

New World Development 2019/2020 Interim Results

Underlying profit down 27% Dividend maintained at HK\$0.14 per share

Continuously optimise business to achieve stable growth

(28 February 2020, 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 2019.

Consolidated Highlights:

- Underlying profit: HK\$3,929.2 million, down 27%, mainly due to no new property development project completion in Hong Kong
- Outstanding performance of property investment segment, gross rental income in Hong Kong and Mainland China up 36% and 6% respectively
- Segment results of property development in Mainland China up 59%, underpinned by projects in the Greater Bay Area (“GBA”)
- Total capital resources HK\$94.6 billion: cash and bank balances approximately HK\$63.6 billion and undrawn facilities from banks approximately HK\$31.0 billion
- FY2020 interim dividend: HK\$0.14 per share (same as 1HFY2019), maintain prevailing sustainable and progressive dividend policy
- Tai Wai Station rare large-scale project with over 3,000 units to be launched soon, expected to attract market attentions
- Satisfactory progress of non-core assets disposal, total consideration approximately HK\$6 billion so far in FY2020
- Will continue non-core assets disposal to unlock asset value and enhance asset portfolio
- The refinancing of all borrowings: due in FY2020 was completed; due in FY2021 to be completed by June 2020
- The Group’s solid foundation can weather the storm of coronavirus outbreak

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 and the GBA

- The Group will maintain the prevailing sustainable and progressive dividend policy
- Equity raising is not necessary for the Company in the foreseeable future
- 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 begun with K11 MUSEA has marked the acceleration of growth in recurring income and cash flows of the Group in the coming years

Major results: Property development in Mainland China and property investment in Hong Kong recorded healthy growth in accordance with strategy

- Results and changes in fair value of investment properties mainly dragged by macro-economic performance and market sentiment as well as no completion of new property development project in Hong Kong during the period under review
- Underlying profit: HK\$3,929.2 million, down 27%; basic earnings per share from underlying profit: HK\$0.38, down 27%
- Segment results: HK\$9,489.5 million, down 23%
- Outstanding performance of property investment segment, gross rental income in Hong Kong and Mainland China up 36% and 6% respectively
- Segment results of property development in Mainland China up 59%, underpinned by GBA projects
- Satisfactory progress of non-core assets disposal, with total sales consideration of approximately HK\$3 billion contracted as at 31 December 2019
- Signed agreement to dispose of all the Group's economic interests in Telford Plaza II, Kowloon Bay and PopCorn II, Tseung Kwan O in February 2020 for HK\$3 billion. Total consideration of non-core assets disposal amounted to approximately HK\$6 billion so far in FY2020

Financial position: Prudent financial management, proper balance and reduction of risks

- Cash and bank balances were approximately HK\$63.6 billion and undrawn facilities from banks were approximately HK\$31.0 billion, total capital resources HK\$94.6 billion
- Overall financing cost remained stable at approximately 3.7%
- As at 31 December 2019, the Group completed the refinancing of all borrowings due in FY2020 and expected the borrowings due in FY2021 to be completed by June 2020. Equity raising is not necessary for the Company in the foreseeable future
- FY2020 interim dividend: HK\$0.14 per share, maintain prevailing sustainable and progressive dividend policy

Investment properties: New highlights triggered growth in recurring cash flows

Hong Kong – This year marked the entry of growth of investment properties recurring income into acceleration stage

- Investment property flagships in Hong Kong increased by over 1.5 million sq ft in total area in FY2020 and will begin to provide full-year contribution starting from FY2021
- New global landmark Victoria Dockside was fully opened during the period under review, significantly enhanced the Group's rental income base; solid performance of overall occupancy rate recorded for other major projects
- Occupancy rate of K11 MUSEA was over 90%, average monthly footfall reached 1.6 million; Close to 80% of the Grade A office K11 ATELIER was leased
- Grade A office K11 ATELIER King's Road commenced operation in late 2019 and about 50% was leased

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

- Overall occupancy rate of major projects recorded solid performance, of which the occupancy rates of Shanghai K11 Art Mall and Beijing New World Centre remained at 97% and 100% respectively with solid rental achieved
- Upcoming high-quality composite projects in prime cities will be operated through the Group's unique brands K11 and D-PARK, which will further stimulate the rental contribution in Mainland China

Property development: Ample saleable resources

Hong Kong – Tai Wai Station project will grab market attention

- Overall gross margin of property development segment results was 48%, up 21 percentage points
- Attributable contracted sales during the period under review amounted to HK\$3 billion
- A total of 287 residential units available for sale in late December 2019
- Tai Wai Station project in Sha Tin, with over 3,000 residential units, will be launched in phases gradually, pre-sale consent application for Phase 1 with 783 units is pending approval

Mainland China – Potential of projects in the GBA is emerging

- Overall gross margin of property development segment results was over 60%, up 25 percentage points, of which gross margin of projects in the GBA reached 73%
- Total contracted sales proceeds of properties amounted to RMB11.6 billion, up 25% during the period under review, with the GBA being the largest contributor, reaching 50%
- Average selling price of overall residential contracted sales was RMB 33,000 per sq m
- The prime residential units and office buildings in Shenzhen Prince Bay will lead the property sales in the GBA

Landbank: Active management of development resources through diversified channels

Hong Kong – Sufficient for development in the coming 3-4 years

- As at 31 December 2019, the Group had a landbank with an attributable total GFA of approximately 9.0 million sq ft available for immediate development, of which approximately 4.2 million sq ft was for property development use
- The Group had an agricultural landbank with an attributable total site area of approximately 16.6 million sq ft. 8 projects with a total GFA of approximately 1.8 million sq ft located in Yuen Long South and Fanling are under active

negotiation with the authority on usage conversion, of which a total GFA of approximately 0.5 million sq ft has entered the final stages

Mainland China – Strategic focus in the GBA, actively promote old city redevelopment

- Core property development projects were primarily located in Guangzhou, Foshan, Shenzhen, Wuhan, Ningbo, Hangzhou, Beijing and Shenyang, total GFA of landbank excluding carpark was approximately 5.9 million sq m, 50% located in the GBA
- Over the past three years, the Group has successfully acquired multiple projects in the GBA through different means, total area amounted to about 1.5 million sq m, demonstrating the unique strengths and robust execution capability of the Group
- With the competitive advantages of brands and excellent project operational management in its unique ecosystem, the Group has become the only Hong Kong developer that is active in the arena of old city redevelopment
- As at 31 December 2019, the Group has successfully become the only intended cooperative enterprise for four old village redevelopment projects in Guangzhou and Shenzhen, with multiple projects already entered crucial stages

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: 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 best defined by The Artisanal Movement, New World Group’s core business areas include property development, property investment, road, aviation, construction and insurance. Its operations in Greater China, especially the Greater Bay Area, had a total asset value of approximately HK\$593.5 billion as at 31 December 2019. The Group has an effective interest of approximately 61% in NWS Holdings Limited (Hong Kong stock code: 0659) and approximately 75% in New World Department Store China Limited (Hong Kong stock code: 0825) and wholly owns New World China Land Limited.

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