0.5 million sq ft are in the final stages
- The acquisition of over 80% ownership of State Theatre Building, a residential and commercial property located at No. 277 to 291 King's Road in North Point, has been completed. The site area of this old building redevelopment project is approximately 36,200 sq ft and the application for compulsory sale under the "Land (Compulsory Sale for Redevelopment) Ordinance" has been made to the court
- In November 2018, the Group and its consortium won a successful bid for the first residential site located at the former runway of Kai Tak at a consideration of HK\$8.3 billion. The project has a total GFA of approximately 574,000 sq ft and the Group's interest is 29.3%
- The contract for the design, construction and operation of the Kai Tak Sports Park has been awarded to the Kai Tak Sports Park Limited, a subsidiary of NWD and NWS Holdings Limited, in December 2018. The contract is for 25 years, including four to five years for design and construction and approximately 20 years of operation. The Hong Kong Government will fund fully all the construction cost, the project is scheduled for completion in 2023

Hong Kong property investment: New catalysts triggering the enhancement in recurrent income

- Gross rental income amounted to HK\$940.4 million, up 13%, attributable to the enhancement in rental performance of major projects, together with the full period contribution from K11 ATELIER at Victoria Dockside
- Victoria Dockside, a new global landmark located at the core area of Tsim Sha Tsui waterfront in Kowloon, has been progressing well
- Occupancy of K11 ATELIER, the super grade A offices at Victoria Dockside, has surpassed 80% and the latest rental rate has reached HK\$110 psf; Meanwhile, over 80% are committed currently at K11 MUSEA
- The Avenue of Stars which connects Victoria Dockside, was reopened in January 2019, and it will become the focus of millions of overseas and local visitors
- K11 ATELIER King's Road project with a total GFA over 480,000 sq ft on Island East will debut in 2019
- Hong Kong K11 and D•PARK recorded occupancy rate of 97% and 95% respectively
- New World Tower achieved satisfactory growth with the office portion occupancy rate recorded at 99%

Mainland China property sales: Stable contribution with decent gross margin and average selling price

- Segment contributions from property development in Mainland China, including joint development projects, amounted to HK\$3,150.5 million. The contribution was mainly attributable to the sales of Guangzhou Covent Garden, Guangzhou Park Paradise, Guangzhou Foshan Canton First Estate, Shenyang New World Garden, Wuhan New World • Times and Beijing New World • Li Zun
- Overall property contracted sales in Mainland China reached RMB9,338 million in gross sales proceeds. Southern region being the largest contributor, accounted for 58%
- The average selling price of overall residential contracted sales recorded RMB32,700 psm, up 61%
- Overall gross margin of property development segment over 35%
- The GFA of property development completed (excluding carpark) approximately 265,000 sq m, key cities including Guangzhou, Foshan and Shenyang
- Completion volume of property development is expected to reach 870,000 sq m in FY2019

Mainland China landbank: Actively enhance the land resources; Strategically focus on the Greater Bay Area

- The Group is strategically focus on the Greater Bay Area. In November 2018, New World China (“NWC”) acquired 65% of the equity interest from a subsidiary of Guangzhou Metro Group which was the holder of a parcel of land at Hanxi Changlong in Guangzhou. Located at a key transportation hub at the South China Plate in Guangzhou Panyu District, the project with a total GFA of more than 290,000 sq m, will be developed into an urban complex with not more than 50% of residential use. The project is scheduled to complete in 2022
- During the period under review, NWC has become an intentional cooperative enterprise for the redevelopment of the old village of Shancun, which is located in a prime location in Guangzhou Liwan District and adjacent to four subway lines
- As at 31 December 2018, the Group had a landbank in Mainland China excluding carpark for immediate development with total GFA of approximately 7 million sq m, of which approximately 4.2 million sq m is for residential use
- The core property development projects located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Beijing and Shenyang comprised total GFA excluding carpark of approximately 5.7 million sq m, of which 3 million sq m is for residential use and 49% are located in Greater Bay Area

Mainland China property investment: Upcoming pioneered projects will create upside to the investment portfolio

- Gross rental income in Mainland China amounted to HK\$845.7 million, up 66%. The growth mainly due to the fact that the Group performed internal reorganisation that enhanced both operations and cost management, and new project such as Wuhan Guanggu K11 has started to contribute
- In December 2018, a 500,000 sq m large-scale commercial complex located at the core gateway of Guangzhou Baiyun New City, named “New World • NEW PARK”, was grandly opened

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

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 31 December 2018, the total asset value of the Group amounted to approximately HK\$481.3 billion. The Group has an effective interest of approximately 61% in NWS Holdings Limited (Hong Kong stock code: 0659), approximately 75% in New World Department Store China Limited (Hong Kong stock code: 0825) and wholly owned in New World China Land Limited.

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