

WE CREATE  
WE ARE ARTISANS  
**WE ARE CSV.**

1H FY2020

Interim results

2020.02.28



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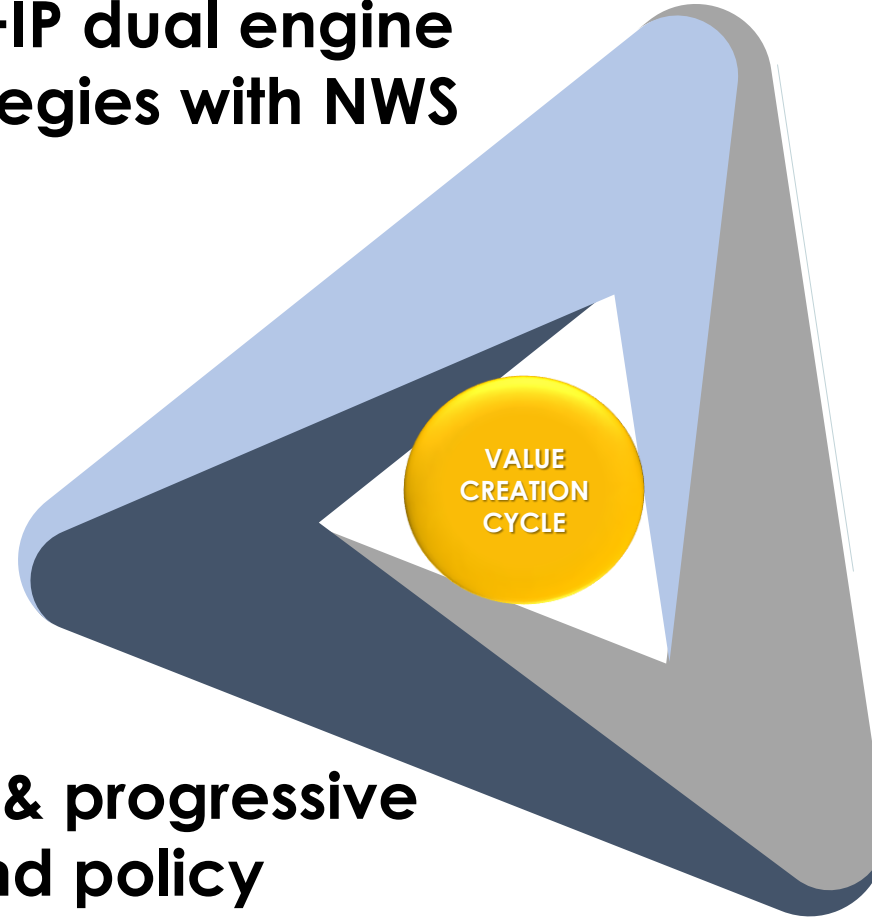
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**DP+IP dual engine  
Synergies with NWS**



**GBA initiatives  
Old city redevelopment**

**Sustainable & progressive  
dividend policy  
Non-core asset disposal**

# 1HFY2020 financial highlights

	1HFY2020 HK\$ m	1HFY2019 HK\$ m	
Revenues	32,464.4	49,267.1	<ul style="list-style-type: none"> <li>- Different booking mix in HK: no new project completion</li> <li>- <b>HK DP revenues dropped from HK\$21bn to HK\$3.7bn</b></li> </ul>
Segment results	9,489.5	12,338.6	<ul style="list-style-type: none"> <li>- <b>Impacts from macro and social event on individual segment</b></li> <li>- Significant drop in HK tourist arrivals</li> </ul>
Changes in fair value of investment properties	(2,401.1)	6,404.6	
Underlying profit	3,929.2	5,396.1	<ul style="list-style-type: none"> <li>- 3<sup>rd</sup> party valuer concern on rental outlook in HK</li> </ul>
Interim dividend per share (HK\$)	0.14	0.14	<ul style="list-style-type: none"> <li>- <b>Interim DPS maintained</b></li> </ul>

	As at 31 Dec 2019 HK\$ m	As at 30 Jun 2019 HK\$ m	
Total cash & bank balances	63,629.6	63,731.6	<ul style="list-style-type: none"> <li>- <b>Total capital resources: about HK\$95 bn</b></li> </ul>
Undrawn lines	31,029.3	33,951.5	
Net gearing	42.2%	32.1%	<ul style="list-style-type: none"> <li>- Major acquisitions: FTLife Insurance + Hangzhou composite development project + remaining interest in Ningbo project</li> </ul>

# Property sales – GBA growth + margin expansion

Segment results	1HFY2020	1HYF2019	Change
HK\$ m			
Property development	6,800.9	8,885.1	(23%)
- Hong Kong & Singapore	1,777.0	5,734.6	(69%)
- Mainland China	5,023.9	3,150.5	+ 59%

Different booking mix

1HFY2020:  
No new project completion; mainly from the inventory sales

Gross margin	1HFY2020	Change
Property development	57%	+ 27% pts
- Hong Kong & Singapore	48%	+ 21% pts
- Mainland China	60%	+ 25% pts

Significant growth in GBA projects; 58% of segment contribution

Revenues and segment results from GBA up 86% and up 166% respectively

Significant gross margin improvement derived from the outstanding product quality and unique positioning

Overall gross margin of GBA project over 70%

# Growth in recurrent rental income from investment properties

Segment results HK\$ m	1HFY2020	1HFY2019	Change
<b>Property investment</b>	<b>1,310.3</b>	<b>1,157.3</b>	<b>+ 13%</b>
- Hong Kong	848.0	705.4	+ 20%
- Mainland China	462.3	451.9	+ 2%

**K11 MUSEA commenced operations in August 2019**

Major investment properties recorded satisfactory occupancy

Gross rental income HK\$ m	1HFY2020	Change
<b>Property investment</b>	<b>2,188.5</b>	<b>+ 23%</b>
- Hong Kong	1,344.4	+ 36%
- Mainland China	844.1	+ 6%

Mainly due to stable occupancy delivered by key projects in GBA, Shanghai and Wuhan

# NWS, hotel and others – negatively affected

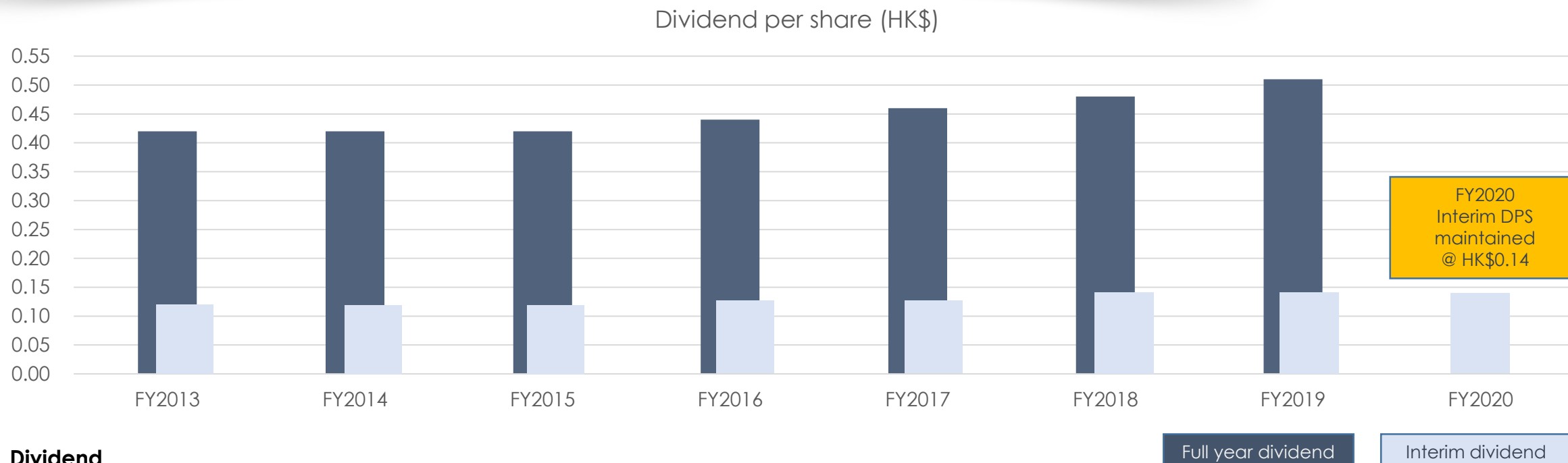
HK\$ m	1HFY2020	1HFY2019	Change	
NWS core businesses <sup>1</sup>	2,163.3	1,918.1	+ 13%	<p><b>Various investments such as facilities management and transport were affected by the social event and macro trends</b></p> <p>SUEZ NWS contribution dropped mainly due to one-off fair value gain on restructuring of shares recorded in last period</p>
NWS strategic portfolio <sup>2</sup>	(316.6)	385.8	NA	
Other strategic investments	(43.3)	52.8	NA	Recovery of debts in NWTMT and a reversal of provision of operating lease recorded in last period
Hotel operations	(425.2)	(60.5)	NA	<p>Social event plus...</p> <p>Pre-opening expenses incurred by 3 new hotels</p> <p>Operations of new hotels need to further ramp up</p>

1. NWS completed the acquisition of FTLife insurance in November 2019 which accounts for 2 months contribution in 1HFY2020

2. Environment, Logistics, Facilities Management, Transport

1. Sustainable & progressive dividend policy
2. Stable contracted sales
3. Recurrent rental income in acceleration mode
4. Well-positioned in the GBA with old city redevelopment to sustain growth
5. Work ahead of refinancing schedule
6. Non-core assets disposal in good progress and more to come

# 1. Sustainable & progressive dividend policy



## Dividend

- Our board shares glory with investors
- **Sustainable and progressive dividend policy adopted**
- Dividend in growth momentum since FY2014
- Key drivers
  - Recurrent rental income growth with portfolio expansion
  - Resilient contributions from abundant saleable resources
  - Active non-core assets disposals

## 2. Stable contracted sales

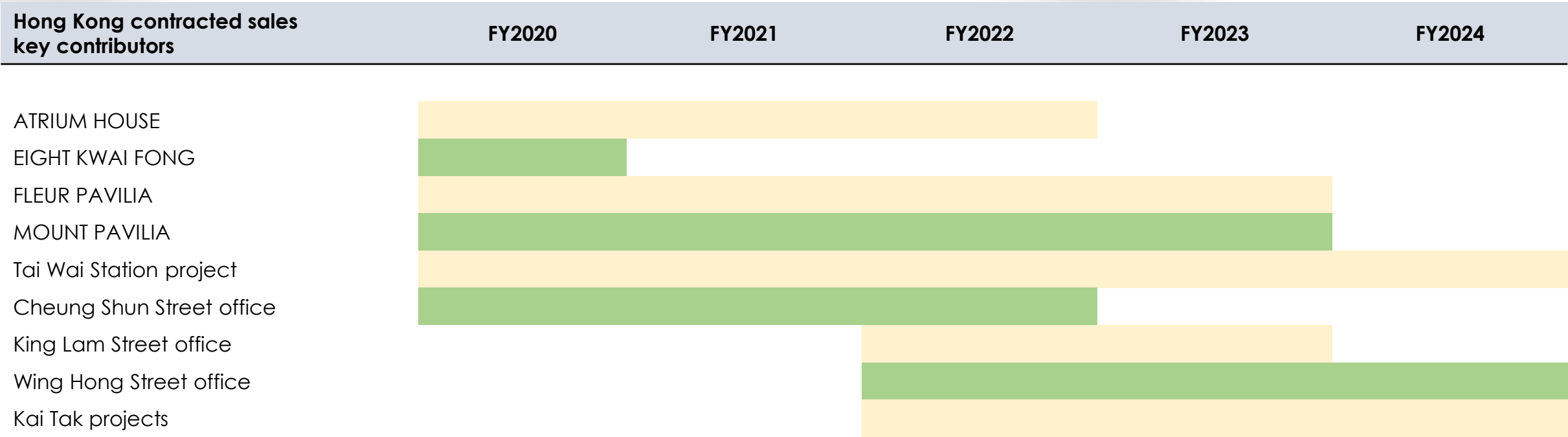
### DP + IP dual engine in delivery

#### Property development

- **Attributable income to be recognized in 2HFY2020, FY2021 and FY2022: Over HK\$13bn**
- Contracted sales in 1HFY2020:
  - HK: HK\$3 bn, impressive ASP was achieved
  - Mainland China: RMB11.6 bn, residential ASP RMB33,000 per sq m
- Targets:
  - HK: attributable contracted sales at **HK\$15-20 bn per annum** in next 2-3 years
  - Mainland China: average contracted sales at **RMB20 bn per annum** with potential CAGR in double digits
- Abundant landbank resources:
  - HK: 4.2 mn sq ft
  - Mainland China: 6.7 mn sq m, of which 50% of the core landbank from GBA
    - Estimated area of about 0.7 mn sq m from the GBA old city redevelopment projects will be gradually included in our landbank starting from FY2023

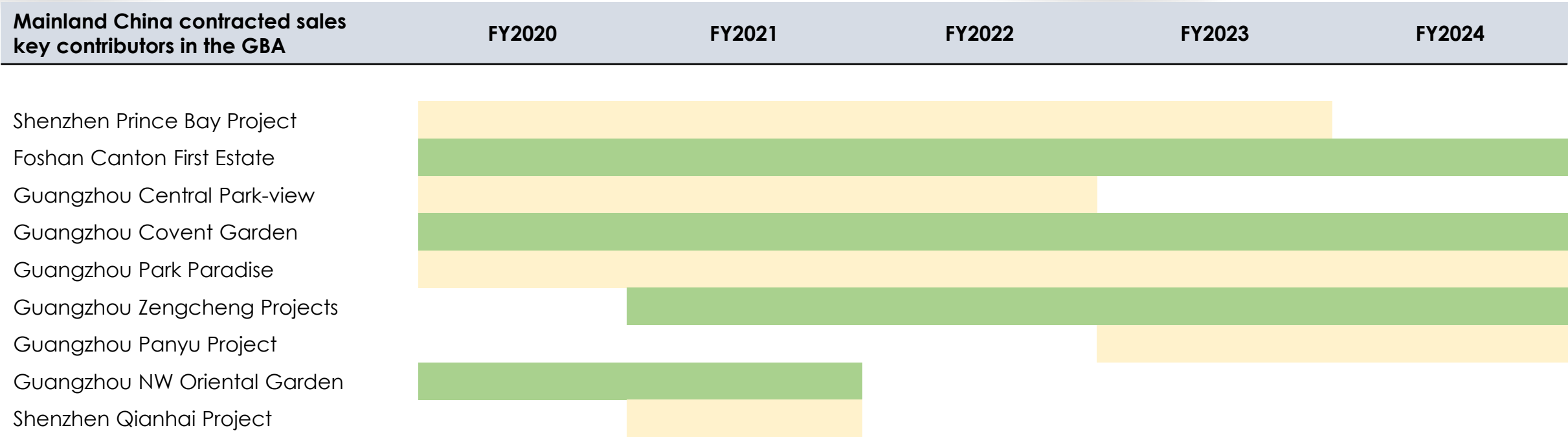


## 2. Stable contracted sales



- **HK: attributable contracted sales at HK\$15-20 bn per annum in next 2-3 years**

## 2. Stable contracted sales



- Mainland China: average contracted sales at RMB20 bn per annum

### 3. Recurrent rental income in acceleration mode

## DP + IP dual engine in delivery

### Property investment

- HK gross rental income recorded HK\$1,344.4 m, up 36%
- Mainland China gross rental income recorded HK\$844.1 m, up 6%
- K11 MUSEA and K11 ATELIER King's Road added over 1.5 m sq ft to our IP portfolio
  - HK core rental portfolio up 1x vs prior year
- Both projects will provide full year contribution in FY2021
- Estimated growth in core IP portfolio area from the initiation of our IP revamp to FY2026:
  - over 3x in HK and over 6x in Mainland China
- **Our target:**  
**Ramp up the IP contribution to 50% of the total property segments**

**Projects already in pipeline and will gradually be delivered**



### 3. Recurrent rental income in acceleration mode

Hong Kong key investment properties	FY2020	FY2021	FY2022	FY2023	FY2024
K11 MUSEA	Retail				
K11 ATELIER King's Road	Office				
HK SKYCITY			Office		Retail
Kai Tak Sports Park					Retail
King Lam Street project					Office
<b>Additional area (total over 6.0 m sq ft)</b>	<b>Over 1.5 m sq ft</b>		<b>0.6 m sq ft</b>		<b>Over 4.0 m sq ft</b>

Mainland China key investment properties	FY2021	FY2022	FY2023	FY2024	FY2025
Shenzhen Prince Bay project				K11 D·PARK K11 ATELIER	
Shenzhen Qianhai project			K11 K11 ATELIER		
Guangzhou Panyu project					D·PARK
Wuhan Hankou project	K11 K11 ATELIER				
Ningbo project		K11 ATELIER	K11 K11 ATELIER	K11 ATELIER	K11
Beijing project		K11 ATELIER			
<b>Additional area (total over 800,000 sq m)</b>	<b>139,000 sq m</b>	<b>92,000 sq m</b>	<b>195,000 sq m</b>	<b>234,000 sq m</b>	<b>144,000 sq m</b>

## 4. Well-positioned in the GBA

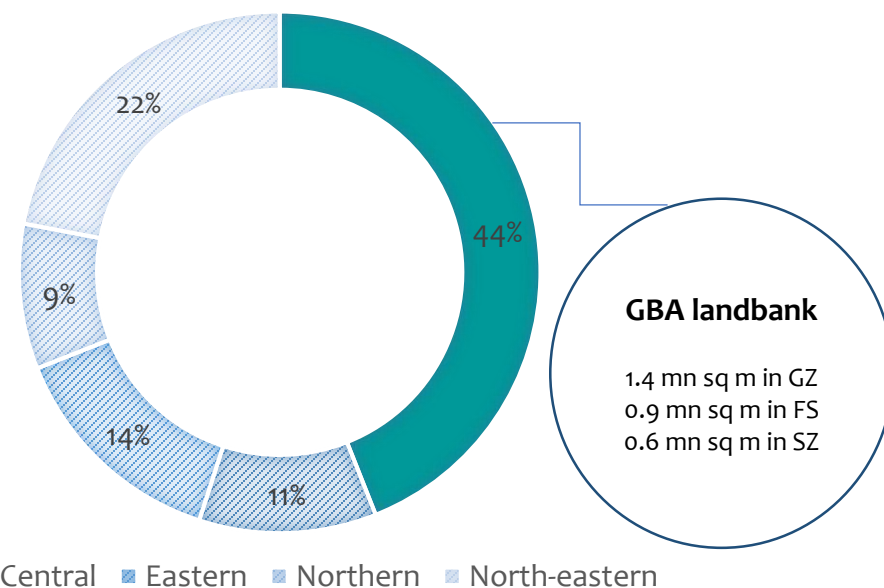
### 50% of core landbank in GBA

#### Property development

- Actively reposition our operation with a GBA-centric strategy since 2016
- Proven track record achieved with around 1.5 mn sq m of land acquired
- **50% of the contracted sales in 1HFY2020 was contributed by GBA**
- GBA landbank over 2.9 mn sq m, 50% of the core landbank (44% of the total landbank)
- Guangzhou and Shenzhen are our key coverage
- Our edge
  - Decent ASP and gross margin (supported by reasonable land cost)
  - Strong execution onshore with excellent business network

Period	Project acquired in GBA since 2016	Initial completion
08.2016	Shenzhen Qianhai project	FY2021
12.2016	Shenzhen Prince Bay project – A	FY2022
12.2016	Shenzhen Prince Bay project – B	FY2022
10.2017	Guangzhou Zengcheng composite development	FY2022
11.2018	Guangzhou Panyu Hanxi composite development	FY2023
09.2019	Guangzhou Zengcheng project	FY2024

#### CHINA LANDBANK 6.7 MN SQ M



### Old city redevelopment in good progress

#### Old city redevelopment

- We are the only HK developer engaged with proven track record
- **Villagers approval of 4 villages in Shenzhen and Guangzhou garnered**
  - **Lower cost at prime location**
- Our strengths
  - Experienced management team in old city redevelopment in GBA
  - Our ecosystem can enhance the development in living and working communities
  - We deliver high quality assets with good values
- Upside of old city redevelopment
  - Limited initial CAPEX
  - Site located in prime area with limited supply
  - Residential focus with good ASP potential

#### Already obtained villagers approval

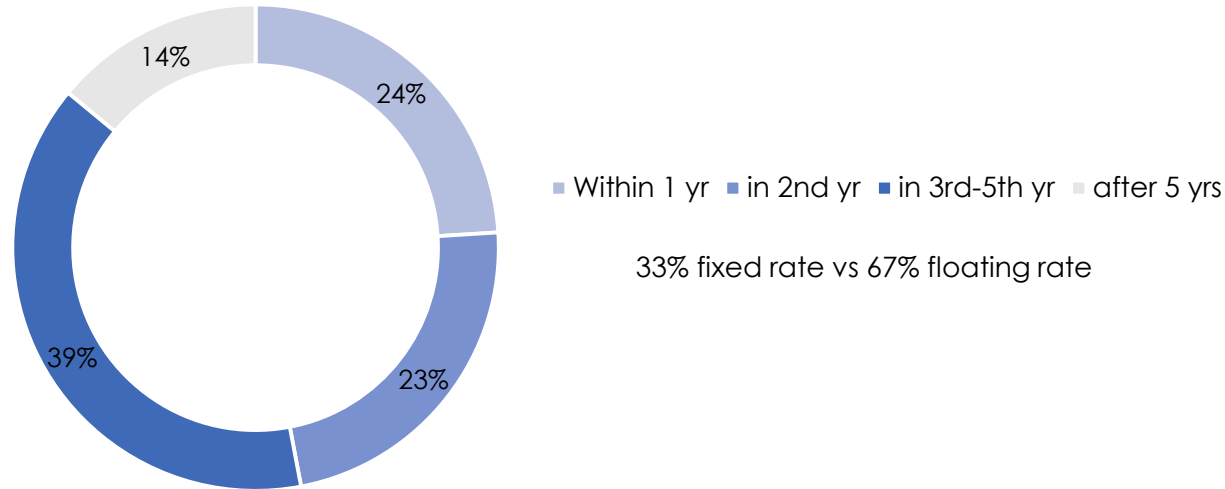
Period	Project	Target inclusion
2017Q2	Shenzhen Nanshan Xili project	FY2023
2018Q3	Guangzhou Liwan Shancun project	FY2024
2019Q2	Guangzhou Haizhu Nanji village project	FY2024
2019Q3	Guangzhou Zengcheng Tagang village project	FY2023
	<b>MORE TO COME...couple projects in final stage</b>	

#### Strategic cooperation project with local government

Period	Project
2018Q1	Shenzhen Lo Wu Man Kam To Crossing Economic Belt

## 5. Work ahead of refinancing schedule

Maturity profile of borrowings



FY2020 maturity

All refinancing  
completed

FY2021 maturity

Target all done by  
June 2020

### Working ahead of schedule

- Cash and bank balances: approximately HK\$63.6 bn
- Undrawn facilities from banks: approximately HK\$31.0 bn
- Overall financing cost remained stable, approximately 3.7%
- **Debt profile is well managed with our active cost management**
- **Equity raising is not necessary for the Company in the foreseeable future**

About HK\$95 bn total capital resources

## 6. Non-core assets disposal in good progress & more to come

Disposal in 1HFY2020		Total consideration
Changsha La Ville New World	NWCL	<b>RMB2.2 bn</b>
Shares of Beijing Capital Int'l Airport	NWS	<b>HK\$0.8 bn</b>
Disposal of various projects	NWS	<b>HK\$0.1 bn</b>
Disposal in 2HFY2020 as at Feb 2020		Total consideration
50% interest in Telford Plaza II	NWD	<b>HK\$3.0 bn</b>
30% interest in PopCorn 2	NWD	

**Agreement signed in Feb 2020**

### Non-core assets disposal

- **Over HK\$6 bn of business and assets disposed of in FY2020 as at Feb 2020**
- Actively review our portfolio and business structure
- Different entities under the Group are engaged in this ongoing strategy
- **Just announced the HK\$3 bn disposal to MTR**
- Potential disposal target in next 18-24 months horizon
  - **Over HK\$15 bn** under NWD + NWCL + NWS

## Corporations and society thrive together

### We are CSV

#### To bring actionable solutions to environmental and societal challenges

- **We are the 1<sup>st</sup>** Hong Kong developer to...
  - Engage in reimagining social housing through farmland contributions
- During the outbreak of coronavirus, **we are the 1<sup>st</sup>** to...
  - **Donate HK\$10 m and relief provisions to society in Jan 2020**  
Total of RMB50 m and 200,000 masks were already donated
  - Care for our employees - **announce flexible working arrangement**
  - Halt in construction site
  - **Set up factory capable of producing 200,000 masks a day**
    - All masks will be given to NGOs to distribute to local's needy
  - Establish "Epidemic Caring Teams" to support our PRC staff

“今次捐助希望可以為社會出一分力，並鼓勵商界及各界人士攜手協助香港打贏這場沒有硝煙的硬仗！”



【武漢肺炎】新世界捐「抗炎三寶」助社區抗疫 員工可彈性上班

星島日報 2020年1月27日 下午5:01

留言 f



【口罩工廠】新世界設口罩生產綫日產20萬個 成人兒童均有份 (第二版)



# We are well prepared & capturing growth ahead

**01 Actively review cost  
and business structure  
for efficiency enhancement**

Our approach



**02 Work ahead of our  
refinancing schedule to  
contain potential risks**



**03 Abundant saleable resources  
with well-positioned IP portfolio  
to create growth momentum**



**04 Core business direction  
maintained with a sustainable  
and progressive dividend policy**



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Thank you

