



新創建 NWS

New World Group Member



Value creation through portfolio optimization

16 May 2022

Summary of the 3 Transactions



Roads



Logistics



Aviation

Acquisition

Disposal

Announcement date

26 April 2022

16 May 2022

16 May 2022

Transaction description

Acquisition of 40% stake in Guigang-Wuzhou Expressway (“Guiwu Expressway” 貴梧高速)

1. Acquisition of 6 logistics properties in Chengdu & Wuhan
2. Formation of an operating manager JV (50/50) with Goodman Group

Disposal of all of aircraft leasing business (50% NWS/ 50% Chow Tai Fook Enterprises) except for 6 aircraft related to Russian lessees

Total consideration

RMB1,902.4M/ HK\$2,334.2M

RMB2,290M/ HK\$2,663M

US\$1,575M/ HK\$12,285M
(incl. base consideration + ticking fee)
NWS’ attributable portion:
US\$787.5M/ c.HK\$6,142.5M

Net capital inflow HK\$1,145.3M

Valuation

PB 1.2x

Independent 3rd-party valuation
RMB2,323M

Transactions Rationale and Benefits

1

Timely exit with good valuation from aircraft leasing business with higher risk and uncertainties in its recovery

- Uncertainties and volatilities caused by macro factors such as changes in interest rate and COVID-19

2

Enhanced earnings quality of business portfolio with immediate AOP contribution from newly acquired assets, clearer earnings visibility and cash flow

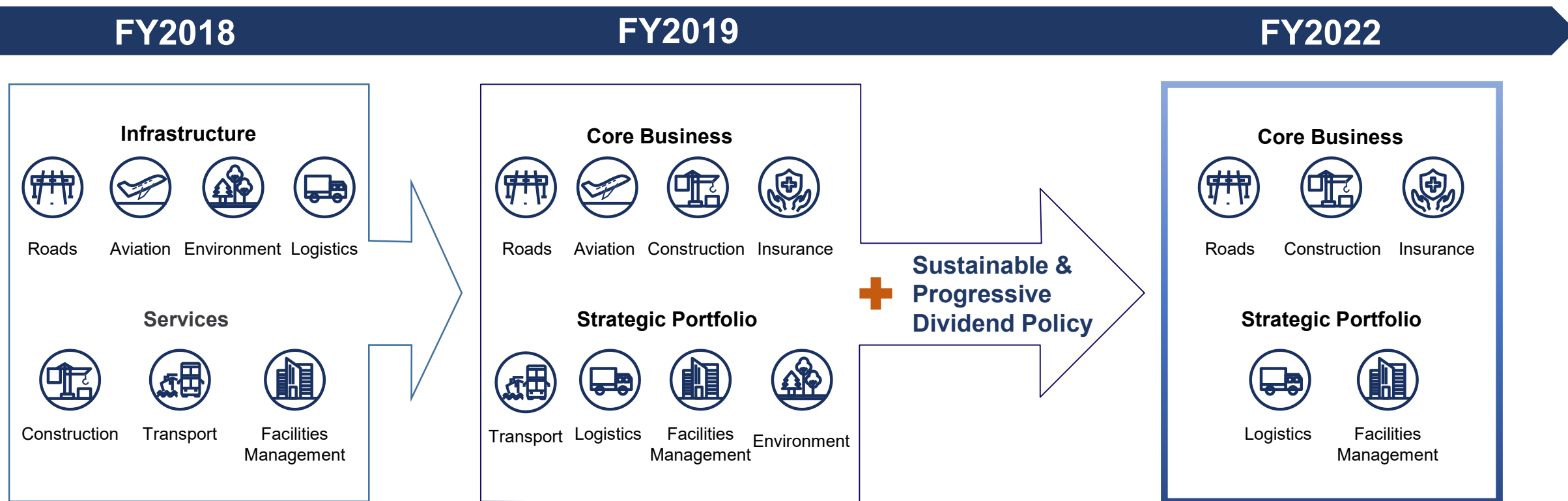
- The immediate AOP contribution from the newly acquired assets, which is in line with the Group's strategy of acquiring assets with strong recurring income and cash flow, set to further strengthen the earnings growth prospect and cash flow of the Group's overall business portfolio
- The 3 remaining segments within Core Business and Logistics, which have better visibility on growth prospect and sustainable income stream and cash flow, accounted for an increasing proportion of Group's AOP

3

Strengthened shareholders' return, supporting Sustainable and Progressive Dividend Policy

- Improved return on equity on an absolute and risk-adjusted basis, further strengthened growth profile whilst continue to build a foundation for Sustainable and Progressive Dividend Policy

Corporate Strategy Evolution & Optimizing Business Portfolio



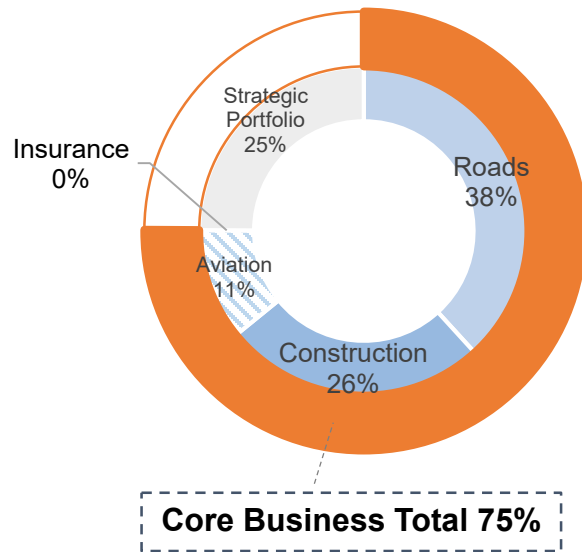
Simpler Business Portfolio, Clearer Focus, Improved Earnings Quality & Cash Flow

Supporting Continuous Earnings Growth and Sustainable & Progressive Dividend Policy

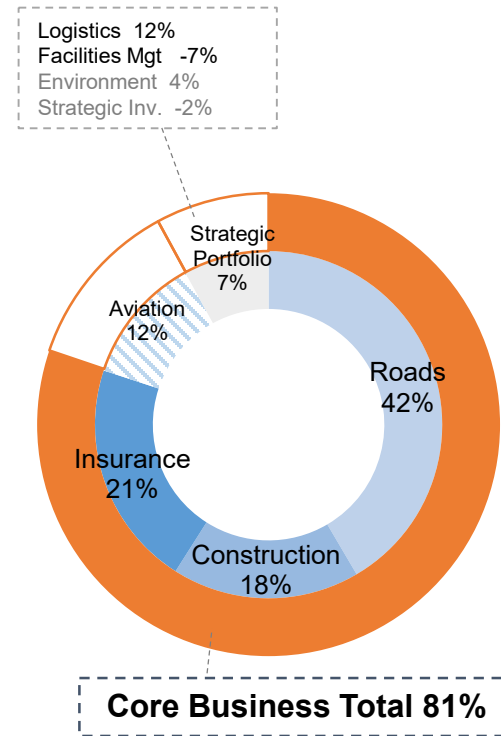
Improving Earnings Quality and Visibility from Increasing Contribution from Core Business (Roads, Construction & Insurance)

AOP Breakdown

FY2019



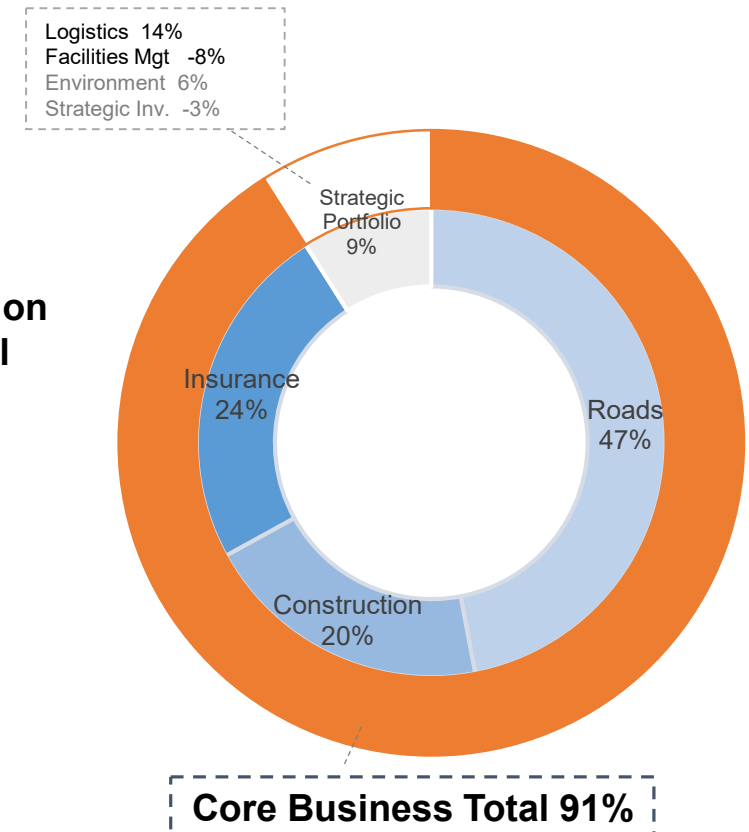
1H FY2022



(excl. Aviation from total AOP)



1H FY2022*



* On a pro-forma basis excluding Aviation from 1HFY2022 total AOP for illustration purpose

Transaction Overview



Roads

Acquisition of Guiwu Expressway

Transaction Highlight

Announcement date	26 April 2022
Project name	Guiwu Expressway 貴梧高速
Location	Guangxi Zhuang Autonomous Region (between Guigang and Wuzhou)
Length	198km
No. of lanes	Dual 2 lanes
Concession expiry	January 2045
Partner	Logan Transport Group Co., Ltd 龍光交通集團有限公司 (60%)
Total consideration	RMB1,902.4M/ HK\$2,334.2M (PB 1.2x and CY2021 PE 27.8x)
NWS Stake	40%

Key financials (at 100% level)

HK\$M	For the financial year ended 31 December	
	2021	2020
Net profit/(loss) before income tax	246.9	(117.9)
Net profit/(loss) after income tax	210.1	(83.2)
NAV (as at 31 December 2021)	4,814.5	



Guiwu Expressway – Quality Road Asset with Ample Growth Potential

1 Enrich road portfolio with immediate AOP contribution and cash inflow

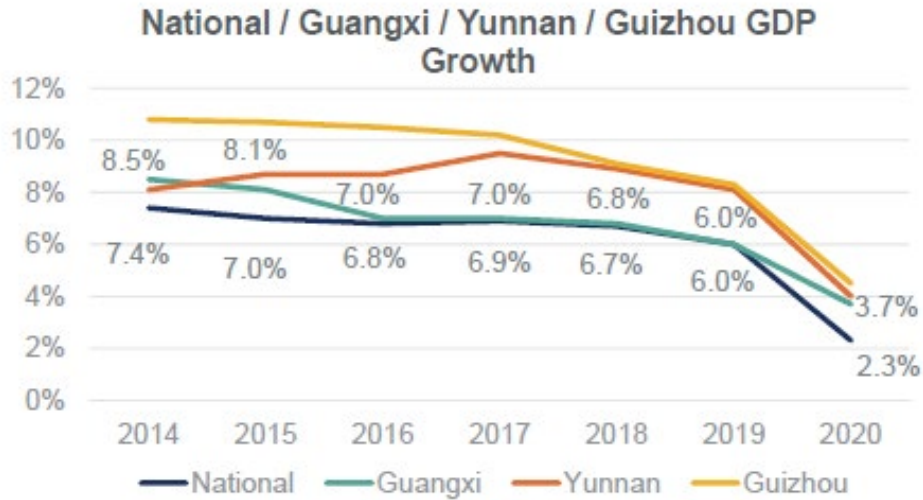
2 Long remaining concession period of 23 years further lengthened average remaining concession period of road portfolio

- Average remaining concession period of the overall road portfolio extended to c.11 years
- Long average remaining concession period of the portfolio ensure stable recurring income and cash flow in the forthcoming years
- This newly acquired road, together with the 3 roads acquired in the past years, will strengthen the future AOP growth of the whole road portfolio

3 Excellent location rendering excellent growth prospect

- Located in transportation hub in Southwestern region of the Mainland, connecting Guangxi, Guangdong, Yunnan and ASEAN markets
- Benefitting from national economic polices on ASEAN Economic Ring, The Belt and Road Initiative, The Beibu Bay Economic Zone and The Greater Bay Area

Economic Overview of the Guigang & Wuzhou area



Guigang / Wuzhou Key Economic Indicator 2020

	Guigang	Wuzhou
GDP (RMB'b)	135.27	108.13
Population ('million)	5.67	3.55



Car Ownership CAGR 2012 - 2020

Region	CAGR	City	CAGR
National	12.14%	Nanning	15.26%
Guangxi	15.90%	Wuzhou	16.99%
Yunnan	11.56%	Guigang	19.94%
Guizhou	16.79%		

Note: Yunnan and Guizhou Province are main origins and destinations of Guiwu Expressway long-distance traffic.

Optimistic traffic and revenue growth outlook driven by

- 1) The outperforming national level GDP growth of Guigang and Wuzhou area
- 2) Fast-growing car ownership number in Guigang and Wuzhou area with double digit CAGR in 2012-2020

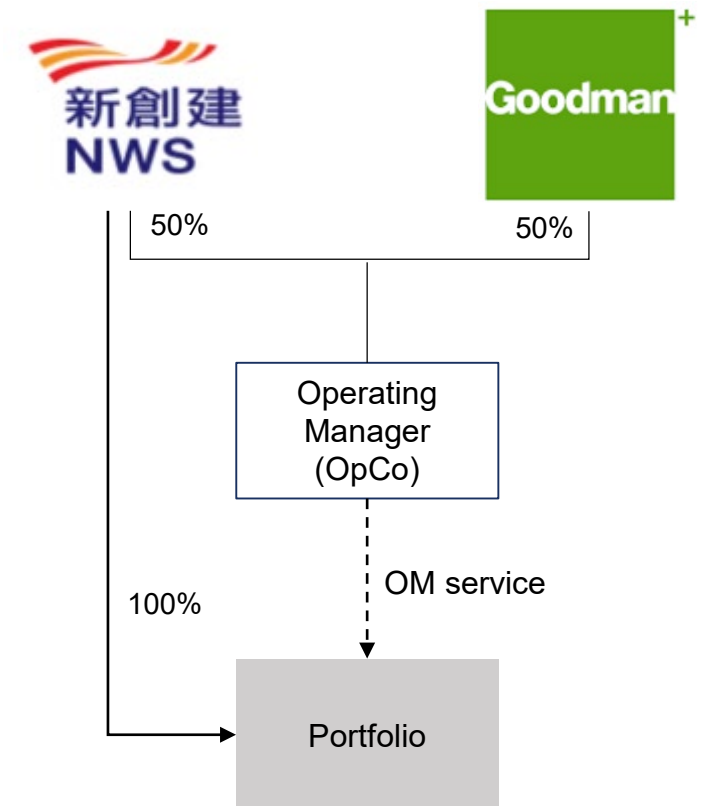
Transaction Overview



Logistics

Acquisition of a Portfolio of 6 Logistics Properties in Chengdu & Wuhan

Transaction Highlight	
Announcement date	16 May 2022
Transaction structure	1) Acquisition of six logistics properties in Chengdu & Wuhan (the “Portfolio”) 2) Formation of an operating manager joint venture (50/50) with Goodman Group
Total gross leasable area	531,000 sqm.
Total consideration	RMB2,290M / HK\$2,663M
Aggregate gross revenue (for the year ended 31 Dec 2021)	Over RMB100M



Tapping the Burgeoning Logistics Sector in Central & Western Logistics Hubs

1 Quality and modern warehouses in locations with robust demand

- Brisk economic growth of Chengdu and Wuhan fuels logistics demand
- Superior location of warehouses warrants demand and rental growth
- Best in class properties developed by global market leader, consistent outperformance in rent and occupancy since completion supported by a diversified tenant portfolio with a mix of blue-chip tenants which include MNCs, e-commerce giants and top logistics players in the industry

2 Attractive return to enhance shareholders' value with immediate AOP and cash flow contribution + growth prospect

- Expected IRR in line with Group's target for new investment
- Providing IMMEDIATE AOP contribution and cash flow to the Group (with 90% average occupancy for operational assets)
- Property under development expect to come online around end of June 2022 and land set to provide further growth potential

3 Facilitate the building of ecosystem within Logistics segment

- Synergies are expected to be formed with other asset and business within Logistics segment, such as ATL, CUIRC and modern logistics, and benefitting the whole segment going forward

4 An important step for NWS' development in Logistics segment

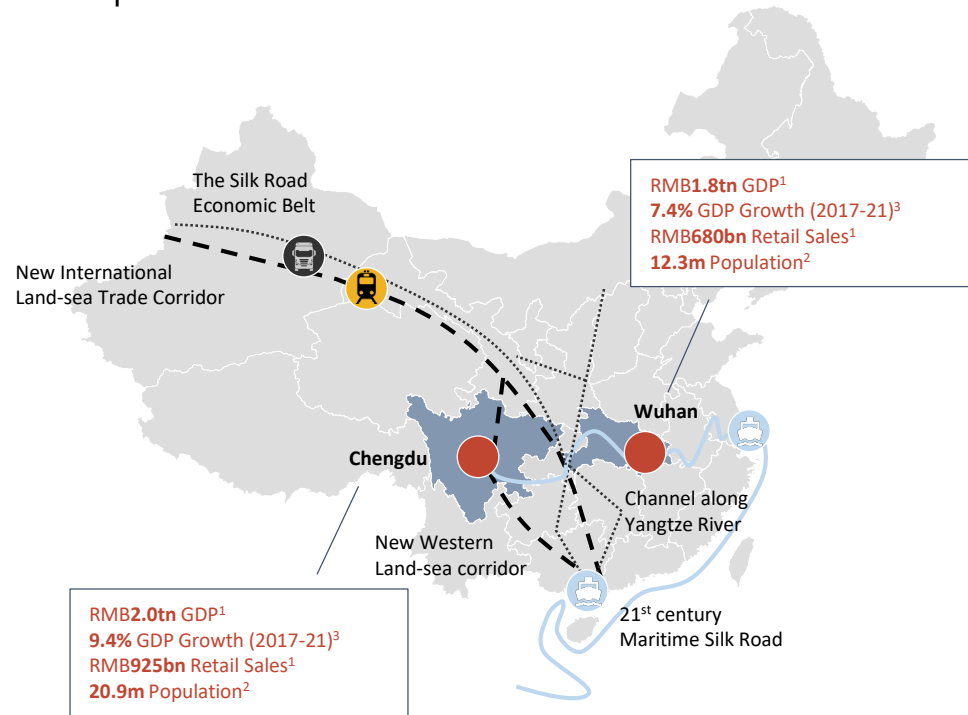
- The 50/50 Operating Manager JV with Goodman facilitates potential collaboration and future cooperation opportunities in the Mainland
- Facilitate NWS in developing its own operation team and expertise in the Logistics segment in the Mainland



High-quality Sizeable Acquisition Opportunity

✓ Sizeable portfolio in strategic locations – Chengdu & Wuhan

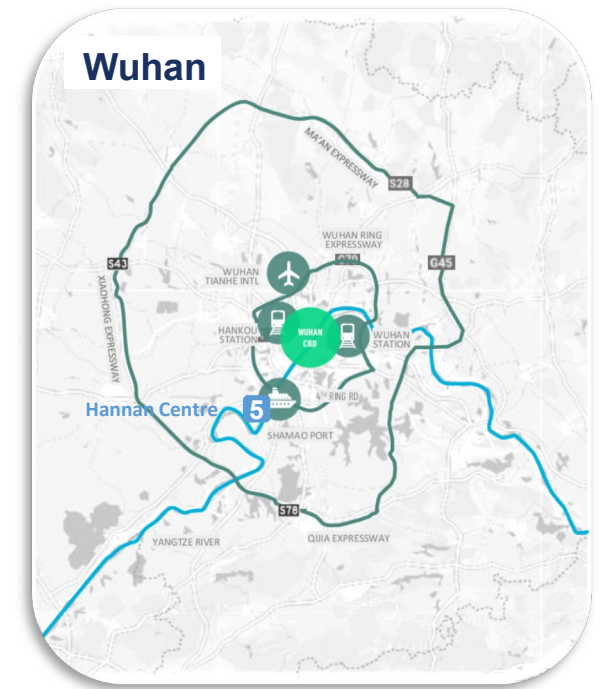
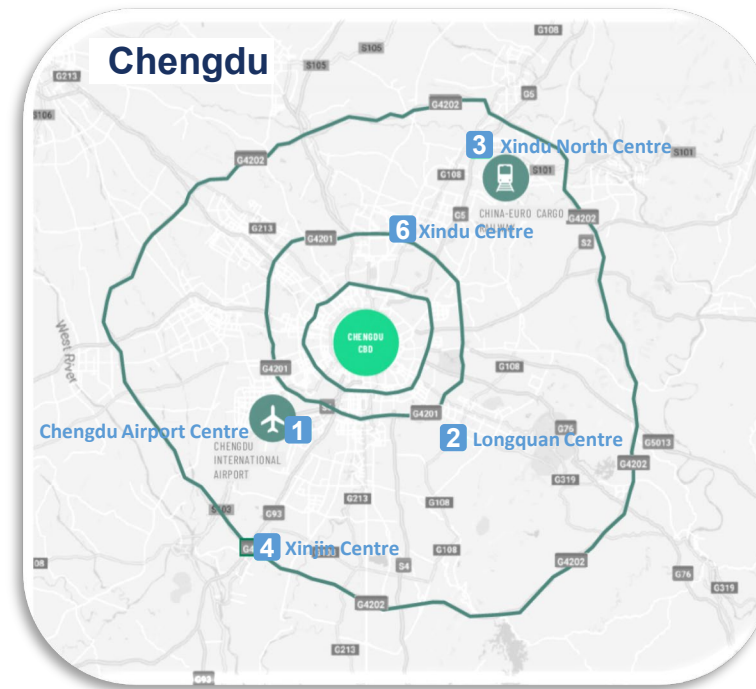
- Chengdu and Wuhan have high economic and consumption growth and are important logistics hubs on new international land-sea trade corridor
- The 5 properties in Chengdu and 1 property in Wuhan have close proximity to established road, rail, air and sea transportation nodes
- The 5 properties collectively ranked 5th in market share in Chengdu in terms of GLA, assuming the properties are fully completed according to current development plans



Sources: CBRE, CEIC Data

Note:

1. As of 2021
2. As of 2020
3. Average growth rate





High-quality Sizeable Acquisition Opportunity (cont'd)

✓ Premium logistics properties with good operational metrics



90%+ average occupancy rate¹



3.1 yrs weighted average lease expiry¹



64% single level
36% double level with ramp access



Three assets with cross-docking features



Typical 9.5-10.5m net ceiling height with potential for automation



Sustainability features incl. LED lighting, rainwater reuse and roof safety system



Single Level Warehouse



Ramp Access to Double Level



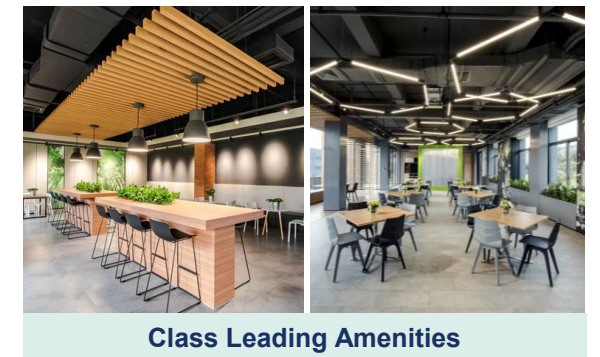
Efficient Vehicular Access



High Ceiling



Potential for Automation



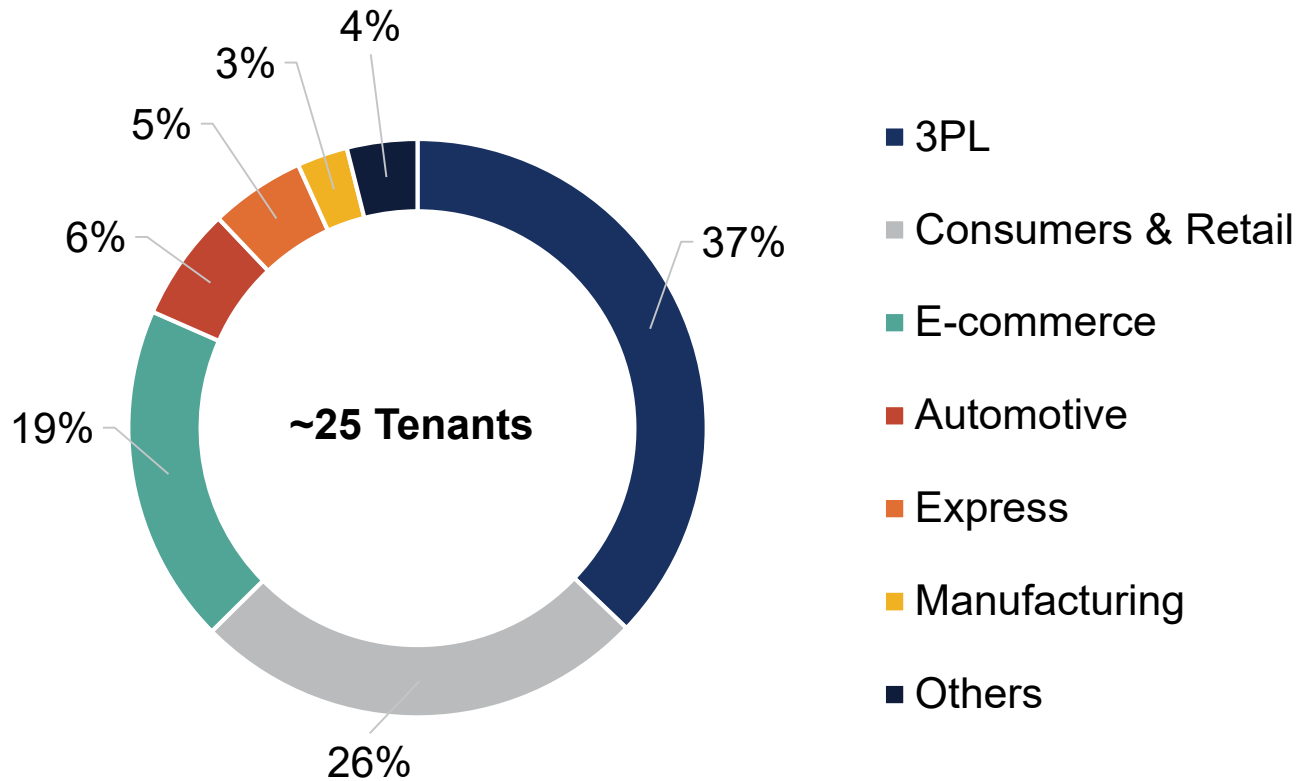
Class Leading Amenities

Note:
1. Completed assets as of 31 March 2022

High-quality Sizeable Acquisition Opportunity (cont'd)

✓ Diversified mix of blue-chip tenants

Breakdown by Tenant Industry¹



Featuring anchor tenants from a diverse range of leading retail, e-commerce and logistics companies



Note:
1. Tenancy as of 1 April 2022 by GLA



Overview of the Portfolio



Chengdu Airport Logistics Centre

City	Chengdu
Completion year	2019
GLA (sqm)	53,042
Land Tenure Remaining (years)	41
Specifications	Double-storey with ramp



Longquan Logistics Centre

City	Chengdu
Completion year	2018
GLA (sqm)	77,783
Land Tenure Remaining (years)	41
Specifications	Single-storey



Overview of the Portfolio (Cont'd)



Xindu North Industrial Park

City	Chengdu
Completion year	2016
GLA (sqm)	71,413
Land Tenure Remaining (years)	42
Specifications	Single-storey



Xinjin Logistics Centre

City	Chengdu
Completion year	2018
GLA (sqm)	67,310 (Total) 27,599 (Completed) + 39,711 (Land)
Land Tenure Remaining (years)	42 / 44
Specifications	Single-storey



Overview of the Portfolio (Cont'd)



Xindu Logistics Centre

City	Chengdu
Completion year	Est. end of June 2022
GLA (sqm)	92,756
Land Tenure Remaining (years)	47
Specifications	Double-storey with ramp



Hannan Logistics Park

City	Wuhan
Completion year	2016-2021
GLA (sqm)	169,153
Land Tenure Remaining (years)	42
Specifications	Single-storey

Chengdu and Wuhan – Robust Demand for Logistics Properties

- Strong demand for logistics properties in the Mainland driven by modernizing logistics services, evolving manufacturing industry, high e-commerce penetration and shift to consumption-driven economy; while supply remains limited especially for Grade A properties in prime locations
- Benefitting from the Belt and Road Initiatives and economic boom, key cities in Western region of the Mainland including Chengdu and Wuhan have been leading economic growth in the Mainland in recent years

Chengdu

7th Rank in the Mainland
in terms of GDP

Superior fundamentals:

- Excellent connectivity and infrastructure
- Proliferation of industrial and manufacturing activities

Our properties are all located in major logistics submarkets in Chengdu

Major players incl. GLP, ESR, Prologis and Mapletree also have foothold in various submarkets in Chengdu



Wuhan

9th Rank in the Mainland
in terms of GDP

Solid manufacturing base and improved infrastructure and connectivity

Hannan is a logistics hub in southern Wuhan with increasing demand. Major logistics properties operators including GLP and CNLP also have foothold in Hannan



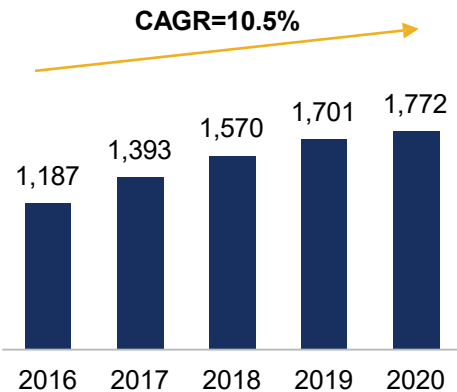


Market overview

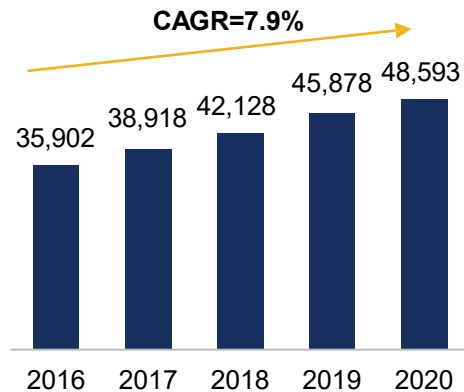
Chengdu

- Chengdu’s economic growth is ahead of most cities in Western region of the Mainland. Steady increase in disposable income and consumption expenditure in Chengdu drives e-commerce growth, fuelling the development of logistics industry
- New supply has been continuously digested thanks to the strong demand for logistics space

Chengdu – GDP (RMB bn)



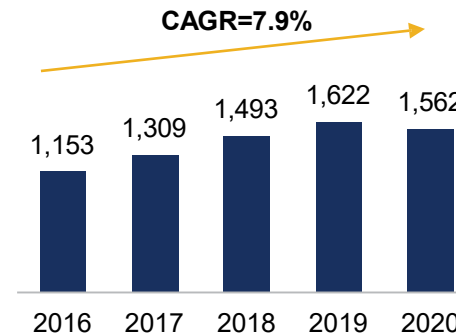
Chengdu – Per capita disposable income of urban households (RMB)



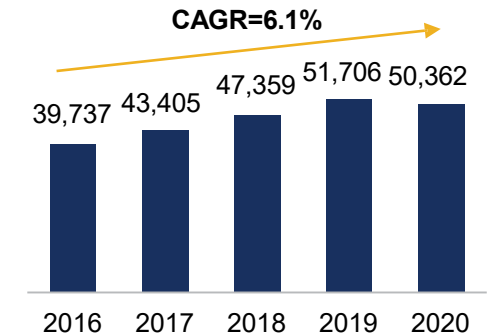
Wuhan

- Located at the juncture of Han River and Yantze River, Wuhan is the capital city of Hubei Province and the most populous city in Central region of the Mainland
- Wuhan achieved a robust GDP growth of 12% p.a. from 2016 to 2019. Although the city experienced a one-off economic shock during the COVID-19 outbreak in 2020, its economy recovered strongly thanks to the effective COVID-19 containment measures

Wuhan – GDP (RMB bn)



Wuhan – Per capita disposable income of urban households (RMB)



Transaction Overview



Aviation



Goshawk Aviation's Sale of its Aircraft Leasing Platform

Transaction Highlight	
Transaction date	16 May 2022
Transaction structure	Goshawk Aviation Limited's disposal of all of aircraft leasing business except for 6 aircraft related to Russian lessees (NWS 50% / Chow Tai Fook Enterprises 50%)
Purchaser	SMBC Aviation Capital
Fleet size	Including owned, managed and committed aircraft and excluding the 6 aircraft leased to Russian airlines, the Transaction involves a fleet of 216 aircraft
Total consideration (Incl. base consideration + ticking fee)	US\$1,575M/ c.HK\$12,285M for the proposed transaction with an Enterprise Value of c.US\$6.7 billion ¹ NWS' attributable portion: US\$787.5M/ c.HK\$6,142.5M
Use of proceeds	Net proceeds will be for general working purposes and potentially redeployed to other investment opportunities with better growth potential and cash flow outlook

Note:

1. As at 30 June 2021. Enterprise value defined as the equity value of the Transaction plus outstanding debt minus cash of Goshawk Aviation and its subsidiaries including the GML Group



Aviation - Timely Exit for Better Capital Redeployment

1 Industry with uncertainties abound

- Uncertainties such as COVID-19 variants, rising interest rates and geopolitical tension are casting shadow on the recovery path and increasing risk, and are having a negative impact on the outlook for lease revenue, net profit, expected credit loss and impairment

2 Increasing interest rates likely squeeze return

- Given the uncertain recovery path, lease rate recovery may not catch up with the increase in interest rates/funding costs, potentially leading to margin compression and lowering return

3 Proceeds may be redeployed to other segment with better growth potential and cash flow outlook

- Such as roads and modern logistics which will generate better return for shareholders

4 Disposal at attractive valuation, unlocking value for shareholders

- The transaction has an implied Enterprise Value of US\$6.7 billion
- 100% cash consideration of approximately US\$1.6 billion will be received by Goshawk upon completion



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Thank You



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