

FY2019 Annual Results Highlights

(25 September 2019, 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 2019.

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

- Revenues: HK\$76,763.6 million, up 26%
- Segment results: HK\$19,977.8 million, up 26%
- Revenues from property development and property investment, up 65% and 18% respectively
- Segment results from property development and property investment, up 59% and dropped 2% respectively
- Underlying profit: HK\$8,814.1 million, up 10%
- Basic earnings per share from underlying profit: HK\$0.86, up 8%
- FY2019 final dividend: HK\$0.37 per share, up 9%; FY2019 full year dividend: HK\$0.51 per share, up 6%
- EBITDA derived from Hong Kong and property related segment amounted to 62% and 93% respectively
- Cash on hand and bank balances: HK\$63.7 billion. Net gearing: 32.1%
- As at 16 September 2019, the Group had refinanced approximately 80% of the borrowings due in FY2020, together with cash and bank balances as at 30 June 2019 and subsequent bonds issued, the borrowings due in FY2020 are fully taken care of

Property development segment and contracted sales

Hong Kong

- Segment contributions from property development in Hong Kong amounted to HK\$7,969.6 million, up 178%; Overall gross margin 34%
- Attributable contracted sales amounted to HK\$10.5 billion, surpassed the HK\$10 billion full year target
- As at 15 September 2019, the Group had a total of 365 residential units available for sales. Of which, 227 residential units are led by the sales management of the Group
- Key launches: Tai Wai Station project with approximately 3,000 residential units will be gradually put in the market
- As at 31 August 2019, unrecognised attributable income from sales of properties amounted to HK\$11.2 billion: HK\$4 billion to be booked in FY2020; HK\$6 billion to be booked in FY2021

Mainland China

- Segment contributions from property development in Mainland China amounted to HK\$7,067.5 million, up 7%; Overall gross margin 46%
- Gross contracted sales amounted to RMB19.8 billion, surpassed the RMB16 billion full year target, with Southern region

being the largest contributor, accounted for 60%

- The average selling price of overall residential contracted sales was RMB31,150 psm, up 37%
- Key launches: Shenzhen Prince Bay project with saleable area approximately 110,000 sq m will be gradually put in the market
- As at 31 August 2019, unrecognised gross income from sales of properties amounted to RMB3.55 billion: RMB3.18 billion to be booked in FY2020; RMB0.34 billion to be booked in FY2021

Landbank and strategies

Hong Kong

- Apart from public tenders, the Group made use of diversified channels to replenish its landbank in Hong Kong and actively undertook old building acquisitions and farmland conversions
- FY2019 new acquisitions: three residential sites on the Kai Tak runway, with an attributable total GFA of approximately 360,000 sq ft
- As at 30 June 2019, the Group had a landbank with an attributable total GFA of approximately 9.1 million sq ft in Hong Kong available for immediate development, of which approximately 4.2 million sq ft is for property development use
- The Group had an agricultural landbank in the New Territories with an attributable total site area of approximately 16.9 million sq ft pending for land use conversion
- Eight projects with a total GFA of approximately 1.8 million sq ft located in Yuen Long and Fanling are under active negotiation with the authority on usage conversion, of which a total GFA of approximately 500,000 sq ft has entered the final stages

Mainland China

- New World China Land Limited (“NWCL”) actively engaged in old city redevelopment and composite development in core hub in Mainland China, especially in the Great Bay Area
- NWCL has become the intended cooperative enterprise for two old city redevelopment projects in Liwan District and Haizhu District, Guangzhou respectively. A new city redevelopment project was included in September 2019 in Zengcheng, Guangzhou
- New acquisitions: Panyu Hanxi project in Guangzhou in November 2018; Wangjiang New Town land in Hangzhou in July 2019; Tagang Village project in Zengcheng, Guangzhou in September 2019
- As at 30 June 2019, the Group had a landbank (excluding carpark) with a total GFA of approximately 6.5 million sq m available for immediate development in Mainland China, of which approximately 3.9 million sq m is for residential use
- Core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.3 million sq m, of which 51% was located in the Greater Bay Area and 2.9 million sq m is for residential use

Property investment

Hong Kong

- Gross rental income in Hong Kong amounted to HK\$1,942.3 million, up 12%
- K11 MUSEA commenced operation in late August 2019 to create a new cultural-retail experience for millennials around the world. Currently, over 95% of the project were leased
- Around 57% of K11 ATELIER KING'S ROAD, a Grade A office building on Island East were committed
- HK rental portfolio will be further strengthened with a series of quality assets to be ramped up and delivered – 3x growth of the size of our IP portfolio GFA: Victoria Dockside, K11 ATELIER KING'S ROAD, West Kowloon King Lam Street project, Kai Tak Sports Park retail portion and SKYCITY

Mainland China

- Gross rental income in Mainland China amounted to HK\$1,727.1 million, up 26%
- Major projects obtained a satisfactory occupancy
- 6x growth of the size of our K11 IP portfolio GFA is expected: Wuhan K11 located in Hankou will commence operation gradually by the end of 2019 and Ningbo K11 ATELIER will commence operation gradually starting from the end of 2020

Non-core asset disposal

- Actively review our asset portfolio to seek opportunities to crystallise asset value and enhance efficiency
- In FY2019, approximately HK\$2.3 billion was achieved under NWD and approximately HK\$1.3 billion was achieved under NWS Holdings Limited (“NWSH”) through non-core asset disposal
- In September 2019, the Group disposed of Changsha La Ville New World at a consideration of RMB2.185 billion; Meanwhile, NWSH had disposed of all the remaining shareholdings in Beijing Capital International Airport at a consideration of HK\$778 million
- The work related to non-core asset and business disposal will continue in FY2020

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 30 June 2019, the total asset value of the Group amounted to approximately HK\$503.3 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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