

New World Development 2020/2021 Interim Results
Consolidated revenues up 10% Dividend maintained at HK\$0.56 per share

(26 February 2021, Hong Kong) New World Development Company Limited (“NWD” or the “Company”, Hong Kong stock code: 0017) today announced the unaudited interim results of the Company and its subsidiaries (collectively the “Group”) for the six months ended 31 December 2020 (“the period under review”).

Results Highlights:

- The Group recorded consolidated revenues of HK\$35,577.3 million, up 9.6%. Underlying profit was HK\$3,718.6 million and profit attributable to shareholders of the Company was HK\$1,013.0 million, down slightly by 5% and 0.4% respectively
- The Group’s attributable contracted sales in Hong Kong amounted to about HK\$26.3 billion, which exceeded its FY2021 Hong Kong contracted sales target of HK\$20 billion
- The Group’s overall contracted sales in Mainland China amounted to about RMB11.2 billion, which completed 56% of its FY2021 Mainland China contracted sales target of RMB20 billion
- Due to an improvement in overall occupancy rate, gross rental income in Hong Kong and Mainland China was up 7.1% and 3.6% respectively
- Continuous stringent cost control efforts as evidenced by the 12% YOY decrease in recurring administrative and other operating expenses
- Through active disposal of non-core assets and businesses, the Group will continue to optimise its asset portfolio and returns. During the period under review, the Group completed the disposal of non-core assets totalling about HK\$5.9 billion. In January 2021, NWS Holdings Limited disposed the main assets of its Environment segment at a consideration of HK\$6,533 million. From 1 July 2020 to the end of February 2021, the total proceeds of non-core assets disposal was HK\$12.8 billion
- Total capital resources amounted to HK\$102 billion, including cash and bank balances of approximately HK\$55 billion and undrawn facilities from banks of approximately HK\$47 billion
- Net gearing ratio declined to 40.4% from 41.6% as at the end of June 2020
- Overall financing cost has decreased to 2.93% from 4.31% in 1HFY2020
- All refinancing of borrowings due in FY2021 has been taken care of
- FY2021 interim dividend: HK\$0.56 per share, the same as 1HFY2020 (after share consolidation), maintains prevailing sustainable and progressive dividend policy

Key development strategy and structure: Continue to forge ahead sustainably according to established corporate direction

- The Group has a solid foundation for development, with abundant resources and cash flows, we will continue to forge ahead sustainably according to our established corporate direction
- Core businesses include property development, property investment, road, aviation, construction and insurance, strategic focus in Hong Kong, the Great Bay Area (“GBA”) and major first- and second-tier cities in Mainland China
- With steady supply of development resources, the Group will continue to increase its operation efficiency in the coming years
- The operation commencement of a series of investment properties have marked the acceleration of growth in recurring income and cash flows of the Group in the coming years
- The Group will maintain the prevailing sustainable and progressive dividend policy
- In the foreseeable future, equity raising is not necessary for the Company

Property development: Record contracted sales and ample saleable resources

Hong Kong – THE PAVILIA FARM launched and grabbed the whole market attention

- Overall gross margin of property development segment results was 38%
- During the period under review, the Group’s attributable contracted sales in Hong Kong amounted to about HK\$26.3 billion, which exceeded its FY2021 Hong Kong contracted sales target of HK\$20 billion
- THE PAVILIA FARM sold over 2,100 units, realising nearly HK\$23.8 billion in sales proceeds
- Grade A office project at 888 Lai Chi Kok Road has launched sales campaigns and sold 86 units, contributing HK\$1.51 billion to the attributable contracted sales
- A total of 203 residential units available for sale as at 31 December 2020
- THE PAVILIA FARM III submitted its application for pre-sale consent on 1 February 2021 and is expected to be launched in the second quarter of 2021, which together with the remaining units of the first two phases, will involve more than 900 residential units

Mainland China – New World China set operation headquarter in Guangzhou to support GBA development strategy

- Overall gross margin of property development segment results was over 30%, of which gross margin of projects in the GBA reached 66%
- During the period under review, the Group’s total contracted sales area of properties in Mainland China was approximately 380,000 sq m, with total sales proceeds amounting to RMB11.2 billion. As for the geographical distribution of contracted sales proceeds, Southern region led by the GBA was the largest contributor, accounting for over 76%
- The average price of overall residential contracted sales exceeded RMB39,000 per sq m
- Contributions were mainly generated from the sales of residential projects in the Greater Bay Area, including Guangzhou Park Paradise, Guangzhou Covent Garden and Shenzhen Prince Bay BAYHOUSE
- New World China, the Group’s flagship property arm in Mainland China set operation headquarter in Guangzhou, achieves faster localisation to support the Group’s development strategy in GBA

Investment properties: K11 brands triggered growth in recurring cash flows

Hong Kong – Bucked the market trend to seize the local retail market

- During the period under review, the Group’s revenues of property investment in Hong Kong amounted to HK\$1,440.0 million, representing an increase of 7.1%, mainly due to a steady improvement in the overall average occupancy rate of its large-scale integrated project Victoria Dockside in Tsim Sha Tsui, Kowloon and the Grade A

office building K11 ATELIER King's Road in Quarry Bay

- Occupancy rate of K11 MUSEA was 99%, average monthly footfall reached 1.65 million; About 80% of the Grade A office K11 ATELIER was leased
- Occupancy rate of Grade A office K11 ATELIER King's Road was about 56%
- K11 remains popular amongst local consumers owing to its unique cultural retail model. During the period under review, K11 Art Mall and K11 MUSEA in Hong Kong recorded a 56% rise in sales, surpassing the overall retail performance in Hong Kong by a wide margin

Mainland China – Pioneered projects to be launched will provide further upside to investment property portfolio

- During the period under review, the Group's revenues of property investment in Mainland China amounted to HK\$874.6 million, up 3.6% as major projects in the investment property portfolio recorded solid performance in overall occupancy rate
- Sales surged by 35% from the same period last year across 5 K11 Art Malls owned or managed by the Group in Shanghai, Wuhan, Guangzhou and Shenyang respectively, as the Group benefited from a robust trend of consumption recovery in Mainland China
- Wuhan K11 Art Mall II and Avenue 11, the Group's second shopping mall project in Wuhan, formally commenced operation at the end of 2020
- By FY2025, K11 will have gained a footprint of 38 projects with a total GFA of 2.824 million sq m. in ten major cities across Greater China.

Landbank: Active management of development resources through diversified channels

Hong Kong – Diversified channels to replenish landbank

- As at 31 December 2020, the Group had a landbank with a total attributable GFA of approximately 9.35 million sq ft in Hong Kong available for immediate development, of which approximately 4.46 million sq ft was for property development use
- The Group had an agricultural landbank with a total attributable land area of approximately 16.46 million sq ft pending land use conversion. 9 agricultural land projects with a total GFA of approximately 1.87 million sq ft in Yuen Long and Fanling respectively, of which a total GFA of approximately 0.5 million sq ft has entered the final stages
- The Group managed to unify the ownership of State Theatre Building, a residential and commercial joint venture project located at 277-291 King's Road, North Point at the floor price of HK\$4,776 million in October 2020

Mainland China – Strategic focus in the GBA, solid foundations in Greater China

- As at 31 December 2020, the Group had a landbank (excluding carpark) with a total GFA of approximately 6.14 million sq m available for immediate development in Mainland China, of which approximately 3.48 million sq m was for residential use
- Core property development projects were primarily located in Guangzhou, Shenzhen, Foshan, Wuhan, Ningbo, Hangzhou, Beijing and Shenyang, constituting a landbank (excluding carpark) with a total GFA of approximately 5.31 million sq m, of which 51% was located in the Greater Bay Area and approximately 1.73 million sq m was for residential use
- In August 2020, the Group successfully acquired a land parcel in Huaihai Middle Road of Huangpu District, Shanghai with approximately RMB4,111 million, covering a total GFA (excluding carpark) of approximately 100,000 sq m
- In December 2020, the Group successfully acquired a land parcel for educational use at Guangzhounan Railway Station in Panyu, Guangzhou. With a total construction area of approximately 120,000 sq m, the project represents the first educational land parcel obtained by the Group in Mainland China, which stands as an important milestone

- for its diversification and further development of the New World Ecosystem
- As at 31 December 2020, the Group has successfully become the only intended cooperative enterprise for 6 old village redevelopment projects in Guangzhou and Shenzhen, the land of which will be expected to be included in the landbank from 2022 onwards, to offer a continuous stream of development resources

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

Founded in 1970, **New World Development Company Limited** (“The Group”, Hong Kong stock code: 00017) 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 best defined by The Artisanal Movement, New World Group’s core business areas include investment in property and property development, and investment in and/or operation of roads, commercial aircraft leasing, construction, insurance, hotels and other strategic businesses. Its Greater China operations, especially in the Greater Bay Area, had a total asset value of approximately HK\$616.5 billion as at 31 December 2020. The Group’s two listed companies are NWS Holdings Limited (Hong Kong stock code: 0659) (61%), and New World Department Store China Limited (Hong Kong stock code: 0825) (75%). New World China Land Limited is wholly owned by the Group.

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