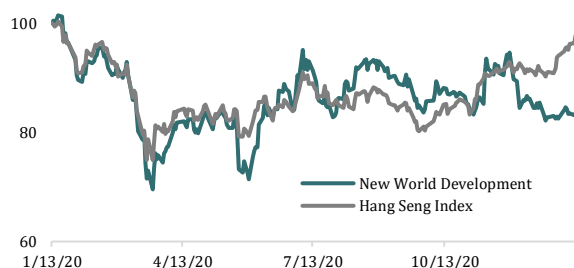


Analysts

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Basic Issuer Information

Issuer New World Development Company Limited
Equity Ticker 0017 .HK
Corporate Ticker NWD Co. Ltd
Credit Rating (M/S/F) Unrated
Country of Risk PRC
Sector Real Estate Developer

1Y Price (rebase to 100)

Company Description

New World Development publicly listed in Hong Kong in 1972 and became a constituent stock of the Hong Kong Hang Seng Index, with a total asset value of approximately HK\$600.2b as of 30th June 2020. Their core business areas include investment in property and property development, investment in and/or operation of roads, commercial aircraft leasing, construction, insurance, hotels and other strategic businesses.

New World Development owns listed companies such as NWS Holdings and various subsidiaries specialized in different markets or businesses, such as New World China Land with a focus on development in Mainland China.

Key Financials

(HK\$)	FY18A	FY19A	FY20A	FY21E
Revenue(bn)	60.7	76.8	59.0	85.7
Gr Rate (%)	7.2	26.5	(23.1)	45.3
EBITDA (bn)	15.6	14.9	10.4	19.4
Margin (%)	25.7	19.4	17.6	22.6
FFO	N.A.	29.7	(10.3)	39.9
Debt/Op. Profit	9.0x	10.5x	18.4x	9.5x
Op. Profit/Int	7.2x	6.0x	2.1x	7.1x
D/E Ratio	0.6x	0.6x	0.7x	0.6x

Key Executives

Dr. Cheng Chi Kong Chief Executive Officer
Dr. Cheng Kar Shun Chairman
Mr. Wong Yat Hang Chief Financial Officer

Visible Credit Strength Ahead
Recommendations

We are initiating coverage of New World Development (HKG 0017). We have given an issuer profile rating of "overweight" to HKG 0017's credit outlook. We will be focusing on NWCL 2027 4.750%, NWCL 2022 4.750%, NWD MTN 2026 4.700%, and NWD MTN 2021 5.250%, which are issuances of NWD subsidiaries.

Recent Developments

- NWD's Investments in Mainland China may soon surpass Hong Kong with focus on the Greater Bay Area (GBA)
- 11 Skies: Hong Kong's largest retail and entertainment hub to be open by 2022, recent major project of NWD
- Digital integration boosted shopping center sales, K11 malls outperform market with +35% y-o-y retail sales growth
- Non-core assets disposal reached HK\$10b, surpasses target

Key Credit Considerations

Despite short-term deteriorating credit conditions due to the adverse economic environment in 2020, NWD's unique positioning amongst HK developers in Mainland China alongside branding and innovation efforts for its investment properties provide visible cash flow for upcoming years, allowing credit strength to gradually improve

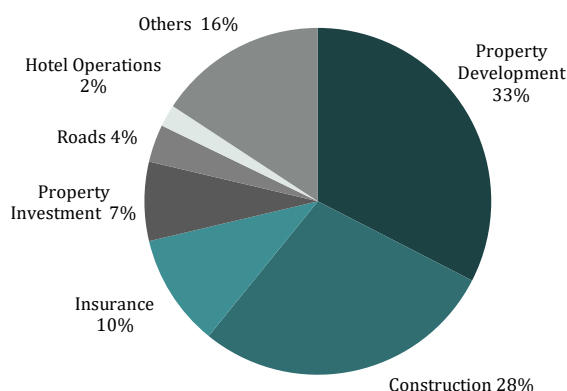
Credit Positives

- New World Development has been disposing and optimizing non-core assets to enrich cash flow and recycle capital for the development of its core businesses
- Positive project sales rates observed and expected for the oncoming year in Mainland China despite bleak macro-economic outlook due to lingering effect of COVID-19
- Well positioned for development in the Greater Bay Area as the most GBA exposed Hong Kong developer with 6 key projects to continue roll-out to FY2025

Credit Negatives

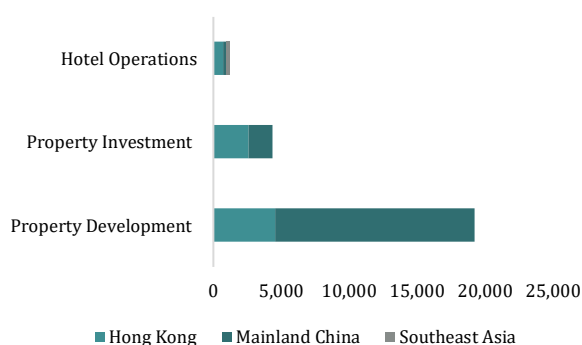
- Higher gearing of historical 40-50% compared to Hong Kong industry peers' below 25% makes NWD more sensitive to adverse economic conditions
- COVID-19 may have a longer lasting impact than expected given Hong Kong's failure to control the pandemic effectively, as well as a new strain of the virus in UK that is more contagious, which could delay project completions and cause NWD indebtedness to rise
- Dependence on property development business as a key driver for revenue and profitability, which makes NWD over exposed to the macroeconomic conditions and government policies for the real estate sector

Figure 1. Revenue by Business Segments



Source: NWD Annual Report

Figure 2. Revenue by Geographic Contribution (RMB mn)



Source: NWD Annual Report

Figure 3. NWD's Close Competitors

Top Competitors of New World Development Company
Greentown China Holdings Limited
Guangdong Investment Limited
Swire Properties Limited
Color Life Services Group Co. Limited
Agile Group Holding Limited
Sun Hung Kai Properties Limited
Hang Lung Properties Limited
Nan Fung International Holdings Limited
Dalian Wanda Group

Source: Owler Inc 2020

Company Overview

New World Development (NWD) Company Limited was established in 1970 to venture into property development in Hong Kong. Since then, NWD has been focused on developing property, investments in infrastructure and services, department stores, hotels and other strategic businesses.

New World Development Company Limited was publicly listed in Hong Kong in 1972 and is a constituent stock of the Hong Kong Hang Seng Index. As of 18 December 2020, NWD has a market capitalization of HK\$95.34b.

The top 10 competitors in New World Development Company Limited's competitive set are Greentown China, Guangdong Investment, Swire Properties, Color Life and Agile Group Holding Limited, SHKP, Hang Lung, Nan Fung, Dalian Wanda, JRE. New World Development Company Limited has approximately 45,000 employees and is ranked 3rd among its top 10 competitors.

Main Customers

Since Property Development brings in the highest amount of revenue for New World Development, this means that NWD's main customers are residential home buyers.

In the Hong Kong Market for FY2020, NWD's revenue and segment results of property development which amounted to HK\$4,541.9m and HK\$2,592.1m, respectively. The contribution was attributable to residential projects including MOUNT PAVILIA, The Masterpiece, FLEUR PAVILIA, The Double Cover series.

In the Mainland China market for FY2020, the NWD's revenues and segment results of property development, including joint development projects, amounted to HK\$14,665.6m and HK\$8,409.7 million, respectively. The contributions were mainly attributable to the residential projects in Guangzhou, Foshan and Shenyang.

Revenue by Segments

NWD has 8 main revenue streams by segments, Property Development, Property Investment, Roads, Aviation, Construction, Insurance, Hotel Operations and Others. (Roads, Aviation, Construction, Insurance are jointly labelled as NWS Core Businesses) In FY2020, NWD booked a total revenue of HK\$59b. Whereas segment results of HKD \$13.919m were booked for FY2020, with Property Development contributing 79% of the total revenue.

Revenue by Geography

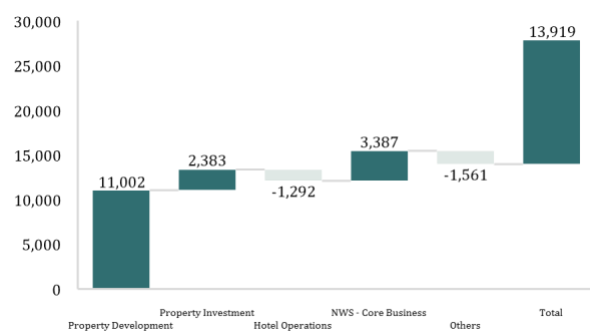
New World Development operates in Hong Kong and Greater China. NWD has been increasing operations in Greater China, especially in the Greater Bay Area, with a total asset value of approximately HK\$600.2b as of 30 June 2019. The Group's existing investments in Greater China spreads across four municipalities and over 19 provinces.

Recent Earnings Review

New World Development saw a significant 67% decline in contribution of revenue by Hong Kong in FY2020 mainly due to the different booking mix used and that there has not been any completion of new projects, all sales were mainly made through inventory sales.

On the other hand, the revenue contribution by Mainland China increased by 19% despite weak macro-outlook caused by the COVID-19 pandemic. NWD made use of technology through online sales of properties. Further, there is a significant growth in Greater

Figure 3. NWD's Segment Results for FY2020 (HK\$ m)



Source: NWD Annual Report

Figure 4: NWD's Prominent Managers & Shareholders

Prominent Managers and Directors of New World Development	
Executive Vice Chairman & Chief Executive Officer	Chi Kong Cheng
Chairman & Managing Director	Kar Shun Cheng
Non-Executive Director	Kar Shing Cheng
Independent Non-Executive Director	Cheung-Biu Liang
Independent Non-Executive Director	Hau Hay Ho
Independent Non-Executive Director	Ping-Leung Yeung
Independent Non-Executive Director	Luen Wai Lee
Executive Director	Chi-Heng Cheng
Executive Director	Chi-Man Cheng
Non-Executive Vice Director	Wai-Hoi Doo

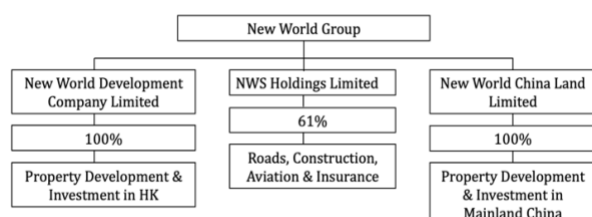
Source: NWD Annual Report

Figure 4: NWD's Main Shareholders

Main Shareholders of New World Development Company	
Cheng Yu Tung Family Ltd.	44.50%
The Vanguard Group, Inc.	1.81%
BlackRock Fund Advisors	1.16%
Norges Bank Investment Management	0.84%
APG Asset Management	0.61%

Source: Factset, 2021

Figure 5: New World Development's Business Structure



Source: NWD Annual Report

Bay Area (GBA), where revenues and segment results from GBA was up 45% and up 73% respectively.

Ownership & Management

Management of NWD

The current managing director of New World Development is Dr. Cheng Kar-Shun, Henry who has been a director at NWD since 1972. Dr. Cheng was appointed as a Director in October 1972, Executive Director in 1973, became Managing Director from 1989 and Chairman from March 2012. Furthermore, Dr. Cheng is a director and honorary chairman of New World China Land Limited and a director of certain subsidiaries of the Group. He is a director of Cheng Yu Tung Family (Holdings) Limited, Cheng Yu Tung Family (Holdings II) Limited, Chow Tai Fook Capital Limited, Chow Tai Fook (Holding) Limited and Chow Tai Fook Enterprises Limited, all of them are substantial shareholders of the Company.

Shareholders of NWD

Some of the major shareholders of New World Development are Cheng Yu Tung Family (Holding) Ltd, Cheng Yu Tung Family (Holding II) Ltd, Chow Tai Fook Capital Ltd, Chow Tai Fook (Holding) Ltd and Chow Tai Fook Enterprises Ltd.

Subsidiaries of NWD

New World Development Company Limited and Sister listed company Chow Tai Fook Jewelry Group are both majority owned by privately owned Chow Tai Fook (Holding).

New World Development owns listed companies such as NWS Holdings. NWD also owned the listed company New World Hotels (Holdings) and Rosewood Hotel Group.

NWS Holdings Ltd ventures into the Roads, Construction, Aviation and Insurance business. As of AY2020, NWS Holdings has a market capitalization of approximately HK\$28 billion, of which 61% is owned by NWD.

On the other hand, New World China Land Limited ventures into Property Development and Investment in Mainland China. As of FY2020, New World Land Limited is 100% owned by NWD.

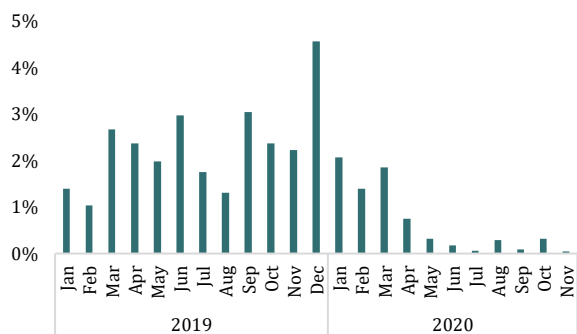
During FY2020, NWD brought back a total of 72 million shares (before Share Consolidation) of the company on the Hong Kong Stock Exchange at the aggregate consideration of HK\$612m. All the share repurchase were subsequently cancelled during the year. These share buy-backs were made with the view to enhance the earnings per share of the Company and benefit shareholders.

During FY2020, NWD completed two major business combinations which is the acquisition of FTLife Insurance and Acquisition of additional interests in Silvery Yield Development Limited. Hence, some of the more prominent subsidiaries of New World Development in FY2020 includes Silvery Yield Development Limited and FTLife Insurance.

FTLife Insurance is a life insurance company operating in Hong Kong providing a broad range of protection and savings-related life and medical insurance products. This acquisition was completed on 1 November 2019 and FTLife Insurance became an indirect wholly owned subsidiary of NWSH since then.

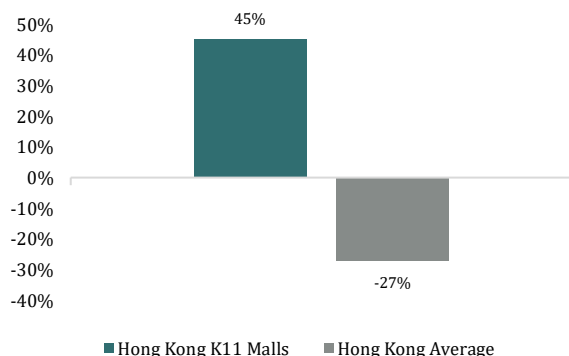
Silvery Yield Development is a construction company that specializes in residential construction. The acquisition was completed in July 2019 and Silvery Yield became an indirect wholly owned subsidiary of NWD since then.

Figure 5: Lower HIBOR (CY2019-2020)



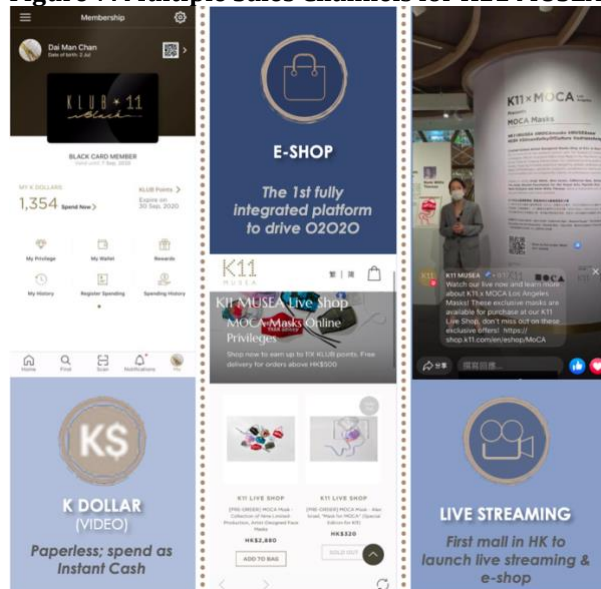
Source: Hong Kong Monetary Authority

Figure 6: Retail Sales FY 2020 vs FY2019



Source: NWD Investor's Presentation

Figure 7: Multiple Sales Channels for K11 MUSEA



Industry Outlook

Hongkong

Resilience in Hong Kong's Residential Prices

Despite the outbreak of protests over the national security law in 2019, as well as the Coronavirus pandemic that has wreaked havoc on the Hong Kong economy, Hong Kong's residential property market has remained firm. In the past 5 quarters of negative economic growth, residential housing prices have fallen only 3%. While the double stamp duty measure introduced in 2013 to tackle speculative practices would be scrapped for commercial properties, officials say that market cooling measures would remain in place given that "Home prices remain far beyond the affordable level for the general public."

Empire Group and Hong Kong Ferry's Seacoast Royale in Tuen Mun sold all 185 units on launch day. Furthermore, the first batch of sales for New World Development's The Pavilia Farm in Tai Wai in October were oversubscribed 21 times, evidencing the strong demand for residential properties. Even as Hong Kong combats the fourth wave of COVID-19, the combination of strong demand, severe land shortage, and a low interest rate as shown in Figure 5 suggests that residential property prices would likely remain stable in the near future, and potentially resume their long-term upward trend as Hong Kong's economic activity returns to normal with the distribution of vaccines.

Outlook for Retail Market remains downbeat

Hong Kong's retail sales declined by a lesser extent in October, slumping 8.8% y-o-y, but the consumption outlook remained downbeat as the city battled another surge of COVID-19 infections. Retail sales fell 27% in the first 10 months from the same period last year. On a monthly basis, the decline narrowed from a drop of 12.8% in September. The 8.8% y-o-y decline recorded in October was the first single-digit drop since June 2019, but it is partly because of a low base comparison in October last year, at a 24.4% drop.

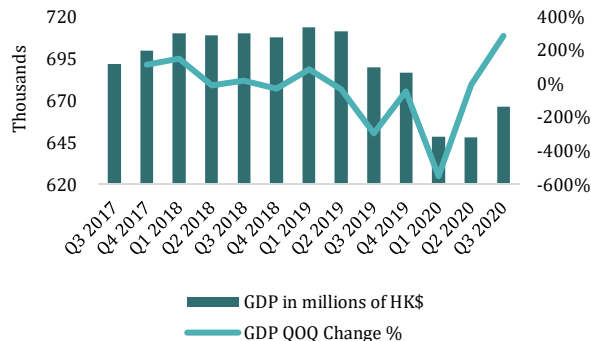
Health authorities warned on November 20 that the city had entered a fourth wave of coronavirus infections stemming from a dance club cluster, with at least 552 cases now linked to it. The Hong Kong Retail Management Association found in a survey conducted before the tightening of restrictions that retailers had been pessimistic about the Christmas sales outlook amid the onset of the fourth wave of COVID-19. The survey of some 20 association members covering more than 3,200 retail outlets found that as much as 20% of them indicated they would lay off staff in December because many retailers "simply cannot bear the financial pain anymore" as the subsidy scheme ran out, said association chairwoman Annie Tse Yau On-ye. About 54% of those polled predicted they would shut down some of their retail outlets by the first quarter of 2021, with some slashing as many as one-fifth of their locations. Recently, Health Chief Sophia Chan told lawmakers that the authorities were considering restricting malls' operating hours to reduce crowds as the city had been battling the fourth wave since November, a move that The Institute of Shopping Centre Management, an industry alliance of about 3,000 retailers, catering firms and mall operators, strongly opposes and warned that the measure would spark a wave of shutdowns and put 450,000 jobs at risk if it materialized.

In this respect, New World Development's K11 malls are performing very strongly in relation to the industry average, growing retail sales by 45% from 2019 to 2020, as opposed to a 27% average fall for Hong Kong malls as shown in Figure 6. This can be attributed to the omnichannel retail and social commerce initiatives on their mobile application (Fig. 7), which has boosted mall footfall and grew mall sales even as the general market faces falling sales.



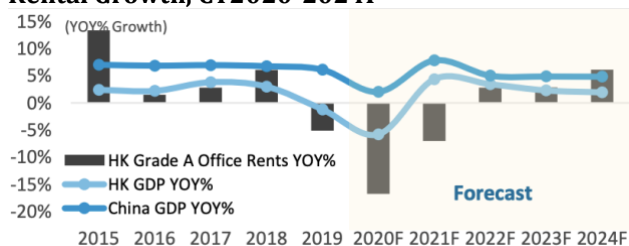
Source: NWD Investor's Presentation

Figure 8: Hong Kong's GDP Shows Signs of Recovery in Q3 2020



Source: HK Census Statistics

Figure 9: China & HK GDP vs. HK Grade A Office Rental Growth, CY2020-2024F



Source: Colliers International, Oxford Economics

Signs of Recovery for Office Property Market

In Hong Kong's office market, leasing activity had already slowed sharply in the final quarter of 2018, as the fallout from Beijing's deleveraging campaign and the trade war led to a steep decline in demand from mainland companies, even before the Coronavirus hit.

Net absorption of office space has been in negative territory since July 2019, Grade A rents plunged 17% between January 2019 and July 2020 and the overall vacancy rate has increased to 8%, double the level at the end of 2018, data from JLL shows.

However, the strong rebound in China should help to lead the economic recovery in Hong Kong in the next one to two years. According to Oxford Economics', China and Hong Kong's GDP are expected to grow by 7.8% y-o-y and 4.4% y-o-y respectively in 2021, in addition to signs of recovery in Q3 for Hong Kong as shown in Figure 8. An improving GDP should bring in more stability for Hong Kong's Grade A office rental market, which trends very closely with the city's GDP performance (Fig 9).

Strengthening Yuan could provide a boost to Hong Kong Real Estate

We anticipate that the fiscal stimulus under a Biden Presidency will likely depress the U.S. dollar, while adding upward pressure on the Chinese Yuan. Notably, RMB had appreciated by 9.6% since its last trough in end-May 2020 as shown in Figure 10. The potential upward pressure of RMB should make the property pricing in Hong Kong more attractive to Chinese or RMB-dominated investors.

According to RCA, Mainland Chinese capital accounted for 60% of the cross-border transactions YTD. We believe that once the Hong Kong-Mainland China border reopens, it will likely give further boosts for Chinese capital to re-enter Hong Kong's property market.

China

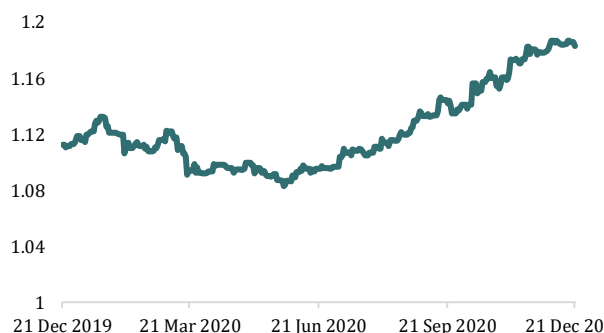
China Home Price Growth Slows

China's residential property market rose for the 33rd straight month in November, with average new home prices in China's 70 major cities increasing by 4.0 percent y-o-y in November 2020, after a 4.3 percent rise in the previous month. On a month-on-month basis, new home prices edged up only 0.1% from October, showing signs that cooling measures are taking effect, as observed from the levelling off of the Residential Price Index in Figure 11.

The real estate sector has been one of the major driving forces of China's economy as it creates tens of millions of jobs, generates trillions of yuan in taxes, stamp duties and land sale revenue for local authorities across the nation. At the same time however, housing affordability – especially the entry-level homes for first-home buyers and young couples on the first rung of the property ladder – is a hot-button issue for the ruling Communist Party, whose political contract with the population requires it to prevent home prices from soaring out of reach.

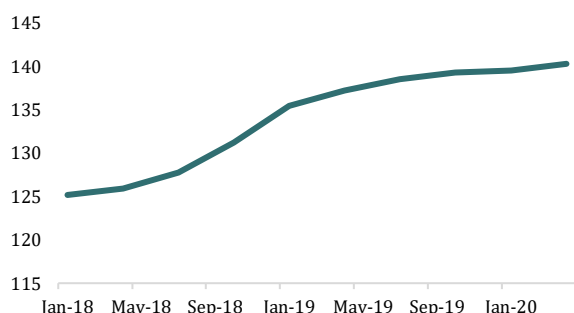
In 2017, President Xi stated that houses "are built to be lived in, not for speculation". Late November, China Banking and Insurance Regulatory Commission chief Guo Shuqing labeled real estate the country's largest "gray rhino": an obvious and highly dangerous threat that is tough to tackle. With home prices still running high, some marginal tightening in property policies can be expected, as the overall policy stance continues to normalize as China's government brings the coronavirus pandemic under control, Goldman Sachs said in a research note.

Figure 10: Exchange Rate Trend – RMB to HKD



Source: *Excelrates.com*

Figure 11: China's Nominal Residential Price Index



Source: *National Bureau of Statistics of China*

Figure 12: Chinese Property Developers facing debt restrictions

Y = Maximum permitted annual growth in debt

	Liability to asset ratio (excluding presales) of ≤ 70%	Net debt to equity ratio of ≤ 100%	Cash holdings at least equal to short-term debt
Red (all red lines crossed, Y = zero)			
China Evergrande Group, Sunac China, Greenland, Zhongliang	×	×	×
Orange (two red lines crossed, Y = 5%)			
Sunshine City	×	×	✓
Yellow (one red line crossed, Y = 10%)			
Country Garden, China Vanke, Seazen Holdings	×	✓	✓
Green (no red lines crossed, Y = 15%)			
Poly Real Estate, China Overseas Property, China Resources Land, Shenzhen Overseas Chinese Town	✓	✓	✓

Source: *Ping An Securities, Caixin.com*

Figure 13: NWD Table of Financial Ratios

New World Development Company Limited - Financial Ratios						
In Billions of HKD except Per Share	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	
12 Months Ending	30/6/16	30/6/17	30/6/18	30/6/19	30/6/20	
Profitability						
Return on Assets	2.2	1.9	5.1	3.7	0.2	
Return on Equity	4.8	4.2	11.6	8.3	0.5	
Gross Margin	33.7	34.7	35.6	32.7	34.4	
EBITDA Margin	21.4	22.8	24.5	21.6	15.2	
Operating Margin	18.5	19.6	20.6	18.5	9.0	
Net Income Margin	14.0	13.0	37.5	23.6	1.8	
Activity						
Total Assets Turnover	0.2	0.1	0.1	0.2	0.1	
Fixed Assets Turnover	2.8	2.2	2.0	2.5	1.7	
Investments Turnover	0.5	0.5	0.4	0.4	0.3	
Accounts Receivable Turnover	1.8	1.5	1.4	1.4	1.9	
Cash and ST Investments Turnover	1.1	0.9	1.0	1.2	0.8	
Accounts Payable Turnover						
Liquidity						
Current Ratio	2.39	2.25	1.82	1.48	1.19	
Quick Ratio	1.30	1.20	0.97	0.91	0.75	
Cash Ratio	0.83	0.84	0.67	0.63	0.44	
Financial Leverage						
Total Debt	191.2	216.1	226.3	227.9	320.5	
ST Debt	66.5	79.5	94.7	101.3	152.6	
LT Debt	124.7	136.6	131.6	126.7	167.8	
Total Debt/Total Equity	64.0	72.7	59.9	79.4	110.5	
Total Debt/Total Assets(%)	48.8	49.4	47.0	45.3	53.4	
LT Debt/Total Assets(%)	29.3	31.0	26.9	27.0	29.6	
Net Debt/Total Equity(%)	32.2	36.7	30.6	50.6	73.8	
Total Debt to TTM EBITDA	14.4	16.1	14.8	13.7	35.5	
EBIT to Interest Expense	5.9	5.4	5.9	5.7	1.1	
Total Equity	200.9	220.9	255.2	275.4	279.8	

Source: *NWD's Financial Statements*

Restrictions on debt for Chinese Developers

The People's Bank of China and the Ministry of Housing announced in August that they had drafted new financing rules for real estate companies. Developers wanting to refinance will be assessed against three red lines, or thresholds. There will be a 70% ceiling on liabilities to assets, excluding advance proceeds from projects sold on contract; a 100% cap on net debt to equity; and they must have a cash to short-term borrowing ratio of at least one. In theory, where developers place on the redlines test will determine how much debt they can raise in the subsequent year. And without the ability to add leverage, their ability to buy the land required to finance local governments through taxes would be more limited. Analysts at Nomura expect land-sales revenue to rise by just 5% next year, down from 9% this year, the slowest increase in at least five years.

As of the end of the first half of 2020, only six major developers passed all three tests, according to BNP Paribas. Four breached all three, among them Sunac and Evergrande, two of the country's largest property firms, as shown in Figure 12. In the near term, property developers with weak balance sheets and sizable exposure to second-tier cities may need to cut home prices to boost sales and shore up cash. This is evident in Evergrande's latest campaign to offer discounts of as much as 30% -- its deepest cuts ever. It may also spur waves of equity sales and spinoffs of non-core businesses such as property management services. Longer term, it may force developers to devote more resources to non-residential property, such as office and retail.

Given that New World Development is in compliance with the "three red lines", it may instead gain an edge over highly indebted mainland competitors in acquiring premium land, a tailwind for its property development segment in China.

Financial Analysis

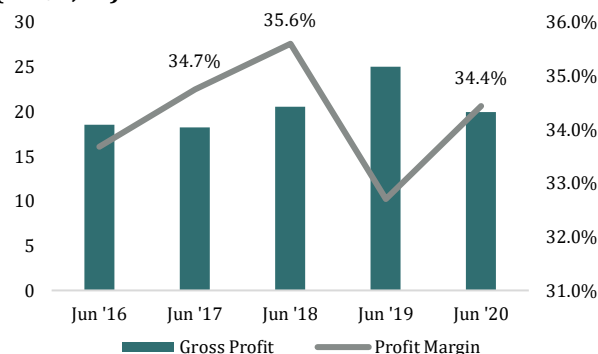
Overview:

The table on the left (Fig 13) shows NWD's 5-year historical financial performance including key ratios which indicate their profitability, activity, liquidity and leverage positions. In the last 5 years, revenues and EBIT grew at an average rate of 2.3% and (7.1)% respectively. However, it is worth noting that COVID-19 had a significant impact on the company, with revenues and EBIT falling by 22.5% and 62.5% y-o-y respectively from HK\$76.9b to HK\$59.6b and HK\$14.2b to HK\$5.3b. Excluding 2020, revenues and EBIT grew at an average rate of 8.5% and 6.8% respectively from 2016 to 2019. In addition, the fall in revenues can be almost entirely attributed to the lack of project completions for the Hong Kong property development segment, with revenues actually increasing y-o-y when we exclude this segment. As the vaccine gets rolled out in 2021 and the pandemic comes under control, it is highly likely that revenues and EBIT would continue their upward trend. In the recent investor's presentation, NWD highlighted a target of HK\$20B average attributable contracted sales for Hong Kong and CAGR growth for China at around 15% from FY2021 to FY2023 under their Property Development segment.

Stable Profitability Metrics

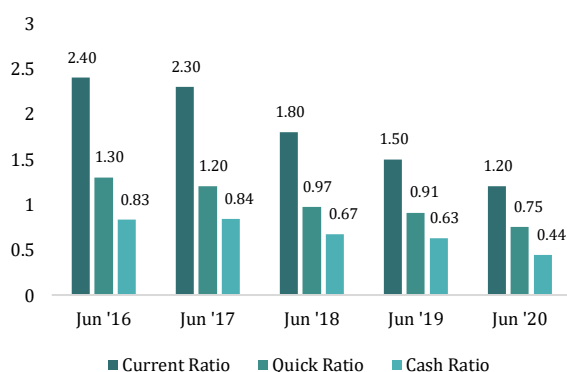
NWD's 5-year historical gross profits and profit margins have remained relatively stable, with gross profits increasing 1.7% on average and gross margins at 34.2% on average over the past 5 years (Fig. 16). Despite the fall in revenues, gross margins increased 1.7% y-o-y, mainly due to differences in sales mix in China and higher average selling prices for inventory in Hong Kong under its property development segment. On the other hand, EBITDA, Operating and Net Income margins were heavily impacted for FY2020, as a result of Administrative and other operating expenses remaining constant despite a smaller revenue base, a significantly

Figure 14: NWD's Gross Profit and Profit Margins (HK\$b, %)



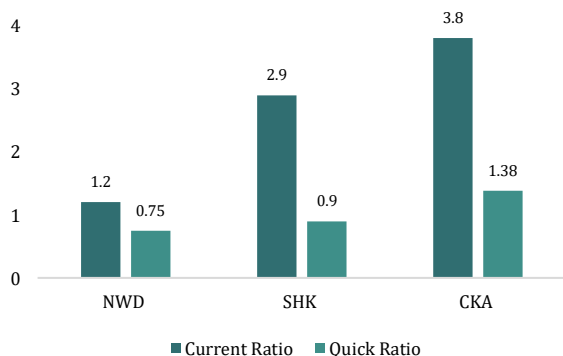
Source: NWD's Annual Reports

Figure 15: NWD's Liquidity Ratios



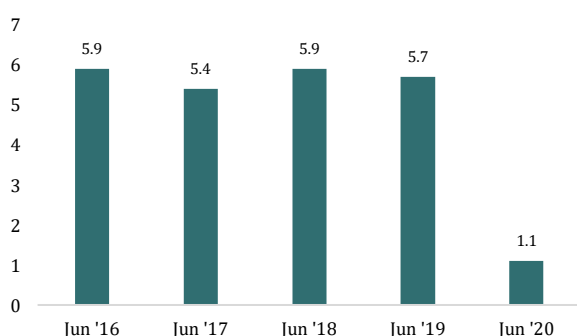
Source: NWD's Annual Reports

Figure 16: Comparison of Liquidity Ratios (June 2020)



Source: aastocks.com

Figure 17: NWD Interest Coverage Ratios



Source: NWD's Annual Reports

smaller increase in fair value of properties, as well as higher taxes arising from land appreciation taxes in China. Going forward, we expect that profitability metrics improve, given its strong pipeline of upcoming projects and increasing gross margins in its property development segment in China, with strong revenue growth of 45% and overall gross margins of projects in GBA at 70%.

Increasing Financial Leverage Ratios

Total debt and assets increased in the past 5 years, but with total debt as a percentage of total assets increasing only slightly from 48.8% in 2016 to 53.4% in 2020. In addition, net debt as a percentage of equity has also increased over the same period from 32.2% to 73.8%, indicating increasing financial leverage of the company. Given that this is still below the thresholds of the "Three Red Lines" policy limiting debt use for property developers in China, there is likely no short-term repercussions for the company's expansion in GBA and other major cities in China.

Deteriorating Liquidity Ratios

NWD has a current and quick ratio of 1.2 and 0.75, which is low compared to industry peers such as SHK and CKA, which have considerably higher liquidity ratios (Fig. 16). As seen in Figure 15, liquidity ratios for NWD have been decreasing over time, as short-term liabilities have increased significantly from HK\$66.5b in 2016 to HK\$152.6b in 2020 outpacing the growth in current assets. We expect to see this trend continue in the next few years, as the company develops more projects in Greater Bay Area of China, which would leave the company in an increasingly vulnerable position.

Stable Interest Coverage Ratios

With the exception of 2020, EBIT to Interest Expense has stayed relatively constant between 5.4x to 5.9x, as shown in Figure 17. In 2020, EBIT decreased significantly, while financing costs increased significantly, both as a result of higher interest payments as well as a smaller amount of interest costs capitalised under costs of assets under construction and investment properties under development. Given the strong pipeline of projects in Hong Kong and China, we expect the interest coverage ratio to increase substantially from 2020 levels to approximately 3-4x in FY2021 and to approximately 5x thereafter,

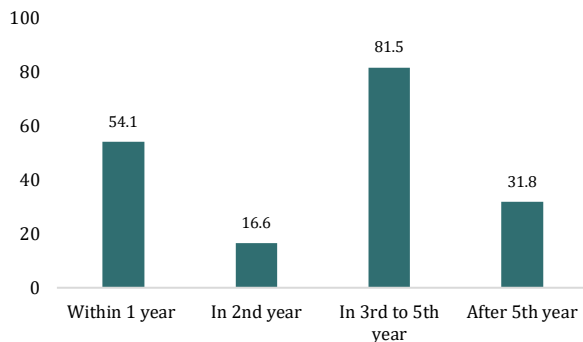
Low Refinancing Risk

In its latest annual report, management notes that the Group had total capital resources of approximately HK\$106.7b as of 30 June 2020, including approximately HK\$67.4b of cash and bank balances (including restricted bank balances) and approximately HK\$39.3b of undrawn facilities from banks. All refinancing of borrowings due in FY2021 has been taken care of. As seen in Figure 18, HK\$81.5b of debt is due in the 3rd to 5th year, which represents the main source of refinancing risk for NWD. However, the ample capital resources of the company, targeted asset disposals of HK\$13-15b in FY2021, as well as the current low interest rate environment leads us to believe that refinancing risk and difficulty for NWD will be relatively low.

Exposure to FX risks

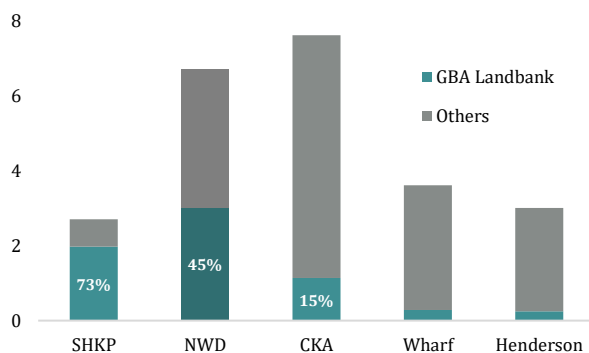
NWD's profitability is vulnerable to volatile exchange rates, given that approximately half of property development revenues came from China in FY2019, and the China segment is expected to grow at double digits as opposed to stagnation in Hong Kong. With China's economy recovering rapidly, the Yuan has appreciated significantly and is expected to continue appreciating, which could benefit NWD's China segment results in the short term (Fig. 10). On the other hand, approximately 72% of borrowings for NWD are denominated in HK\$, such that changes in exchange rates are unlikely to be significant for the company.

Figure 18: Maturity Profile of Debt of 30 June 2020 (HK\$b)



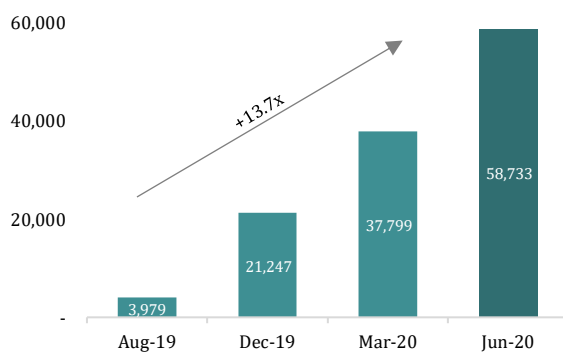
Source: NWD's 2020 Annual Report

Figure 19: NWD High Exposure to GBA among Peers, by % of China Landbank in GBA, mn sqm



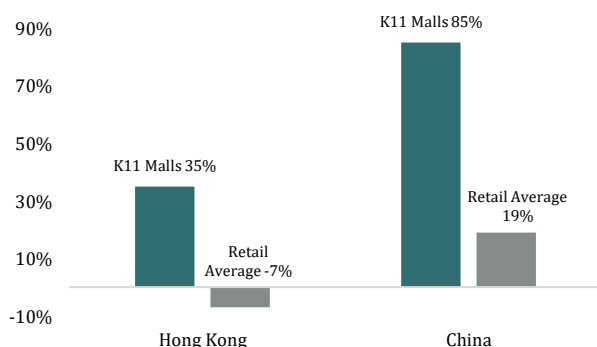
Source: Company Data, Morgan Stanley

Figure 20: Strong K11 Musea Membership Growth (no. of members)



Source: Company Presentation

Figure 21: K11 Malls Sales Growth Outperform Retail Market y-o-y



Source: Company Presentation

Recent developments

Investments in Mainland China may soon surpass Hong Kong

NWD has sped up its investments in Mainland China, especially in GBA, through its wholly owned subsidiary New World China Land (NWCL) in the recent few years (Fig. 24). This is in line with the Central Government's five-year plan to upgrade and develop the area. As the Greater Bay Area consists of Guangdong, Hong Kong, and Macau, NWD will remain focused on Shenzhen, a city within the Guangdong province, in addition to its existing main market, Hong Kong. NWD's land investments in Mainland China is expected to soon surpass those in Hong Kong as the Company acquires more premium land in the Greater Bay Area. Currently, NWD's Mainland land bank has approximately 6.48m sqft of GFA, with nearly half located in GBA (Fig. 27). This is partially fueled by NWD meeting China's new policy "three red lines" while the competitors being restricted by the policy. Six projects in the area will be added to its landbank in FY2020-2024 (Fig. 26) for mainly redevelopments projects that will transform old villages into mixed-used integrated property complex. A more recent project in Shenzhen is its over HK\$10b investment harbourfront cultural-retail destination development in Prince Bay, largest in Shenzhen. The Prince Bay project with completion dates starting from 2024 will be modelled after Victoria Dockside, NWD's flagship project in Hong Kong.

11 Skies: Hong Kong's largest retail and entertainment hub to be open by 2022

Located at the Hong Kong International Airport SkyCity complex, 11 Skies will be the newest and largest cultural-retail destination development in Hong Kong when completed in 2022. The HK\$20b project spans a total gross floor area of 3.8m sqft consisting of retail, dining, entertainment, and three grade A office towers. It will host over 800 stores, 120 dining concepts, 570,000 sqft reserved for experiential entertainment facilities, and access to medical services. The property is also expected to benefit from its location, situating next to the Hong Kong International Airport, Hong Kong-Zhuhai-Macao Bridge, and Tuen Mun-Chek Lap Kok Link. The project is expected to be a revolutionary development in the property development market, marking another flagship development of NWD in GBA.

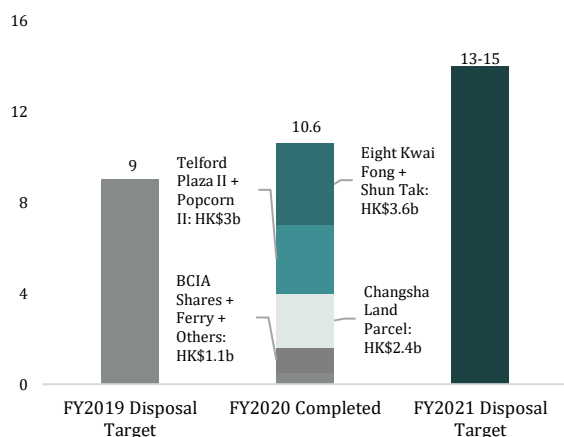
Digital integration effective in boosting shopping center sales

NWD has attributed its retail sites' outperformance to its efforts in creating a seamless shopping experience by integrating brick-and-mortar with digital experiences. Its one-year-old mall investment K11 Musea saw a +35% increase in sales from 1Q20 to 2Q20 compared with Hong Kong's retail market of -7% with the implementation of the K11 app and effective CRM system. Such initiatives are taken across K11 malls nationwide as K11 shopping malls work with tenants to create omnichannel sales strategies such as adding tenants to the K11 Go app, the online sales channel for K11 tenants in Guangzhou, Shenyang, Shanghai, and Wuhan. By creating an online-offline ecosystem, NWD hopes to not only leverage customer loyalty for mall foot-traffic and online sales traffic, but potentially reap synergies between different business segments within the NWD Group.

Non-core assets disposal reach HK\$10b, surpasses target

As part of NWD's long term core development strategy, NWD has been carrying out structural and asset optimization, with the disposal of non-core assets of over HK\$10b in 2020 (Fig. 22) surpassing target. This move is a mean to strengthen its cash position for reinvestments in properties that generate higher returns, and with a focus in GBA. Non-core asset disposal is expected to continue to reach over HK\$15b in the short to medium term.

Figure 22: Non-core Assets Disposal Exceeds Target, Disposal to Continue in FY2021 (HK\$b)



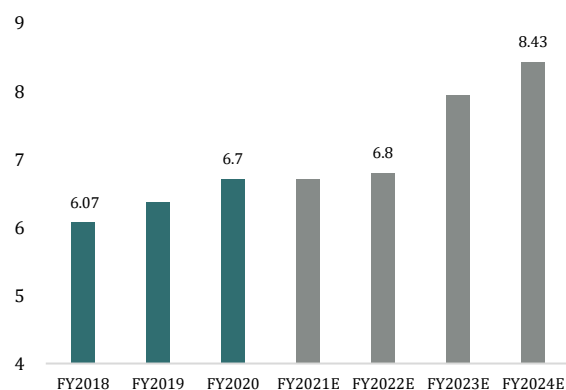
Source: Company Presentation

Figure 23: Mainland China Project Completion Plan for FY2021

Region	Project	Main Use	Total GFA sqm
Ningbo	Ningbo New World Plaza	Mixed	582,167
Shenyang	Shenyang New World Centre	Residential	396,039
	Shenyang New World Garden	Commercial	21,160
	Pentahotel Shenyang	Hotel	29,924
	Prince Bay Land	Mixed	233,288
Anshan	Anshan New World Garden	Mixed	133,636
	Anshan New World: The Grandiose	Residential	28,664
Wuhan	Wuhan New World Centre	Commercial	140,969
Foshan	Guangzhou Foshan Canton First	Residential	98,098
Guangzhou	Guangzhou Park Paradise	Residential	48,388
Beijing	Beijing New View Commercial Centre	Commercial	25,367
* All completions are partial completions of full project			
Total			1,737,700

Source: Company Presentation

Figure 24: NWLC Mainland China Landbank FY2016 – FY2024E (mn sqm)



Source: Company Presentation

Figure 25: NWCL Mainland China Landbanking since FY2016

City	Project/Region	Date	Main Use	Total GFA sqm
Shenzhen	Qianhai Project	Aug-16	Commercial	176,300
Shenzhen	Prince Bay	Dec-16	Commercial	220,000
Shenzhen	Prince Bay	Dec-16	Mixed	160,000
Guangzhou	Zengcheng	Oct-17	Mixed	284,328
Guangzhou	Hanxi, Panyu	Nov-18	Mixed	307,189
Guangzhou	Tagangcun, Panyu	Sep-19	Mixed	324,151
Total				1,471,968

Source: Company Presentation

Other notables:

- Have completed refinancing for all debt maturing in 2021
- Partnered with DBS to complete Hong Kong's first interest rate swap linked to United Nation's sustainability goals
- Property sales surpass target in 2019, reaching HK\$10b in Hong Kong and RMB19.8b in Mainland China
- First green loan in 2018 of HK\$3.6b for redevelopment project

Key Upcoming Projects (Hong Kong):

- Tai Wai Station Residential – 2m sqft
- West Kowloon Grade A Office – 900,000 sqft

Key Upcoming Projects (Mainland China):

- Ningbo – 138,000 sqm
- Shenyang – 74,000 sqm
- Guangzhou Zengcheng – 276,000 sqm
- Guangzhou Panyu – 165,000 sqm

Issuer Credit Analysis

Positives

1. Well positioned for Mainland China development projects

NWD have been continuously accelerating its exposure in Mainland China in recent years through its wholly owned and Mainland China specialized subsidiary, New World China Land (NWCL). From FY2016 onwards, NWD added a total GFA of 1.5m sqm to its Mainland China landbank, accounting for 23% of its current 6.5m. In addition, NWD have also gained approval from villagers for old city redevelopment projects with GFA totaling 2.5m sqm in the Guangzhou and Shenzhen area. These redevelopment projects are expected to be logged into NWD's landbank through FY2020-FY2024, representing a 38% increase in Mainland China landbank from current levels. With such rate of increase, NWD's Mainland China landbank GFA will soon lead among Hong Kong developers in FY2021/22, surpassing CKA's 7.6m sqm, whom despite is leading now, has not acquired any land in Mainland China for nearly 10 years. NWD's Mainland China landbank GFA has also been well above its Hong Kong landbank levels, partially due to the scarcity of land in Hong Kong. Its Hong Kong landbank available for immediate use is 0.84m sqm, with an additional 1.5m sqm of farmland pending land use conversion, and with the possibility of government resumption for parts of the farmland.

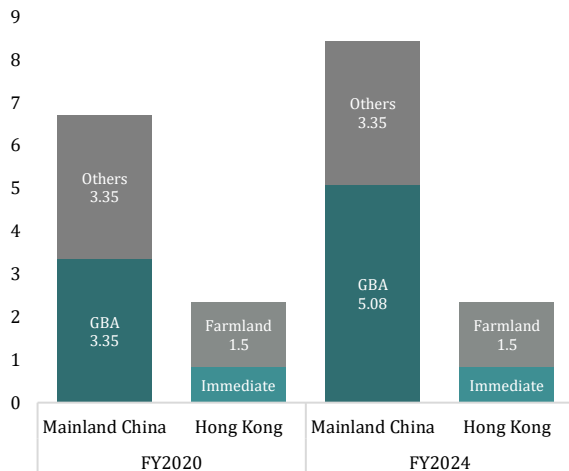
In addition to aggressively acquiring land in Mainland China, NWD has remained focused on GBA, consisting half of its Mainland China landbank. GBA is a national initiative outlined in the Chinese Government's 13th Five Year Plan to build a mega-region with clusters of cities, mainly: Guangzhou, Shenzhen, Zhuhai, Dongguan, Huizhou, Jiangmen, Zhongshan, Foshan (all in Guangdong province), Hong Kong and Macau. The Central Government aims to develop GBA into a competitive region similar to those of the Tokyo-Osaka mega-region in Japan and the San Francisco Bay Area by 2035. By leveraging NWD's Mainland China specialized and localized development subsidiary NWCL, NWD also aims for old city redevelopment projects in GBA, which will allow them to acquire land at lower prices as compared to open auction, despite having a longer process. With Hong Kong saturating, NWD has taken the initiative to compete/ cooperate with Mainland Chinese developers, becoming the most active and well positioned Hong Kong developer to capture future opportunities in Mainland China through GBA.

Figure 26: Mainland China Old City Redevelopment Approved by Locals

City	Project/Region	Landbank Inclusion	Total GFA sqm
Shenzhen	Nanshan	FY2020	83,000
Guangzhou	Zengcheng	FY2022	100,000
Guangzhou	Haizhu	FY2023	176,000
Guangzhou	Zengcheng	FY2023	610,000
Guangzhou	Liwán	FY2023	360,000
Shenzhen	Louhu	FY2024	484,000
Total			1,813,000

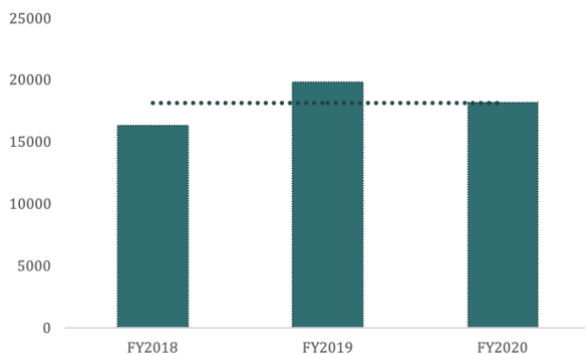
Source: Company Presentation

Figure 27: Mainland China Landbank (GBA and others) vs. Hong Kong Landbank (Immediate use and Farmland), (mn sqm)



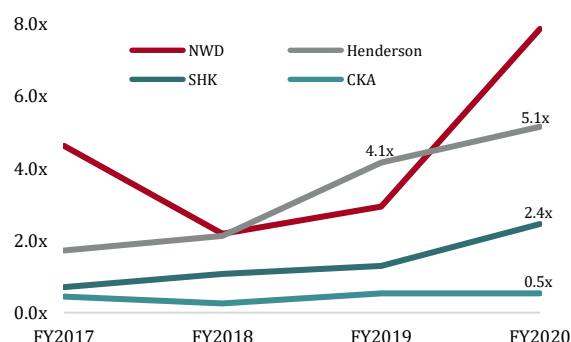
Source: Company Data, NUS Investment Society

Figure 28: New World Development's Contracted Sales Performance in 2020



Source: Company Data, NUS Investment Society

Figure 29: NWD Higher Historical Net Debt to EBIT Ratio than Peers



Source: Yahoo Finance, NUS Investment Society

2. Active Non-Core Disposals to enrich cash flow and recycle capital.

NWD has been committed to enrich its core assets and business portfolios in both Hong Kong and Mainland China to increase recurring income. Since then, NWD have been optimizing its assets and business portfolios, through disposing of non-core assets to recycle the capital for the development of its core businesses.

In FY2019, NWD and its subsidiary NWS Holdings Limited have disposed of non-core assets worth approximately HK\$2.3b and HK\$1.3b respectively. And since FY2020, NWD has successfully disposed of non-core assets of over HK\$10b. Furthermore, NWD signed a legal agreement with MTR Corporation Limited to sell its economic interest in Telford Plaza II in Kowloon Bay and its economic interest in Popcorn 2 in Tseung Kwan O. Such disposal of non-core assets will bring additional capital for the development of its core businesses.

Additionally, NWD has multiple flagship projects planned through FY2019 to FY2026. Projects such as the Victoria Dockside which is an integrated development project in Tsim Sha Tsui, K11 Atelier King's Road which is a Grade A office building on Island East. Through these optimization actions, the total GFA of NWD in Hong Kong and Mainland China, would increase by three times and six times, respectively. When all these projects are completed, NWD projected that it will provide sustainable and strong recurring cash flow for NWD.

NWD will continue to look out for new projects and acquisition opportunities with growth potential and strong recurring cash flow to strengthen the long term-development of its core businesses and to further improve its ecosystem. Hence, optimizing value for stakeholders, enhancing the investment value for New World Development.

3. Property projects sells well despite bleak macroeconomic outlook

Despite the negative macroeconomic outlook due to COVID-19 pandemic, sales through NWD's newly launched online property purchases services have done well in Mainland China.

In FY2020, property sales in Mainland China hit above the average target at RMB18.2b. Furthermore, there is an outstanding increase by 23% y-o-y for residential Average Sales & Purchase (ASP) of RMB38,000/sqm. In FY2020, the property sales in Mainland China hit a strong margin of 57%, up by 11% from the previous year. NWD is optimistic and targets a double digital CAGR growth in gross contracted sales from FY2021 to FY2023.

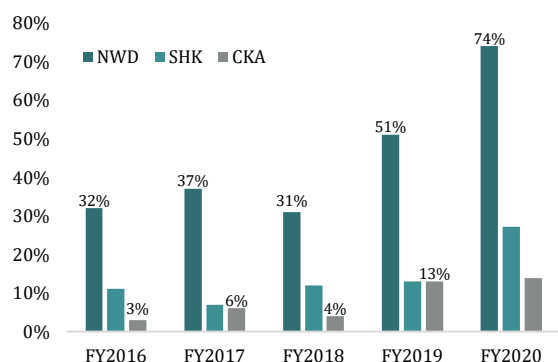
With many upcoming completed projects through FY2021 to FY2024, in prime areas such as Guangzhou Zengcheng and Guangzhou Panyu. This would be beneficial to NWD as there is a strong pipeline in Mainland China where the GFA (sqm, rounded to '000) is estimated to increase 3.4 times from 428 to 1,456 by FY2025, therefore supporting recurring income growth. (See Fig. 9)

Negatives

1.High gearing compared with Hong Kong industry peers

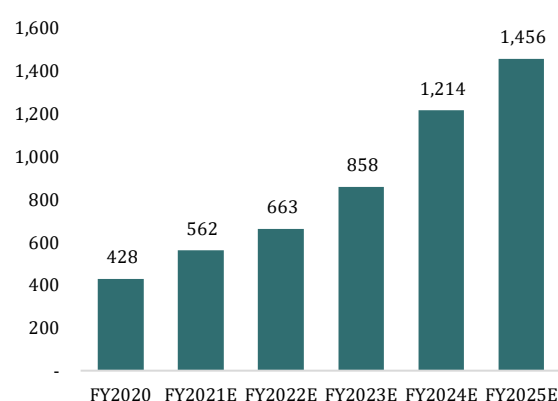
Historically, NWD has higher net gearing of 40-50% than its Hong Kong peers of below 25% and an average of 16%. NWD's historical net debt to EBIT around 2.0x to 5.0x has also been higher than peers' usual 0.5x to 2.5x. This may have been the result of lower profitability compared to peers, leading to higher pressure of financing. NWD has also had more secondary equity issuances or rights offerings than its peers, which not only lead to its shares trading at a deeper discount but also represents NWD's more fragile

Figure 30: NWD Higher Historical Net Gearing than Peers



Source: Yahoo Finance, NUS Investment Society

Figure 31: Steady Pipeline Growth of K11 and other IP in Mainland China



Source: NWD Annual Report

financial structure. Higher net gearing and a more fragile financial structure for NWD means that it will be more difficult for NWD to navigate market crises, such as that induced by COVID-19. However, as of December 2020, NWD has not issued additional equity nor has it come close to default, which may be a result of continuous non-core asset disposals, surpassing HK\$10b in FY2020 alone. Higher gearing also leads to more sensitivity to interest rate changes. However, interest rates are expected to keep suppressed for at least the next 2-3 years. Therefore, despite having a higher net gearing ratio compared with industry peers, NWD is on the trend of lowering its gearing with higher return projects and an additional HK\$5b in non-core asset disposals, with no obvious near-term financial challenges.

2. COVID-19 may have a longer lasting impact than expected

While the poor performance in FY2020 can be largely attributed to the impact that the pandemic had on multiple segments of the business, including property development, roads and hotel operations, there is no guarantee that the Group's operations would recover to pre-pandemic levels in FY2021, considering that while a vaccine is being rolled out, Hong Kong is currently facing a fourth wave of COVID-19, with health experts calling for a shutdown of non-essential businesses and reduced opening hours at shopping centers, which would directly impact the property investment segment of the business. Moreover, a new strain of the virus in the United Kingdom appears to be responsible for a recent surge in infections, and the vaccine may not necessarily be as effective against it. As Hong Kong continues its efforts to combat the virus, NWD's operations, which are still substantially in Hong Kong, would naturally be affected, possibly even going into FY2022.

In 2020, NWD issued HK\$17.1b of notes and perpetual capital securities, for general working capital purpose including the acquisition and development of property projects in Hong Kong and Mainland China and the acquisition of FTLife Insurance Company Limited ("FTLife Insurance") and the concession rights of Changliu Expressway. The increase in interest payments arising from these borrowings would reduce interest coverage and weigh on profitability in the future, increasing the vulnerability of the company to adverse economic events.

3. Dependence on Property Development

In FY2020, as a result of no project completions in Hong Kong, property development contributed 33% to total revenues, down from 50% in FY2019. In both years however, profit attributed to property development was 79% in 2020 and 75% in 2019 respectively. While growth has been significant for the property investment segment, it is clear that in the short term, the financial results of NWD is overwhelmingly dependent on property development, which puts the company at significant risk. This has been made clear in light of how the sharp fall in revenues and profit from FY2019 to FY2020 can almost entirely be accounted for by the property development segment, which in turn has resulted in the deterioration of the company's credit metrics. Disregarding the COVID-19 pandemic, government cooling measures in Hong Kong and China such as tightening financing to developers, lending and stamp duties for home buyers could severely affect the profitability of the company as a whole.

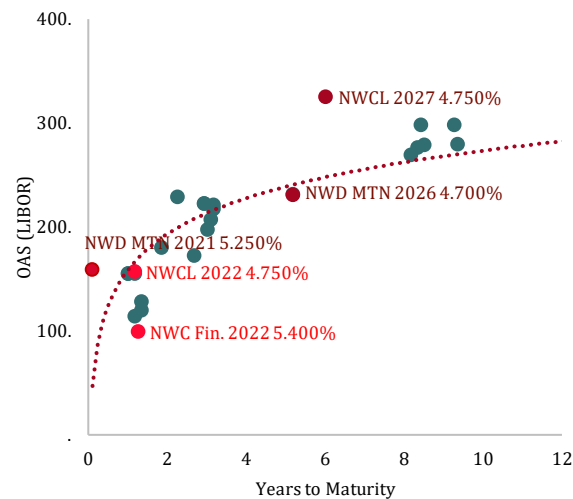
Issuance Analysis

New World Development's Outstanding Bonds

Overweight NWCL 2027 4.750% vs NWD MTN 2026 4.700%

NWCL, or New World China Land is NWD's localized and specialized subsidiary dedicated to projects in Mainland China, whilst NWD

Figure 32: Mean Yield Curve and Relative Valuation for NWD Bond Issuances, Internal Universe



Source: Factset, NUS Investment Society

Figure 33: NWD Bond Issuances

Description	Amnt Out. (HKD)	Coupon	Issue Date	Maturity Date	Issue Curr.	Seniority	YTW	Price
NWD Finance (BVI) Ltd. Perp 4.800%	5,426	4.80%	12/2020	-	USD	SNR Unsec	4.47	100.83
NWD MTN Ltd 2049 4.890%	1,500	4.89%	12/2019	12/2049	HKD	SNR Unsec	4.55	105.42
New World China Land Ltd 2023 4.750%	2,416	4.75%	12/2018	12/2023	USD	SNR Unsec	2.47	106.51
New World China Land Limited 2023 4.750%	2,403	4.75%	12/2018	12/2023	USD	SNR Unsec	2.47	106.51
NWD MTN Ltd 2023 5.750%	350	5.75%	12/2013	12/2023	HKD	SNR Unsec	-	-
NWD MTN Ltd 2022 4.375%	7,402	4.38%	11/2015	11/2022	USD	SNR Unsec	2.00	104.53
NWD Finance BVI Ltd Perp 5.750%	9,350	5.75%	10/2016	-	USD	SNR Unsec	-	-
NWD MTN Ltd 2023 5.900%	1,150	5.90%	09/2013	09/2023	HKD	SNR Unsec	2.14	110.03
NWD MTN Ltd 2023 6.000%	2,000	6.0%	09/2013	09/2023	HKD	SNR Unsec	-	-
New World Development Co Ltd 2022 5.000%	300	5.0%	09/2012	09/2022	HKD	SNR Unsec	-	-
New World Development Co Ltd 2022 5.000%	300	5.0%	09/2012	09/2022	HKD	SNR Unsec	-	-
NWD MTN Ltd 2029 4.125%	7,402	4.13%	07/2019	07/2029	USD	SNR Unsec	3.55	104.25
NWD Finance (BVI) Ltd. Perp 5.250%	6,589	5.25%	06/2020	-	USD	SNR Unsec	4.07	105.54
Digix Hong Kong Ltd 2029 4.250%	5,065	4.25%	06/2019	06/2029	USD	SNR Unsec	3.73	103.76
NWD MTN Ltd 2030 4.500%	4,651	4.50%	05/2020	05/2030	USD	SNR Unsec	3.61	107.02
NWD MTN Ltd 2022 2.650%	400	2.65%	05/2019	05/2022	HKD	SNR Unsec	1.65	101.33
NWD MTN Ltd 2029 3.800%	450	3.80%	05/2019	05/2029	HKD	SNR Unsec	3.56	101.87
New World Development Co Ltd 2034 4.050%	650	4.05%	05/2019	05/2034	HKD	SNR Unsec	-	-
NWD MTN Ltd 2022 2.650%	103	2.65%	05/2019	05/2022	HKD	SNR Unsec	1.57	101.44
NWD MTN Ltd 2030 3.830%	300	3.83%	04/2020	04/2030	HKD	SNR Unsec	3.83	100.12
FTL Capital Ltd 2023 4.125%	1,948	4.13%	04/2013	04/2023	USD	SNR Unsec	2.50	103.71
New World Capital Finance Ltd 2022 5.400%	340	5.40%	04/2012	04/2022	HKD	SNR Unsec	1.36	105.27
NWD MTN Ltd 2022 1.500%	150	1.50%	03/2020	03/2022	HKD	SNR Unsec	1.51	99.98
NWD Finance BVI Ltd Perp 6.250%	7,013	6.25%	03/2019	-	USD	SNR Unsec	4.44	105.39
NWD MTN Ltd 2024 3.500%	700	3.50%	03/2017	03/2024	HKD	SNR Unsec	2.66	102.68
NWD MTN Ltd 2029 4.000%	1,150	4.0%	03/2017	03/2029	HKD	SNR Unsec	3.48	103.84
NWD MTN Ltd 2026 4.650%	450	4.65%	03/2016	03/2026	HKD	SNR Unsec	2.89	108.33
NWD MTN Ltd 2026 4.700%	872	4.70%	03/2016	03/2026	HKD	SNR Unsec	2.88	108.57
New World China Land Ltd 2022 4.750%	271	4.75%	03/2015	03/2022	HKD	SNR Unsec	1.95	103.51
NWD MTN Ltd 2024 5.250%	445	5.25%	03/2014	03/2024	HKD	SNR Unsec	2.62	108.18
NWD MTN Ltd 2021 5.250%	5,844	5.25%	02/2014	02/2021	USD	SNR Unsec	1.83	100.67
NWD MTN Ltd 2024 5.500%	600	5.50%	02/2014	02/2024	HKD	SNR Unsec	2.51	109.13
New World China Land Ltd 2027 4.750%	4,675	4.75%	01/2017	01/2027	USD	SNR Unsec	3.78	105.27
New World China Land Limited 2027 4.750%	4,651	4.75%	01/2017	01/2027	USD	SNR Unsec	3.78	105.27
New World China Land Ltd 2022 5.000%	800	5.0%	01/2015	01/2022	HKD	SNR Unsec	1.92	103.38
New World China Land Ltd 2022 5.000%	800	5.0%	01/2015	01/2022	HKD	SNR Unsec	1.92	103.38
NWD MTN Ltd 2024 5.900%	500	5.90%	01/2014	01/2024	HKD	SNR Unsec	2.40	110.39

MTN serves as NWD's investment management firm subsidiary. As of 16th December 2020, NWCL 2027 4.750% is trading at an Option-Adjusted Spread (LIBOR), or OAS (LIBOR), of 324.87bps, as NWD MTN 2026 4.700% trades at an OAS (LIBOR) of 230.65bps, representing a 94.22bps spread between the two, with the latter trading at a comparative premium. The pricing disparity may be a result of NWCL and NWD MTN serving different business functions to NWD, hence being perceived with different levels of risks even though they are both backed by NWD. As NWCL's business is solely focused on Mainland China, coupled with the more aggressive expansion plans in upcoming years, NWCL may possess higher risks as suggested by the market. Such unique risks may be regulatory risks as government regulations can change rapidly in Mainland China, competitive risks as NWCL is foraying into a field NWD is far from dominant in, and political risks as they balance the businesses in both Hong Kong and Mainland China, which all ultimately affects NWCL's perceived default risk. Nonetheless, NWCL is currently well positioned in the Mainland Chinese market and backed by NWD's strong focus on Mainland China's future developments. Hence, the better liquidity position NWCL has now due to the support of NWD compared with most Chinese competitors would allow them to take a more aggressive path to Mainland China expansion, with its rewards only observable along major milestones in 2020-2025. Therefore, the NWCL to NWD MTN discount may be opportunity in disguise.

Overweight NWCL 2022 4.750% vs NWD Fin. 2022 5.400%

NWD Finance (BVI) is a special purpose entity dedicated to the purpose of issuing debt securities to repay credit facilities, refinance existing debt, and for acquisition purposes. As of 16th December 2020, NWCL 2022 4.750% HKD issued is trading at an OAS (LIBOR) of 157.13bps while NWD Fin. 2022 5.400% HKD issued is trading at an OAS (LIBOR) of 98.84, representing a 58.29bps spread between the two, with the latter trading at a comparative premium. The differences in the pricing of the two bonds likely follow the potential reasons as discussed above for NWD MTN's premium to NWCL. However, the pricing disparity for NWCL 2022 4.750% and NWD Fin. 2022 5.400% is smaller than that of the previous case, which may be a result of the shorter time to maturity of less than 1.5 years for the pair, compared with the over 5 years' time to maturity for the previous pair. Despite a smaller price disparity, there is higher certainty of NWCL's credit stability in the short term, rendering it a reasonable discount from the previous pair with a larger disparity and a longer time to maturity. In addition to the reasons discussed for the previous pair, the disparity may also arise from the uncertainty of the property sales market in Mainland China in 2021, potentially due to lingering effects of COVID-19 and less project completions in 2020. However, with NWD successfully refinancing all its debt due in 2021 in such difficult market environments, it is likely for debt due in 2022 to be successfully refinanced too, if any.

Overweight NWD MTN 2021 5.250%

NWD MTN 2021 5.250% is due in 1.5 months as of 16th December, trading at US\$100.67 with an OAS (LIBOR) of 158.53bps. As stated by NWD, all debt due in 2021 will be successfully refinanced, yet NWD MTN 2021 5.250% is still trading at a slight discount compared to cash flow at maturity as the yield-to-maturity of this bond is standing at 1.83%.

Underweight bonds of 1-5 years' time-to-maturity vs 5-10 years' time-to-maturity

According to the mean yield spread chart of NWD issuances, a cluster of 1-3 years' time-to-maturity bonds are mostly below the mean yield curve, with those of 3-5 years' time-to-maturity bonds near or on the mean yield curve, and a cluster of 5-10 years' time-to-maturity bonds trading above the mean yield curve. This may be

affected by the magnified uncertainty surrounding NWD's overall transitioning to a Mainland China heavy revenue model, while also facing uncertainty with Hong Kong's retail, property development, and tourism business as the city experience rapid changes in recent years. Nonetheless, unique business offerings NWD is developing hold the potential to ensure a better financial position of NWD in the future that is currently deemed much riskier by investors.

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Appendix:

Pro Forma Financial Statements (3FS)

Balance Sheet

Financial Statements		2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F
(HKD million, Financial Year End Jun. 30)									
Balance Sheet									
Assets									
Non-current assets									
Investment properties		149,728	173,327	169,718	171,187	172,114	172,582	172,664	172,423
Property, plant, and equipment		29,940	31,024	30,100	43,092	57,949	75,629	96,935	122,843
Properties for development		19,656	28,922	35,424	42,509	51,011	56,112	61,723	67,895
Right-of-use assets		-	-	8,515	8,515	8,515	8,515	8,515	8,515
Intangible concession rights		11,404	9,973	14,005	3,603	3,675	3,749	3,823	3,900
Intangible assets		3,782	3,465	8,428	803	642	514	411	329
Interests in joint ventures and associated companies		73,844	76,197	64,157	64,157	64,157	64,157	64,157	64,157
Other investments		12,598	13,591	54,774	54,774	54,774	54,774	54,774	54,774
Deferred tax assets		749	764	1,120	744	737	707	635	662
Other non-current assets		7,699	15,858	31,684	47,527	47,527	47,527	47,527	47,527
Total non-current assets		309,400	353,120	417,924	436,910	461,099	484,263	511,163	543,024
Current assets									
Properties under development		37,171	34,146	48,658	51,091	53,645	56,327	59,144	62,101
Properties held for sale		42,301	23,130	17,724	17,724	17,724	17,724	17,724	17,724
Properties held for sale - non-current assets portion		2,756	1,805	1,858	1,858	1,876	1,895	1,914	1,933
Inventories		832	806	685	685	685	685	685	685
Debtors, prepayments, premium receivables and contract assets		25,520	25,722	35,189	35,234	35,492	34,476	32,864	33,951
Other investments		20	825	10,723	10,723	10,723	10,723	10,723	10,723
Restricted bank balances		68	3	144	144	144	144	144	144
Cash and bank balances		63,388	63,729	67,291	63,073	60,414	58,795	50,786	61,800
Total current assets		172,055	150,165	182,272	180,532	180,705	180,769	173,984	189,061
Total assets		481,455	503,285	600,196	617,442	641,804	665,033	685,147	732,084
Liabilities									
Non-current liabilities									
Long-term borrowings and other interest-bearing liabilities		120,124	114,559	134,788	48,411	37,274	29,410	27,165	27,165
Insurance and investment contract liabilities		-	-	14,455	14,455	14,455	14,455	14,455	14,455
Deferred tax liabilities		10,288	10,371	11,546	8,185	9,003	9,715	9,971	10,402
Other non-current liabilities		1,172	1,734	7,053	7,053	7,053	7,053	7,053	7,053
Total non-current liabilities		131,584	126,664	167,841	78,104	67,784	60,633	58,644	59,075
Current liabilities									
Creditors, accrued charges, payables to policy holders and contrac		65,059	48,753	54,101	76,340	86,513	94,808	102,357	110,339
Current portion of long-term borrowings and other interest-bearing li		11,852	25,921	36,435	86,377	11,137	7,864	2,245	-
Short-term borrowings and other interest-bearing liabilities		8,778	15,855	20,167	50,000	140,000	155,000	165,000	195,000
Current tax payable		8,992	10,641	11,067	7,888	8,675	9,362	9,609	10,024
Other current liabilities		9	87	30,840	30,840	30,840	30,840	30,840	30,840
Total current liabilities		94,689	101,257	152,609	251,445	277,165	297,873	310,051	346,203
Total Liabilities		226,273	227,920	320,451	329,549	344,949	358,507	368,695	405,278
Shareholders' equity									
Share capital		77,526	77,875	78,226	78,226	78,226	78,226	78,226	78,226
Reserves		138,724	145,989	134,798	142,946	151,907	161,578	171,505	181,859
Perpetual capital securities		9,452	21,506	37,092	37,092	37,092	37,092	37,092	37,092
Non-controlling interests		29,480	29,995	29,630	29,630	29,630	29,630	29,630	29,630
Total shareholders' equity		255,182	275,365	279,745	287,893	296,855	306,526	316,452	326,807
Total liability and shareholders' equity		481,455	503,285	600,196	617,442	641,804	665,033	685,147	732,084
Balance		YES	YES	YES	YES	YES	YES	YES	YES

Income Statement

Financial Statements		2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F
(HKD million, Financial Year End Jun. 30)									
Income Statement									
Revenues		60,689	76,764	59,008	85,736	92,534	96,797	99,961	103,266
Cost of sales		(40,125)	(51,742)	(39,077)	(55,728)	(60,147)	(62,918)	(64,975)	(67,123)
Gross profit		20,563	25,022	19,931	30,008	32,387	33,879	34,986	36,143
Other income		137	121	244	246	249	251	254	256
Other gains, net		4,133	339	345	348	351	355	358	362
Selling and marketing expenses		(1,084)	(2,161)	(1,937)	(2,815)	(3,038)	(1,936)	(1,999)	(2,065)
Expenses of department store's operation		(2,383)	(2,126)	(1,287)	(1,870)	(2,018)	(2,111)	(2,180)	(2,252)
Administrative and other operating expenses		(5,759)	(6,299)	(7,122)	(6,859)	(7,403)	(6,776)	(6,997)	(7,229)
Overlay approach adjustments on financial assets		-	-	208	303	326	342	353	364
Changes in fair value of and gain on transfer to investment properties		15,367	10,306	1,653	-	-	-	-	-
Operating profit		30,975	25,202	12,035	19,361	20,855	24,004	24,775	25,580
Financing income		1,475	1,716	2,827	1,892	1,812	1,764	1,524	1,854
Financing costs		(2,180)	(2,473)	(4,838)	(2,740)	(3,052)	(5,078)	(5,373)	(5,643)
Share of results of Joint Ventures		1,886	3,670	1,007	2,015	3,022	3,777	4,155	4,363
Share of results of Associates		1,196	1,013	(237)	1,200	1,260	1,323	1,389	1,459
Profit before tax		33,354	29,129	10,794	21,728	23,898	25,790	26,470	27,612
Tax expense		(6,272)	(7,490)	(7,528)	(5,432)	(5,974)	(6,447)	(6,617)	(6,903)
Profit for the year		27,081	21,639	3,266	16,296	17,923	19,342	19,852	20,709
Adjusted Profit for the year (ex. Changes in Fair Value)		11,714	11,333	1,613	16,296	17,923	19,342	19,852	20,709

Cash Flow

Financial Statements								
<i>(HKD million, Financial Year End Jun. 30)</i>								
Cash Flow Statement								
Cash flow from operating activities								
Net Profit		21,639	3,266	16,296	17,923	19,342	19,852	20,709
Changes in net working capital		6,665	(13,157)	19,761	7,341	6,611	6,326	3,919
Changes in fair value of and gain on transfer to investment properties		(10,306)	(1,653)	-	-	-	-	-
Changes in net tax assets and liabilities		1,718	1,245	(6,164)	1,612	1,430	575	818
Net cash (used in) from operating activities		19,716	(10,299)	29,893	26,877	27,383	26,753	25,446
Cash flow from investing activities								
Proceeds/(addition) from/to investment properties		(23,599)	3,609	(1,470)	(926)	(468)	(82)	242
Proceeds/(addition) from/to property, plant, and equipment		(1,084)	924	(12,992)	(14,857)	(17,680)	(21,306)	(25,908)
Proceeds/(addition) from/to properties for development		(9,266)	(6,502)	(7,085)	(8,502)	(5,101)	(5,611)	(6,172)
Write-off/(addition) of intangible assets		1,748	(8,995)	18,027	88	55	28	6
Changes in right-of-use assets		-	(8,515)	-	-	-	-	-
Changes in interests in JV and Associated companies		(2,353)	12,040	-	-	-	-	-
Changes in other investments		(1,798)	(51,081)	-	-	-	-	-
Changes in other assets and liabilities		(7,454)	34,559	(15,842)	-	-	-	-
Net cash used in investing activities		(43,807)	(23,960)	(19,362)	(24,196)	(23,194)	(26,972)	(31,833)
Cash flow from financing activities								
Repayment of/proceeds from short-term borrowings, net		7,077	4,312	29,833	90,000	15,000	10,000	30,000
Repayment of/proceeds from long-term borrowings, net		8,505	30,743	(36,435)	(86,377)	(11,137)	(7,864)	(2,245)
Changes in share capital		349	350	-	-	-	-	-
Changes in perpetual capital securities		12,054	15,587	-	-	-	-	-
Changes in non-controlling interests		514	(365)	-	-	-	-	-
Changes in reserves, net dividends paid and other adjustments		831	(7,588)	0	-	-	-	-
Dividends paid		(4,899)	(5,217)	(8,148)	(8,962)	(9,671)	(9,926)	(10,355)
Net cash from financing activities		24,431	37,822	(14,749)	(5,339)	(5,808)	(7,790)	17,400
Net increase/(decrease) in cash and cash equivalents		341	3,562	(4,218)	(2,659)	(1,619)	(8,009)	11,014
Cash and cash equivalent at beginning of year		63,388	63,729	67,291	63,073	60,414	58,795	50,786
Cash and cash equivalent at end of year		63,388	63,729	67,291	63,073	58,795	50,786	61,800

Supporting Schedules

Supporting Schedules								
<i>(HKD million, Financial Year End Jun. 30)</i>								
Investment Properties								
Completed Investment Properties								
Value at beginning of period	61,936	86,255	110,475	148,073	152,789	156,475	159,289	161,365
Additions	388	132	2,654	444	458	469	478	484
Disposals	(937)	(247)	(4,165)	(2,221)	(2,292)	(2,347)	(2,389)	(2,420)
Transfer upon completion	12,733	15,536	40,875	6,493	5,519	4,692	3,988	3,390
Changes in fair value	4,587	7,973	1,306	-	-	-	-	-
Other adjustments	7,548	827	(3,071)	-	-	-	-	-
Value at end of period	86,255	110,475	148,073	152,789	156,475	159,289	161,365	162,819
Additions as % of beginning balance	0.6%	0.2%	2.4%	0.3%	0.3%	0.3%	0.3%	0.3%
Disposals as % of beginning balance	-1.5%	-0.3%	-3.8%	-1.5%	-1.5%	-1.5%	-1.5%	-1.5%
Changes in fair value	4,587	7,973	1,306	-	-	-	-	-
Other adjustments	7,548	827	(3,071)	-	-	-	-	-
Investment Properties Under Development								
Value at beginning of period	43,824	63,473	62,852	21,645	18,398	15,638	13,293	11,299
Additions	6,761	8,905	1,213	3,247	2,760	2,346	1,994	1,695
Disposals	-	-	-	-	-	-	-	-
Transfer upon completion	(12,733)	(15,536)	(40,875)	(6,493)	(5,519)	(4,692)	(3,988)	(3,390)
Changes in fair value	10,780	2,333	348	-	-	-	-	-
Other adjustments	14,841	3,677	(1,893)	-	-	-	-	-
Value at end of period	63,473	62,852	21,645	18,398	15,638	13,293	11,299	9,604
Additions as % of beginning balance	15.4%	14.0%	1.9%	15.0%	15.0%	15.0%	15.0%	15.0%
Disposals as % of beginning balance	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Completion as % of beginning balance	29.1%	24.5%	65.0%	30.0%	30.0%	30.0%	30.0%	30.0%
Changes in fair value	10,780	2,333	348	-	-	-	-	-
Other adjustments	14,841	3,677	(1,893)	-	-	-	-	-

Supporting Schedules								
(HKD million, Financial Year End Jun. 30)								
Property, Plant, and Equipment & Right of Use Assets								
Property, Plant, and Equipment								
Net book value at beginning of period	N.A.	29,940	31,024	30,100	43,092	57,949	75,629	96,935
Additions	N.A.	1,917	2,825	1,806	2,155	2,897	3,781	4,847
Disposals	N.A.	(486)	(446)	(482)	(689)	(927)	(1,210)	(1,551)
Accumulated depreciation	N.A.	9,190	10,464	11,668	13,392	15,710	18,735	22,612
Other adjustments	N.A.	(9,537)	(13,768)	-	-	-	-	-
Net book value at end of period	29,940	31,024	30,100	43,092	57,949	75,629	96,935	122,843
Additions as % of beginning balance	N.A.	6.4%	9.1%	6.0%	5.0%	5.0%	5.0%	5.0%
Disposals as % of beginning balance	N.A.	-1.6%	-1.4%	-1.6%	-1.6%	-1.6%	-1.6%	-1.6%
Depreciation as % of beginning balance	N.A.	N.A.	4.1%	4.0%	4.0%	4.0%	4.0%	4.0%
Depreciation	N.A.	N.A.	1,274	1,204	1,724	2,318	3,025	3,877
Other adjustments	N.A.	(9,537)	(13,768)	-	-	-	-	-
Right-of-use Assets								
Leasehold Land	N.A.	2,471	2,330	2,330	2,330	2,330	2,330	2,330
Land use rights	N.A.	1,214	1,432	1,432	1,432	1,432	1,432	1,432
Buildings, plant and equipment	N.A.	3,338	4,045	4,045	4,045	4,045	4,045	4,045
Others	N.A.	791	708	708	708	708	708	708
Total right-of-use assets	N.A.	7,813	8,515	8,515	8,515	8,515	8,515	8,515
Change in Leasehold Land	N.A.	N.A.	(141)	-	-	-	-	-
Change in Land use rights	N.A.	N.A.	218	-	-	-	-	-
Change in Buildings, plant and equipment	N.A.	N.A.	708	-	-	-	-	-
Change in Others	N.A.	N.A.	(83)	-	-	-	-	-
Supporting Schedules								
(HKD million, Financial Year End Jun. 30)								
Intangible Concession Rights & Intangible Assets								
Intangible Concession Rights								
Net book value at beginning of period	N.A.	11,404	5,052	3,532	3,603	3,675	3,749	3,823
Additions	N.A.	-	5,167	177	180	184	187	191
Disposals	N.A.	(131)	(233)	-	-	-	-	-
Accum. amortization (historicals) / Amortization	N.A.	(6,221)	(6,453)	(106)	(108)	(110)	(112)	(115)
Other adjustments	N.A.	-	-	-	-	-	-	-
Net book value at end of period	11,404	5,052	3,532	3,603	3,675	3,749	3,823	3,900
Additions as % of beginning balance	N.A.	0.0%	102.3%	5.0%	5.0%	5.0%	5.0%	5.0%
Disposals as % of beginning balance	N.A.	-1.2%	-4.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortization as % of beginning balance	N.A.	N.A.	4.6%	3.0%	3.0%	3.0%	3.0%	3.0%
Amortization	N.A.	N.A.	(233)	(106)	(108)	(110)	(112)	(115)
Other adjustments	N.A.	-	-	-	-	-	-	-
Intangible Assets								
Net book value at beginning of period	N.A.	3,782	2,776	1,003	803	642	514	411
Additions	N.A.	1	46	-	-	-	-	-
Disposals	N.A.	(2)	(9)	-	-	-	-	-
Accum. amortization (historicals) / Amortization	N.A.	(1,005)	(1,809)	(201)	(161)	(128)	(103)	(82)
Other adjustments	N.A.	-	-	-	-	-	-	-
Net book value at end of period	3,782	2,776	1,003	803	642	514	411	329
Additions as % of beginning balance	N.A.	0.0%	1.6%	0.0%	0.0%	0.0%	0.0%	0.0%
Disposals as % of beginning balance	N.A.	-0.1%	-0.3%	0.0%	0.0%	0.0%	0.0%	0.0%
Amortisation as % of beginning balance	N.A.	N.A.	-29.0%	20.0%	20.0%	20.0%	20.0%	20.0%
Amortisation as % of beginning balance	N.A.	N.A.	(804)	(201)	(161)	(128)	(103)	(82)
Other adjustments	N.A.	-	-	-	-	-	-	-
Other Non-current Assets								
Properties for development	19,656	28,922	35,424	42,509	51,011	56,112	61,723	67,895
Interests in joint ventures and associated companies	73,844	76,197	64,157	64,157	64,157	64,157	64,157	64,157
Other Investments	12,598	13,591	54,774	54,774	54,774	54,774	54,774	54,774
Deferred tax assets	749	764	1,120	744	737	707	635	662
Other non-current assets	7,699	15,858	31,684	47,527	47,527	47,527	47,527	47,527
Properties for development % change	N.A.	47.1%	22.5%	20%	20%	10%	10%	10%
Interests in joint ventures and associated companies % change	N.A.	3.2%	-15.8%	0%	0%	0%	0%	0%
Other Investments % change	N.A.	7.9%	303.0%	0%	0%	0%	0%	0%
Deferred tax assets days	44	37	54	50	45	40	35	35
Change in other non-current assets	N.A.	106.0%	99.8%	50%	0%	0%	0%	0%

Supporting Schedules								
<i>(HKD million, Financial Year End Jun. 30)</i>								
	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F
Other Current Assets								
Properties under development	37,171	34,146	48,658	51,091	53,645	56,327	59,144	62,101
Properties held for sale	42,301	23,130	17,724	17,724	17,724	17,724	17,724	17,724
Properties held for sale - non-current assets portion	2,756	1,805	1,858	1,858	1,876	1,895	1,914	1,933
Inventories	832	806	685	685	685	685	685	685
Debtors, prepayments, premium receivables and contract assets	25,520	25,722	35,189	35,234	35,492	34,476	32,864	33,951
Other investments	20	825	10,723	10,723	10,723	10,723	10,723	10,723
Restricted bank balances	68	3	144	144	144	144	144	144
Properties under development % change	N.A.	-8.1%	42.5%	5%	5%	5%	5%	5%
Properties held for sale % change	N.A.	-45.3%	-23.4%	0%	0%	0%	0%	0%
Properties held for sale - non-current assets portion % change	N.A.	-34.5%	2.9%	0%	1%	0%	1%	1%
Inventories % change	N.A.	-3.1%	-15.0%	0%	0%	0%	0%	0%
Debtors, prepayments, premium receivables and contract assets days	153	122	218	150	140	130	120	120
Other investments % change	N.A.	4130.8%	1199.7%	0%	0%	0%	0%	0%
Restricted bank balances % change	N.A.	-96.3%	5676.0%	0%	0%	0%	0%	0%
Non-current Liabilities								
Insurance and investment contract liabilities	-	-	14,455	14,455	14,455	14,455	14,455	14,455
Deferred tax liabilities	10,288	10,371	11,546	8,185	9,003	9,715	9,971	10,402
Other non-current liabilities	1,172	1,734	7,053	7,053	7,053	7,053	7,053	7,053
Insurance and investment contract liabilities change	N.A.	-	14,455	-	-	-	-	-
Deferred tax liabilities days	599	505	560	550	550	550	550	550
Other non-current liabilities change	N.A.	562	5,319	-	-	-	-	-
Current Liabilities								
Creditors, accrued charges, payables to policy holders and contract lia	65,059	48,753	54,101	76,340	86,513	94,808	102,357	110,339
Current tax payable	8,992	10,641	11,067	7,888	8,675	9,362	9,609	10,024
Other current liabilities	9	87	30,840	30,840	30,840	30,840	30,840	30,840
Creditors, accrued charges, payables to policy holders and contract lia	592	344	505	500	525	550	575	600
Current tax payable days	523	519	537	530	530	530	530	530
Other current liabilities change	N.A.	78	30,753	-	-	-	-	-
Shareholders' Equity								
Share capital	77,526	77,875	78,226	78,226	78,226	78,226	78,226	78,226
Reserves	138,724	145,989	134,798	142,946	151,907	161,578	171,505	181,859
Perpetual capital securities	9,452	21,506	37,092	37,092	37,092	37,092	37,092	37,092
Non-controlling interests	29,480	29,995	29,630	29,630	29,630	29,630	29,630	29,630
Share capital change	N.A.	349	350	-	-	-	-	-
Reserves change	N.A.	7,265	(11,192)	8,148	8,962	9,671	9,926	10,355
Perpetual capital securities change	N.A.	12,054	15,587	-	-	-	-	-
Non-controlling interests change	N.A.	514	(365)	-	-	-	-	-
Dividends paid	858	4,899	5,217	8,148	8,962	9,671	9,926	10,355
Dividend payout ratio	3%	23%	160%	50%	50%	50%	50%	50%

Debt Schedule

Debt Schedule										
<i>(HKD million, Financial Year End Jun. 30)</i>										
	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F
	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	31/12/24	31/12/25	31/12/26	31/12/27
Debt Schedule Overview										
Debt balance by borrowing type										
Short-term borrowings				50,000	140,000	155,000	165,000	195,000	195,000	195,000
Current portion of long-term borrowings				11,137	7,864	2,245	-	1,322	4,675	-
Long-term borrowings				37,274	29,410	27,165	27,165	25,843	21,168	21,168
Total borrowings				98,411	177,274	184,410	192,165	222,165	220,843	216,168
Debt balance by maturity										
Less than 1 year				61,137	147,864	157,245	165,000	196,322	199,675	195,000
Between 1-2 years				7,864	2,245	-	1,322	4,675	-	14,067
Between 2-5 years				3,567	5,997	5,997	18,742	19,018	19,018	4,951
Over 5 years				25,843	21,168	21,168	7,101	2,150	2,150	2,150
Total borrowings				98,411	177,274	184,410	192,165	222,165	220,843	216,168
Total interest payments				2,740	3,052	5,078	5,373	5,643	6,391	6,169
Average funding cost				2.8%	1.7%	2.8%	2.8%	2.5%	2.9%	2.9%
Short-term Borrowings										
Short-term borrowings beginning balance	N.A.	8,778	15,855	20,167	50,000	140,000	155,000	165,000	195,000	195,000
Addition to short-term borrowings	N.A.	15,855	20,167	50,000	140,000	155,000	165,000	195,000	195,000	195,000
Repayment of short-term borrowings	N.A.	(8,778)	(15,855)	(20,167)	(50,000)	(140,000)	(155,000)	(165,000)	(195,000)	(195,000)
Short-term borrowings ending balance	8,778	15,855	20,167	50,000	140,000	155,000	165,000	195,000	195,000	195,000
Minimum cash balance	N.A.	N.A.	N.A.	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Manual addition to Short-term borrowings	N.A.	N.A.	N.A.	50,000	140,000	155,000	165,000	195,000	195,000	195,000
Interest payments	N.A.	N.A.	N.A.	544	1,350	3,780	4,185	4,455	5,265	5,265
Interest payment as % of beginning balance	N.A.	N.A.	N.A.	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%

Debt Schedule										
<i>(HKD million, Financial Year End Jun. 30)</i>										
	2018A	2019A	2020A	2021A	2022A	2023F	2024F	2025F	2026F	2027F
	31/12/18	31/12/19	31/12/20	31/12/21	31/12/22	31/12/23	31/12/24	31/12/25	31/12/26	31/12/27
Long-term Borrowings										
Notes maturity										
Less than 1 year				11,137	7,864	2,245	-	1,322	4,675	-
Between 1-2 years				7,864	2,245	-	1,322	4,675	-	14,067
Between 2-5 years				3,567	5,997	5,997	18,742	19,018	19,018	4,951
Over 5 years				25,843	21,168	21,168	7,101	2,150	2,150	2,150
Total Notes				48,411	37,274	29,410	27,165	27,165	25,843	21,168
Maturity (years)										
1				11,137	7,864	2,245	-	1,322	4,675	-
2				7,864	2,245	-	1,322	4,675	-	14,067
3				2,245	-	1,322	4,675	-	14,067	4,951
4				-	1,322	4,675	-	14,067	4,951	-
5				1,322	4,675	-	14,067	4,951	-	-
Over 5 years				25,843	21,168	21,168	7,101	2,150	2,150	2,150
Total Notes				48,411	37,274	29,410	27,165	27,165	25,843	21,168
Principal Outstanding										
New World China Land Ltd 2022 5.000%				800	-	-	-	-	-	-
New World China Land Ltd 2022 5.000%				800	-	-	-	-	-	-
NWD MTN Ltd 2024 5.900%				500	500	500	-	-	-	-
New World China Land Ltd 2027 4.750%				4,675	4,675	4,675	4,675	4,675	4,675	-
NWD MTN Ltd 2021 5.250%				-	-	-	-	-	-	-
NWD MTN Ltd 2024 5.500%				600	600	600	-	-	-	-
NWD MTN Ltd. 2022 1.500%				150	-	-	-	-	-	-
New World China Land Ltd 2022 4.750%				271	-	-	-	-	-	-
New World China Land Ltd 2022 4.750%				271	-	-	-	-	-	-
NWD MTN Ltd 2024 3.500%				700	700	700	-	-	-	-
NWD MTN Ltd 2024 5.250%				445	445	445	-	-	-	-
NWD MTN Ltd 2026 4.650%				450	450	450	450	450	-	-
NWD MTN Ltd 2026 4.700%				872	872	872	872	872	-	-
NWD MTN Ltd 2029 4.000%				1,150	1,150	1,150	1,150	1,150	1,150	1,150
New World Capital Finance Ltd 2022 5.400%				340	-	-	-	-	-	-
FTL Capital Ltd 2023 4.125%				1,948	1,948	-	-	-	-	-
NWD MTN Ltd. 2030 3.830%				300	300	300	300	300	300	300
NWD MTN Ltd 2022 2.650%				400	-	-	-	-	-	-
NWD MTN Ltd 2022 2.650%				103	-	-	-	-	-	-
NWD MTN Ltd 2029 3.800%				450	450	450	450	450	450	450
NWD MTN Ltd. 2030 4.500%				4,651	4,651	4,651	4,651	4,651	4,651	4,651
New World Development Co Ltd 2034 4.050%				650	650	650	650	650	650	650
Digix Hong Kong Ltd 2029 4.250%				5,065	5,065	5,065	5,065	5,065	5,065	5,065
NWD MTN Ltd 2029 4.125%				7,402	7,402	7,402	7,402	7,402	7,402	7,402
New World Development Co Ltd 2022 5.000%				300	-	-	-	-	-	-
New World Development Co Ltd 2022 5.000%				300	-	-	-	-	-	-
NWD MTN Ltd 2023 5.900%				1,150	1,150	-	-	-	-	-
NWD MTN Ltd 2023 6.000%				2,000	2,000	-	-	-	-	-
NWD MTN Ltd 2022 4.375%				7,402	-	-	-	-	-	-
New World China Land Ltd 2023 4.750%				2,416	2,416	-	-	-	-	-
NWD MTN Ltd 2023 5.750%				350	350	-	-	-	-	-
NWD MTN Ltd 2049 4.890%				1,500	1,500	1,500	1,500	1,500	1,500	1,500
Total Principal Outstanding				48,411	37,274	29,410	27,165	27,165	25,843	21,168