

NWS Holdings Limited

FY2019 Annual Results



Analyst Presentation

24 September 2019

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Section 1

NWS Business Overview

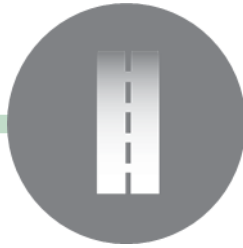
NWS Corporate Structure



NWS Business at a Glance



Core Business



Roads

- 15 toll roads in the PRC (total length of c.700 km)



Aviation

- Goshawk Aviation Limited provides commercial aircraft leasing and management services



Construction

- Hip Hing Group provides professional construction services in HK

*Contributes 75% to AOP – resilient recurring income with growth potential;
Continue to invest in quality assets and increase stable cash flow*



Strategic Portfolio



Environment

- 117 projects in 48 cities across Greater China through SUEZ NWS and Derun Environment
- Water and wastewater treatment, sludge treatment, waste collection and treatment, waste to energy, landfills, environmental remediation, design, engineering and procurement services
- Expanded into European solar power platform during FY2019



Logistics

- ATL Logistics Centre in HK
- Pivotal rail container terminal network across the PRC through China United Int'l Rail Containers ("CUIRC")
- Port in Xiamen



Facilities Management

- Operation and management of HK Convention and Exhibition Centre
- Gleneagles HK Hospital ("GHK")
- Free Duty shops

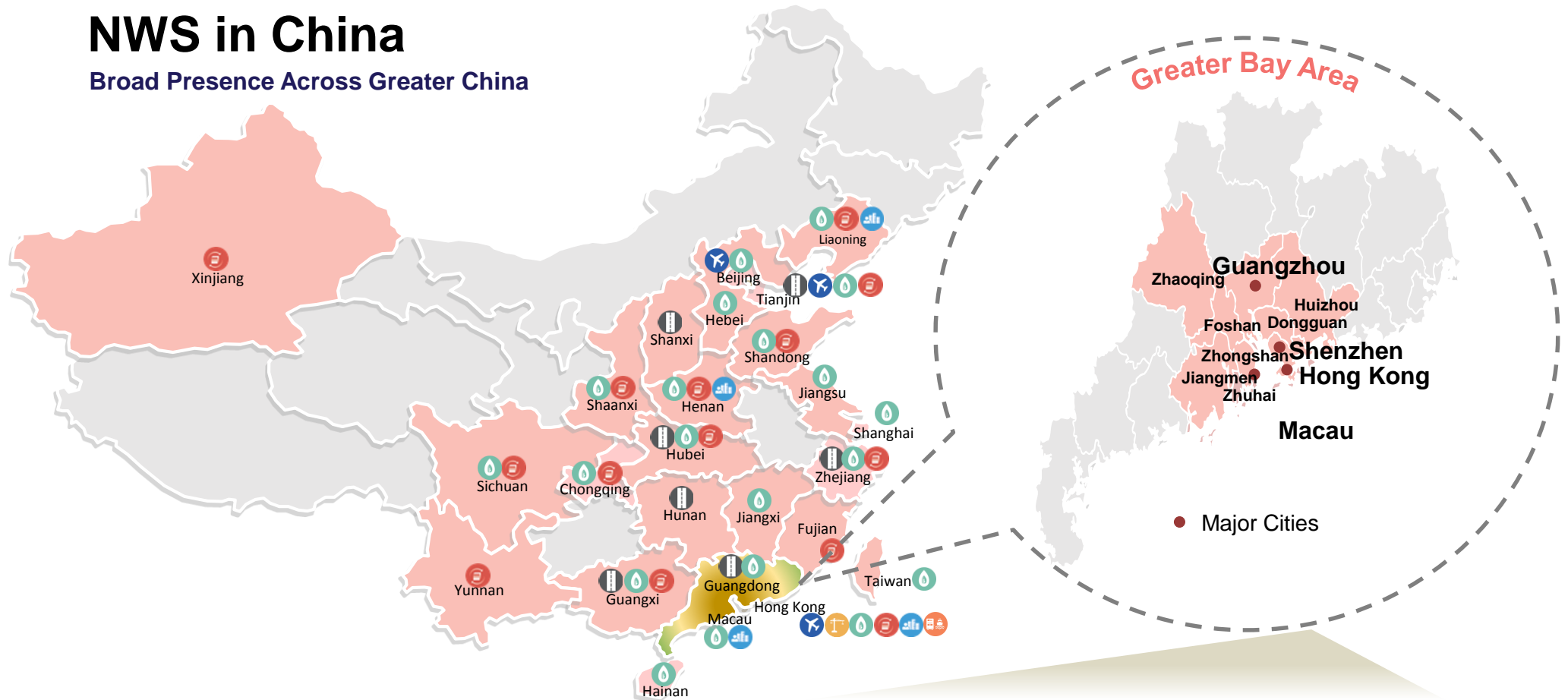


Transport










- New World First Bus
- Citybus
- New World First Ferry

NWS in China

Broad Presence Across Greater China



Presence in Greater Bay Area

-  **7 road projects in GBA**
Total Length: Approx. 320 km
Total Average Daily Traffic Flow: Over 1.1M
-  **Goshawk**
 • Platforms set up in HK and Tianjin Dongjiang Free Trade Port Zone
-  **SUEZ NWS projects located in GBA:** HK, Macau, Shenzhen, Zhongshan, Zhuhai
 • Water & Wastewater treatment (8), Sludge incineration (1), Waste projects (21)
-  **China United International Rail Containers**
 • Guangzhou terminal at construction preparation stage
-  **ATL Logistics Centre**
 • Largest multi-level logistics centre with ramp access in the world
-  **HKCEC**
 • World-class venue with excellent service in global MICE industry
-  **Gleneagles HK Hospital**
 • High quality medical and healthcare services with 35 specialties and subspecialties
-  **Free Duty**
 • Stores located at HK-Zhuhai-Macao Bridge and most land ports
-  **Citybus, New World First Bus and New World First Ferry**
 • Key bus routes from heart of HK to airport, ferry terminal and most of the key ports / border control points leading to GBA

Optimization of Businesses

Fortify Core Business



- Hunan Sui-Yue Expressway
- Hunan Changliu Expressway⁽¹⁾



- Goshawk acquired Sky Aviation (fleet size increased to 223 aircraft⁽²⁾)
- Inaugural Asset-Backed Securities (“ABS”) Issuance of US\$643.6 million



Disposal of Non-Core Assets

Total consideration: HK\$1.4 billion

Hip Seng Group

Urban Parking (Beijing) Limited

Tianjin Orient Container Terminal

Tianjin Five Continents International Container Terminals

Shares of Beijing Capital Int'l Airport (BCIA)

Vision

***Nurture a Resilient and Prospering Enterprise
with Sustainable Long-Term Growth***

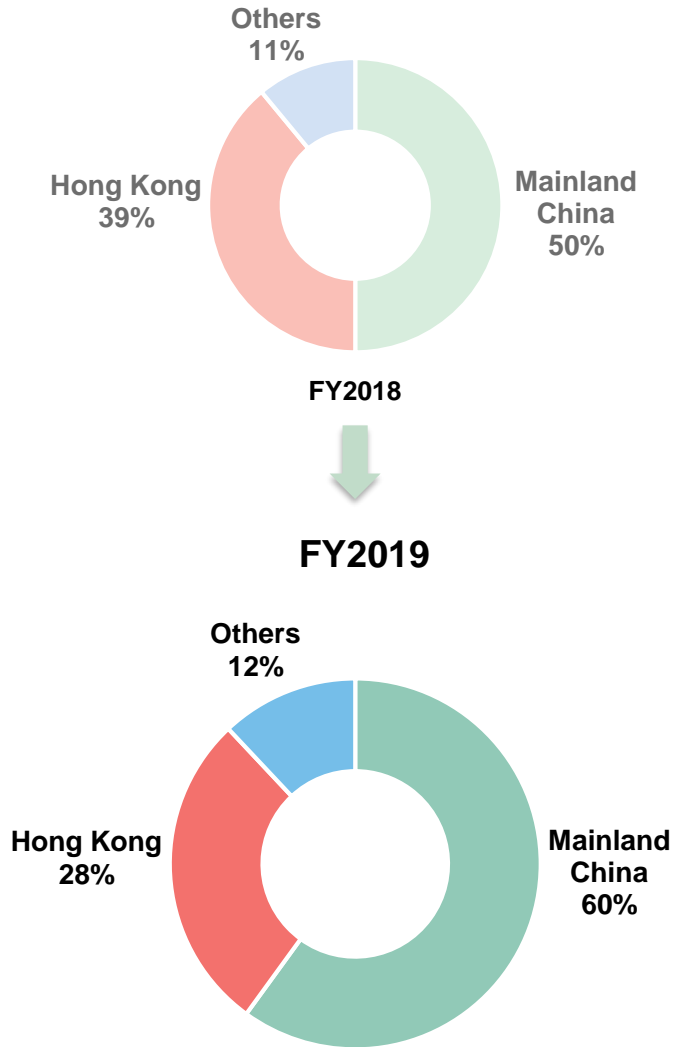
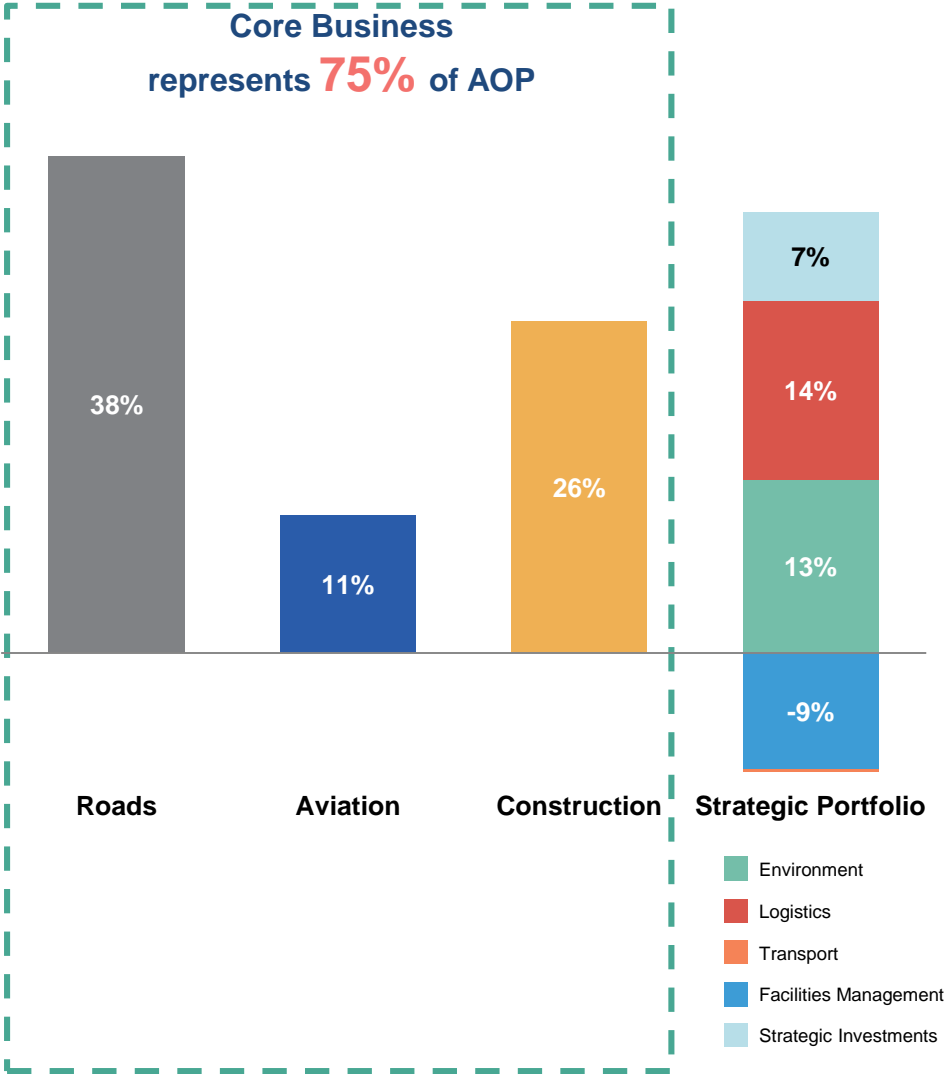
Section 2

FY2019 Financial Summary

AOP by Segment and Geography

AOP Contribution by Segment

AOP Contribution by Geography



Financial Summary

For the year ended 30 Jun	2018 (HK\$MM)	2019 (HK\$MM)	YoY change %
Revenue	35,114.8	26,833.5	(24)
Attributable Operating Profit (AOP) ⁽¹⁾	5,231.9	4,707.4	(10)
<i>One-off exceptional gains / losses</i> ⁽²⁾	1,425.6	318.8	
Profit Attributable to Shareholders (PAT)	6,068.8	4,043.2	(33)
Basic Earnings per share (HK\$)	1.56	1.04	(33)
	As at 30 Jun 2018 (HK\$MM)	As at 30 Jun 2019 (HK\$MM)	
Total cash and bank balances	6,656.6	15,058.9	
Total debt	10,174.6	15,069.4	
Net debt position	3,518.0	10.5	
Net gearing ratio	7%	0%	

• Disposal of Hip Seng Group

• In FY2018, partial disposal and remeasurement gain of Beijing Capital Int'l Airport ("BCIA") accounted for HK\$1.9Bn⁽³⁾ and impairment losses of HK\$600MM on three joint ventures

Notes:

1. Attributable operating profit ("AOP") is defined as profit available for appropriation before corporate office and non-operating items
2. One-off exceptional gains / losses include gains on partial disposal and remeasurement related to an associated company, gain on fair value of investment properties, gain on disposal of projects, net of tax and Impairment losses related to joint ventures.
3. Upon the completion of divestment in Jan 2018, BCIA was reclassified from investment in an associated company to an AFS financial asset in FY2018.

Performance by Segment

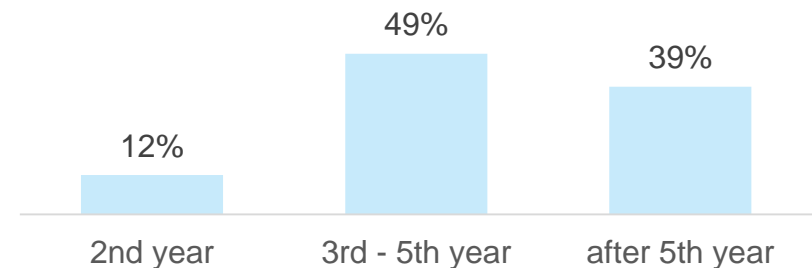
	For the year ended 30 Jun	2018 (HK\$MM)	2019 (HK\$MM)	YoY change %	
Core Business	Roads	1,947.1	1,805.5	(7)	• Excl. exchange rate effect AOP +4%
	Aviation	695.2	500.3	(28)	• BCIA reclassification • Mark-to-market (“MTM”) loss on interest rate swap contracts • One-off acquisition expenses of Sky Aviation
	Construction	1,055.3	1,203.8	14	• Continuous improvement in operational efficiency and satisfactory job progress
	Total	3,697.6	3,509.6	(5)	
Strategic Portfolio	Environment	494.1	629.0	27	• One-off FV gain from SUEZ NWS’ restructuring of a JV
	Logistics	654.6	650.6	(1)	• Cancellation of CUIRC’s special settlement policy and reduction of AOP contribution from the two Tianjin ports
	Facilities Management	(73.1)	(393.4)	(438)	• HKCEC higher royalty and provision for committed CAPEX • GHK ramp up period operating loss narrowed • Rising operating pressures of Free Duty
	Transport	157.6	(10.1)	(106)	• Delay in bus fare adjustment and escalating operating costs • Steady AOP contribution from New World First Ferry
	Strategic Investments	301.1	321.7	7	
	Total	1,534.3	1,197.8	(22)	
Grand Total AOP		5,231.9	4,707.4	(10)	

Optimize Capital Structure Whilst Upholding A Prudent Financial Policy

NWS Financial Policy

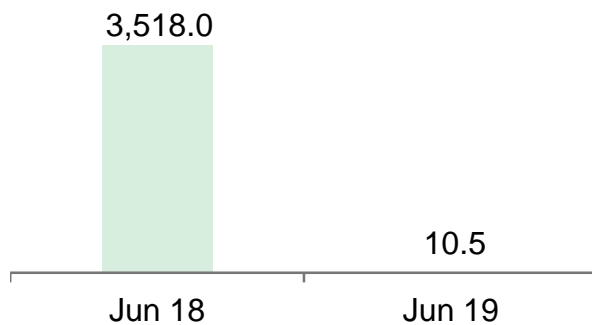
- Ample cash on balance sheet with HK\$15.1Bn as at 30 Jun 2019
- Prudent financial policy and well managed maturity profile allow NWS to maintain financial flexibility for operations, potential investments and growth plans
- Well supported by local and international banks with approx. HK\$12.4Bn of unutilized committed banking facilities as at 30 Jun 2019

Debt Maturity Profile (as of 30 Jun 2019)

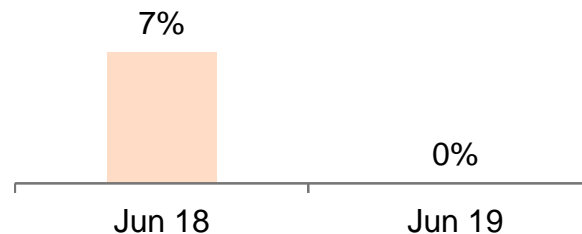


Current leverage as of 30 Jun 2019

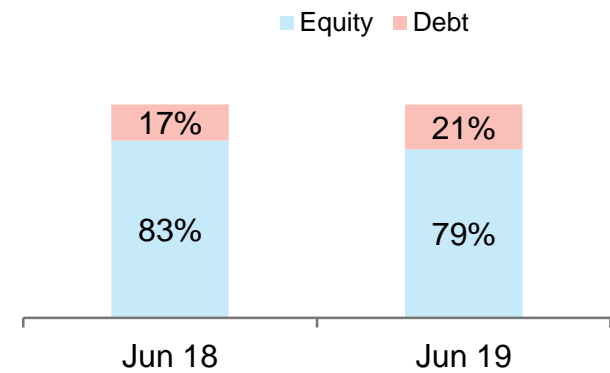
Net Debt⁽¹⁾
HK\$MM



Net Gearing Ratio⁽²⁾
(%)



Capital Structure - Debt & Equity



Actively optimizing our balance sheet with prudent financial policy – recent issuance of a **US\$1.0Bn Senior Perpetual Capital Securities** in Jan 2019 and **US\$300MM** in Jul 2019, **US\$650MM 10-year Senior Notes** in Jun 2019

Section 3

Business Segment Overview and Update



Roads



Aviation



Construction



Core Business



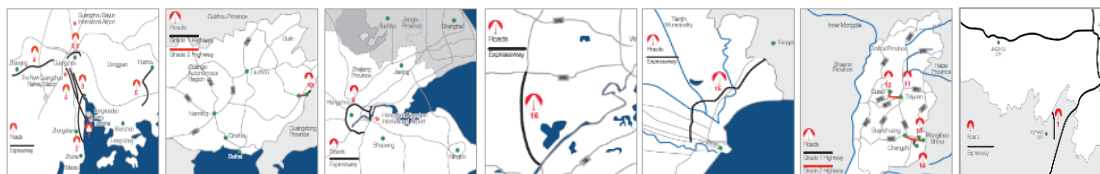


Core Business – Roads

Strategy

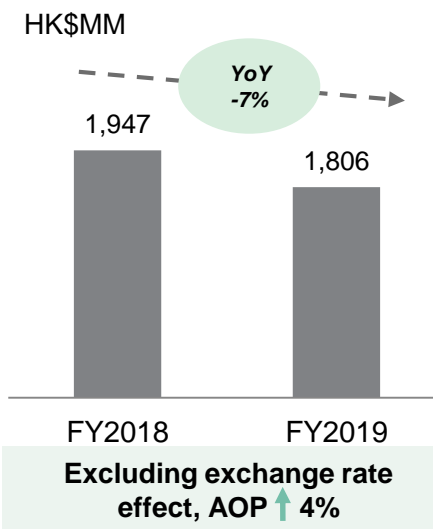
- Continue to acquire quality roads assets with strong cashflow and upside potential to sustain growth

Portfolio of 15 toll roads in PRC approximating 700 km



	Guangdong	Guangxi	Zhejiang	Hubei	Tianjin	Shanxi	Hunan
# of Roads	7	1	1	1	1	3	1
Length	313.9 km	13.0 km	103.4 km	98.06 km	60.67 km	76.52 km	24.08 km
Concession Expiry	2023–2035	2022	2029	2040	2039	2023–2025	2038
Cumulative ADTF ⁽¹⁾ ('000)	1,111	3	89	24	71	8	31 ⁽²⁾
Highest YoY Growth Rate	21%	-26%	8%	5%	14%	115%	N/A

Segment AOP



Business Updates

- 4 anchor expressways
 - Hangzhou Ring Road (100%)
 - Tangjin Expressway (Tianjin North Section) (60%)
 - Guangzhou City Northern Ring Road (65.29%)
 - Beijing-Zhuhai Expressway (Guangzhou-Zhuhai Section) (25%)
- In Dec 2018, NWS completed the acquisition of 40% interest in Hunan Sui-Yue Expressway (湖南隨岳高速公路); 24.08 km with concession rights ending in 2038 and has immediate contribution to our AOP
- In Jul 2019, NWS won the concession rights of Hunan Changliu Expressway (湖南長瀏高速公路); 65 km with average daily traffic flow of 29,000+ vehicles in 2018, 24 years of concession period remaining, being the longest amongst NWS' portfolio

Contribute over 80% of Roads AOP
Highest traffic flow growth rate of 14% yoy



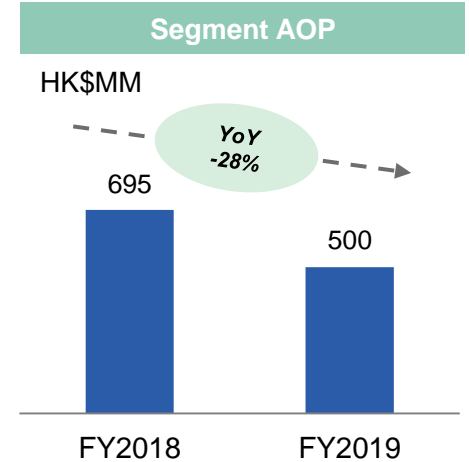
Core Business – Aviation

Strategy

- Multiple sourcing channel to propel sustainable growth via sale and leasebacks, aircraft trading, direct OEM orders and asset management
- Continue to invest in narrow-body aircraft (82% of portfolio) and young fleet with long remaining lease terms

Goshawk's major developments

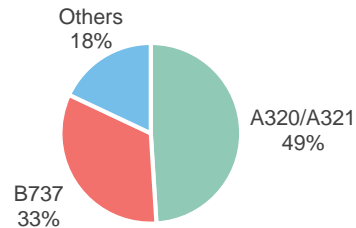
- Completed the acquisition of Sky Aviation which added 51 aircraft
- Inaugural ABS issuance of US\$643.6MM⁽¹⁾
- Together with 40 aircraft directly ordered from Airbus & Boeing, total fleet increased to 223 aircraft (including owned, managed and committed aircraft), US\$11.3Bn portfolio value
- Global top 10 aircraft lessor⁽²⁾



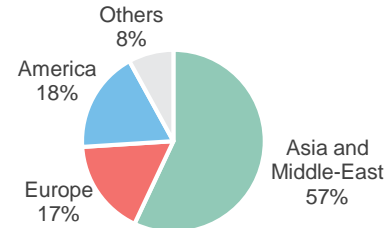
As at 30 Jun 2019, 154 aircraft on book

- Lessees: **60** airlines over **33** countries
- Young fleet (avg. **3.9** years)
- Long remaining lease terms (avg. **6.8** years)

Aircraft Type



Geographical Spread



AOP decreased due to BCIA's reclassification as a financial asset⁽³⁾, non-cash MTM loss on interest rate swap contracts and one-off acquisition expenses

Business Updates

- In Jun 2019, the Group further divested a partial interest of 2.78% in BCIA for a consideration of approximately HK\$778.8MM
- In Sep 2019, the Group completely exited BCIA by divesting the remaining interest of 2.77% approximately HK\$778.3MM
- In Aug 2019, Goshawk committed to acquire 11 additional aircraft, increasing Goshawk's owned, managed and committed fleet to 234

Notes:

1. In Jun 2019, Goshawk raised its inaugural ABS issuance of US\$643.6MM, effecting new revenue stream and capital recycling. Goshawk will act as servicer and asset manager for the portfolio (16 narrow-body, 1 wide-body and 1 regional aircraft)
2. Source: Ascend database as of 30 Jun 2019
3. BCIA contributed HK\$45.9MM and HK\$204.9MM to the Group's AOP in FY2019 and FY2018 respectively

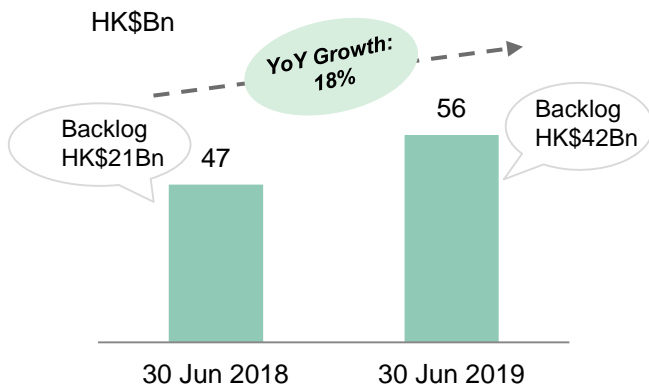


Core Business – Construction

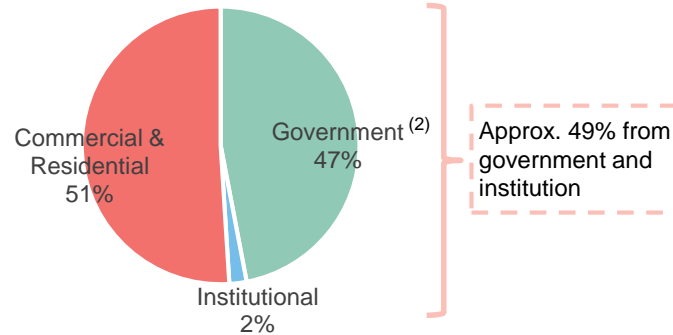
Strategy

- Continue to build strong pipeline of projects riding on HK's well supported demand for residential and commercial property market, as well as Government and institutional projects such as hospitals and universities

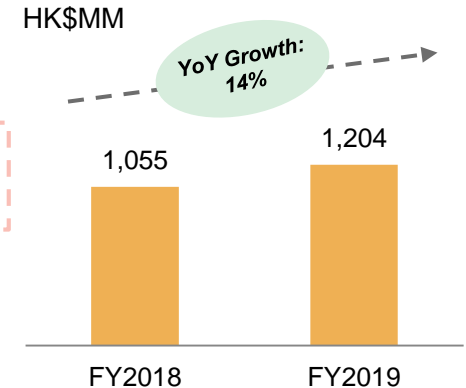
Contracts on hand



Type of Projects⁽¹⁾



Segment AOP



AOP ↑ 14% due to improvement in operational efficiency and satisfactory job progress

Business Updates

Major projects completed in FY2019

Government



Major new tenders awarded in FY2019



Commercial & Residential



- Commercial development in Kai Tak Area
- Two Taikoo Place in Quarry Bay
- Residential development at Ap Lei Chau Island

Notes:

- Based on backlog projects as at 30 Jun 2019
- Including Kai Tak Sports Park



Environment



Logistics

Strategic Portfolio



Facilities Management



Transport



Strategic Portfolio – Environment

- Environment business includes 117 projects spanning 48 cities across the Greater China region through two strategic platforms, SUEZ NWS Limited (“SUEZ NWS”) and Chongqing Derun Environment Co., Ltd. (“Derun Environment”)

SUEZ NWS



Business updates

- Total projects increased to 73 (↑6 projects)
- Average daily waste treatment volume ↑4%
- Overall water and wastewater treatment volume ↑5%

New projects

- Acquisition of ALS Analytical Testing (Shanghai) Co. Ltd to expand business into the third-party environmental testing sector
- Commencement of the waste-to-energy plants in Jiangsu Province & Taiwan as well as the first food waste treatment plant in HK
- Zhuhai & Macao – Secured an industrial wastewater treatment project in Zhuhai and an improvement, operation and maintenance contract for the wastewater treatment plant in Macao in 1Q 2019

Nature of business	Total Design Capacity
• Water & Wastewater Treatment	9.4MM m ³ / day
• Sludge Treatment	2,140 tonnes / day
• Waste collection & treatment	11,283 tonnes / day
• Industrial & municipal waste incineration	778,300 tonnes / year
• Landfill	96MM m ³

Derun Environment



New projects

- Waste-to-energy contracts with total daily treatment capacity of 6,180 tonnes in Chongqing, Henan, Sichuan and Liaoning
- Commenced operations of three waste-to-energy plants in Chongqing, Zhejiang and Jiangsu and total daily operating waste-to-energy capacity increased by 7,200 tonnes

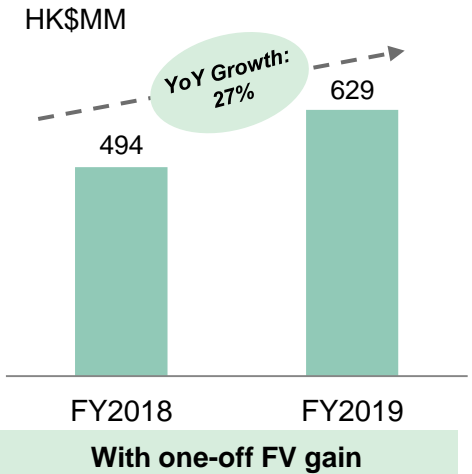
ForVEI II S.r.l.



New projects (solar plants)

- Total installed capacity of 5.52MW as of Aug 2019
- Contracted to further acquire 43MW installed capacity with completion expected to take place in 2H 2019

Segment AOP





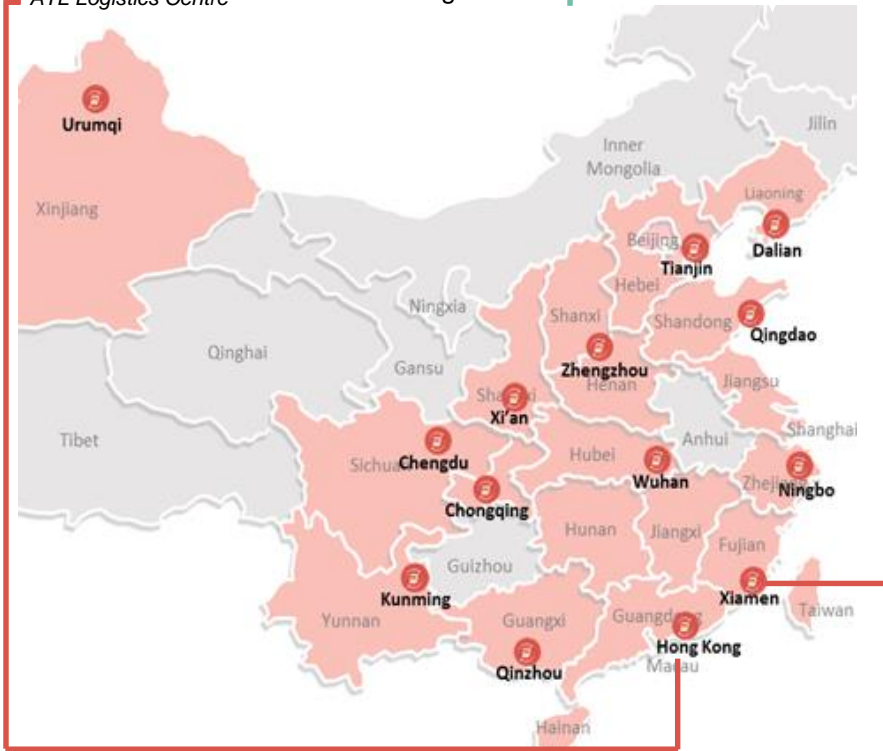
Strategic Portfolio – Logistics

ATL Logistics Centre



ATL Logistics Centre

- Located in HK
- Largest logistics centre with ramp access in the world: Total leasable area: 5.9MM sqft
- FY2019 average occupancy rate: **99.3%**
- FY2019 average rental: ↑ 1%



CUIRC

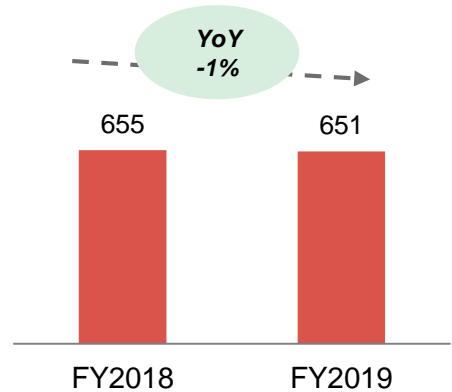
- JV with China State Railway Group, PSA, CIMC and Deutsche Bahn
- 12 large-scale rail container terminals in the PRC
- FY2019 throughput: 3.44MM TEUs
- Ramp up of new Urumqi terminal and development of rail intermodal transportation
- New terminal in Qinzhou Guangxi to link up sea-rail transportation between Western China and Southeast Asia
- Guangzhou terminal expects to start construction in FY2020



CUIRC (Multiple locations across PRC)

Segment AOP

HK\$MM



AOP decreased due to cancellation of CUIRC's special settlement policy and reduction of AOP contribution from the two Tianjin ports

Belt and Road Initiatives

↑ 26% yoy throughput growth driven by rail container and sea-rail intermodal transportation

Port



Xiamen Container Terminal Group

- 1 port project in Xiamen, PRC
- FY2019 throughput: 8.6MM TEUs (up 4%)

Business Updates

- Two ports projects in Tianjin were disposed in FY2019, recorded a one-off exceptional gain of HK\$104.3MM



Strategic Portfolio – Facilities Management

HKCEC



- Includes operation and management of HKCEC, HK's largest multi-functional facility
 - Gross rentable space: 91,500 sqm
 - Held 1,000 events in FY2019
 - Approx. 8.5MM visitors in FY2019
 - Won Phase II contract extension to 2028 through a global tender exercise

Healthcare



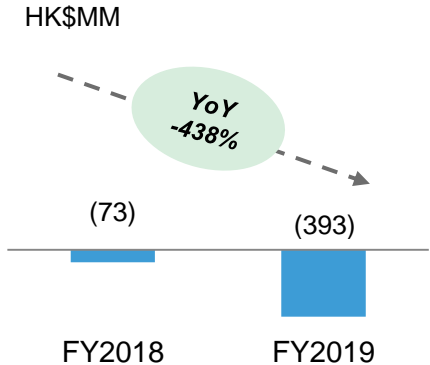
- GHK Hospital
 - 40% interest
 - Joint venture with Parkway Pantai
 - Continue ramping up; operating loss narrowed
 - Outpatient and inpatient/day case admissions increased by 93% and 87% yoy
 - Over 1,100 doctors have been accredited

Free Duty Shops



- Retails of duty free tobacco, liquor, perfume, cosmetics, packaged food and general merchandise
- Shop locations in HK and Macau, including MTR stations at Lo Wu, Hung Hom and Lok Ma Chau, HK and Macau International Airports
- Recent commencement of operation of HK-Zhuhai-Macao Bridge outlet

Segment AOP



AOP decreased due to (i) higher royalty and provision for committed capital expenditure for HKCEC's operation agreement and (ii) rising operating pressures of Free Duty

Business Updates

- HKCEC: Actively drive incremental business by targeting at upmarket and new exhibitions and conferences under various themes including e-sports, medical and technology
- GHK Hospital: Deliver innovative, transparent and high-quality healthcare services (all-inclusive packages, fee advisory service, automated drug dispensing system, 24-hour fully-automated track system in laboratory)
- Only private hospital in HK for psychiatry inpatient wards and first satellite clinic in Central opened in Mar 2019
- Free Duty: Thorough review of the business and vigorous cost optimization are underway to stabilize and improve its profitability



Strategic Portfolio – Transport

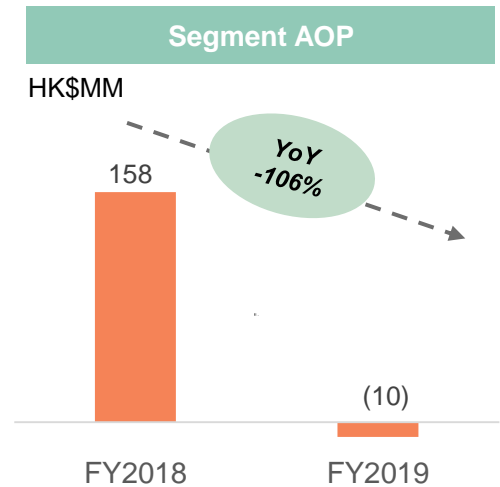


New World First Ferry

Citybus (F1 + F2)

New World First Bus

Fleet Size	20 vessels	1,019 buses	690 buses
No. of Routes	5 (-)	118(↑5)	93(↓1)
Average Daily Patronage	37,000 (↓3%)	622,000 (↑6%)	463,000 (↑3%)



AOP decreased due to delay in bus fare adjustments and rising costs

Steady AOP contribution from New World First Ferry

Business Updates

- Citybus (F1) and New World First Bus have applied to the Transport Department for a fare increase of 12% in Aug 2019
- Ramp-up of ridership of bus routes to/from the HK-Zhuhai-Macao Bridge Hong Kong Port
- On-going fleet replacement to environmentally friendly buses, continue to upgrade facilities for bus maintenance, improve passenger information and keep abreast of the latest technology development
- New World First Ferry continues its service excellence and green initiatives to build a more environmental friendly community

Section 4

NWS Core Competencies

NWS Core Competencies



Sustainable Long Term Growth Focusing in Core Business



Resilient Portfolio with Highly Visible Recurring Income



Sustainable and Progressive Dividend Policy

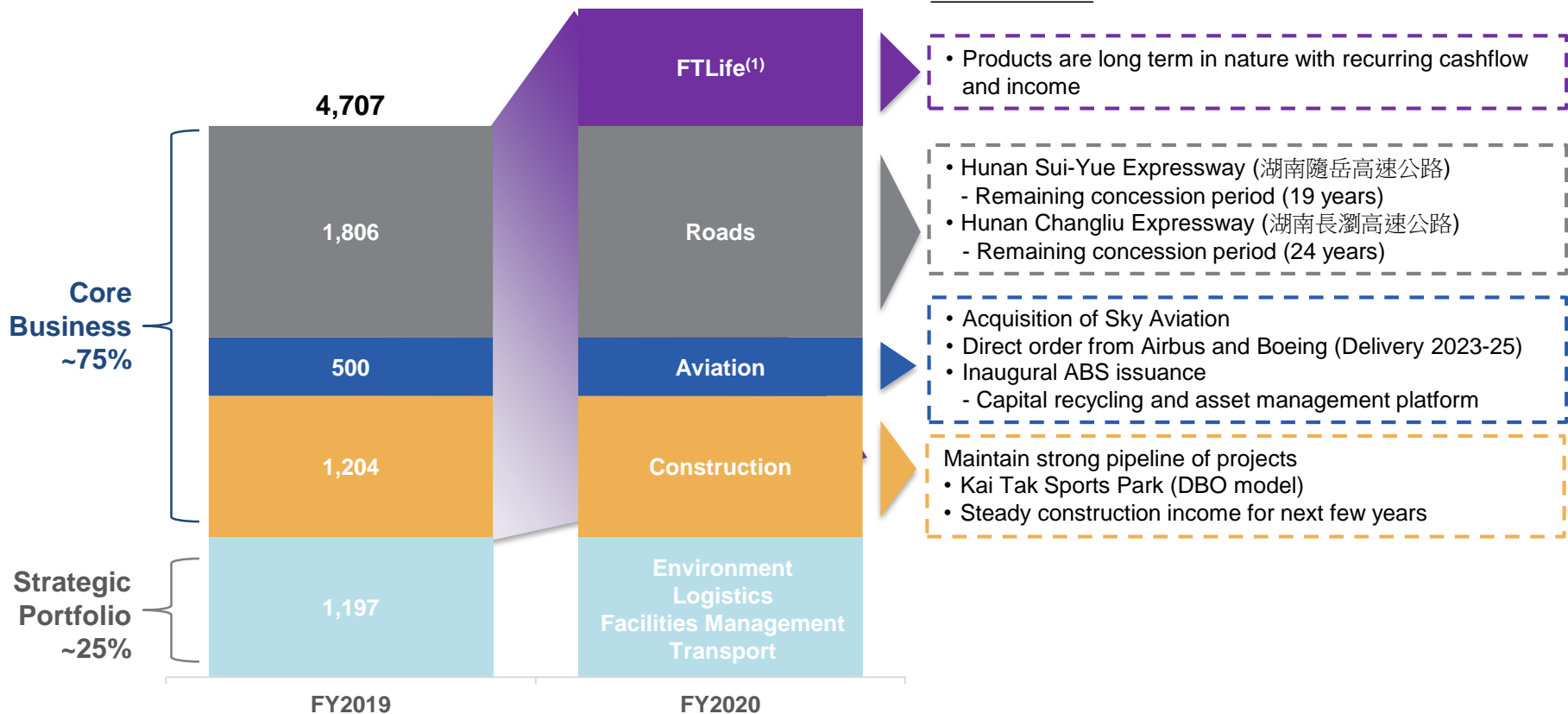


Prudent Financial Policy Provides a Solid Underpinning for Growth


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NWS

Sustainable Long Term Growth Focusing in Core Business








AOP(HK\$MM)



Acquisition Strategy

- **Strong recurring income and cashflow**
- **Sustainable long term growth potential**

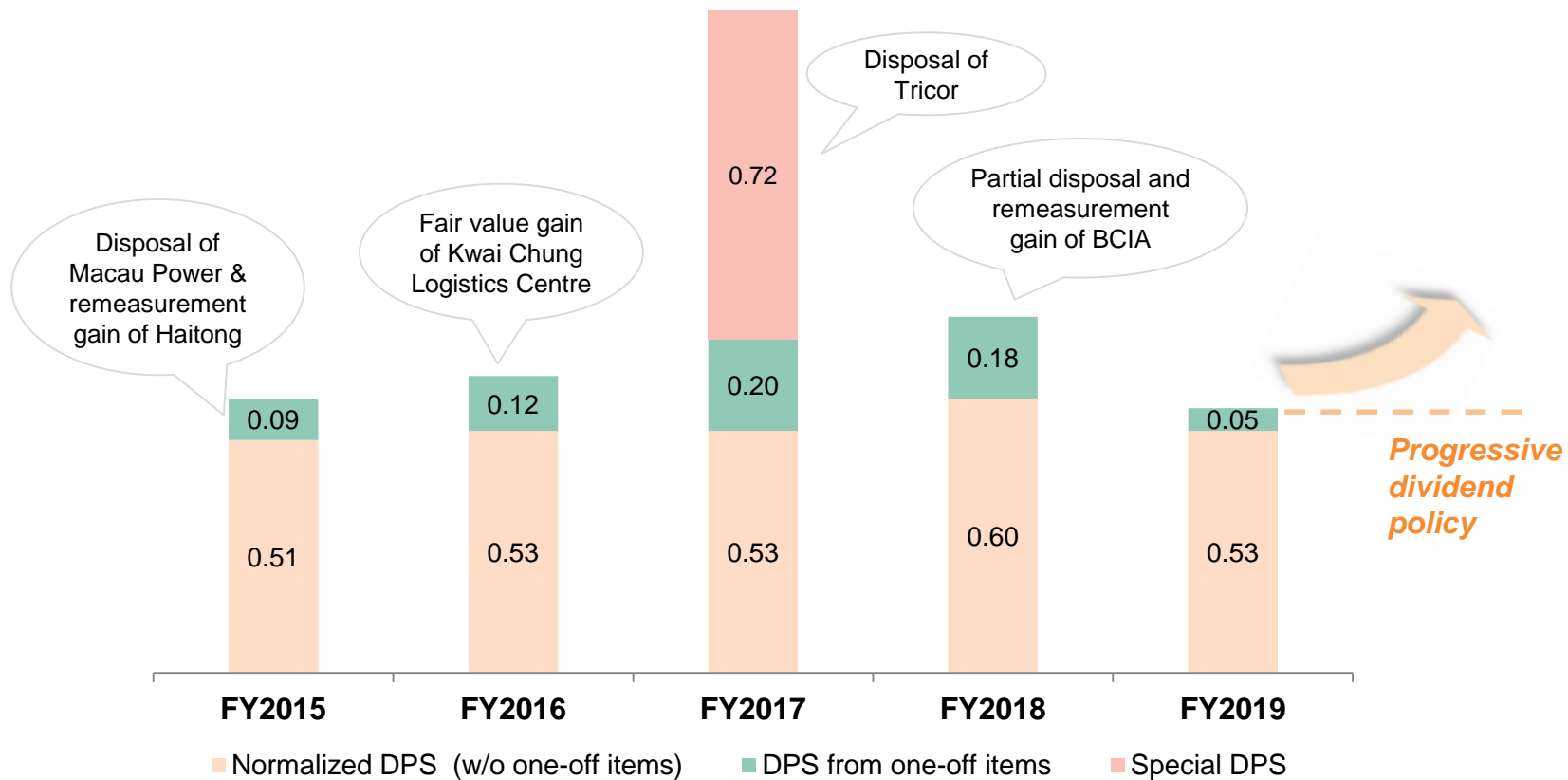
Resilient Portfolio with Highly Visible Recurring Income

		Highly Visible Recurring Income	Concession Based	Long-term Contracts / Remaining Lease Term
Core Business	 Roads	✓	✓	
	 Aviation	✓		✓
	 Construction	✓		✓
Strategic Portfolio	 Environment	✓	✓	✓
	 Logistics	✓		
	 Facilities Management			
	 Transport			
	Total AOP	Over 90%	c.51%	c.50%

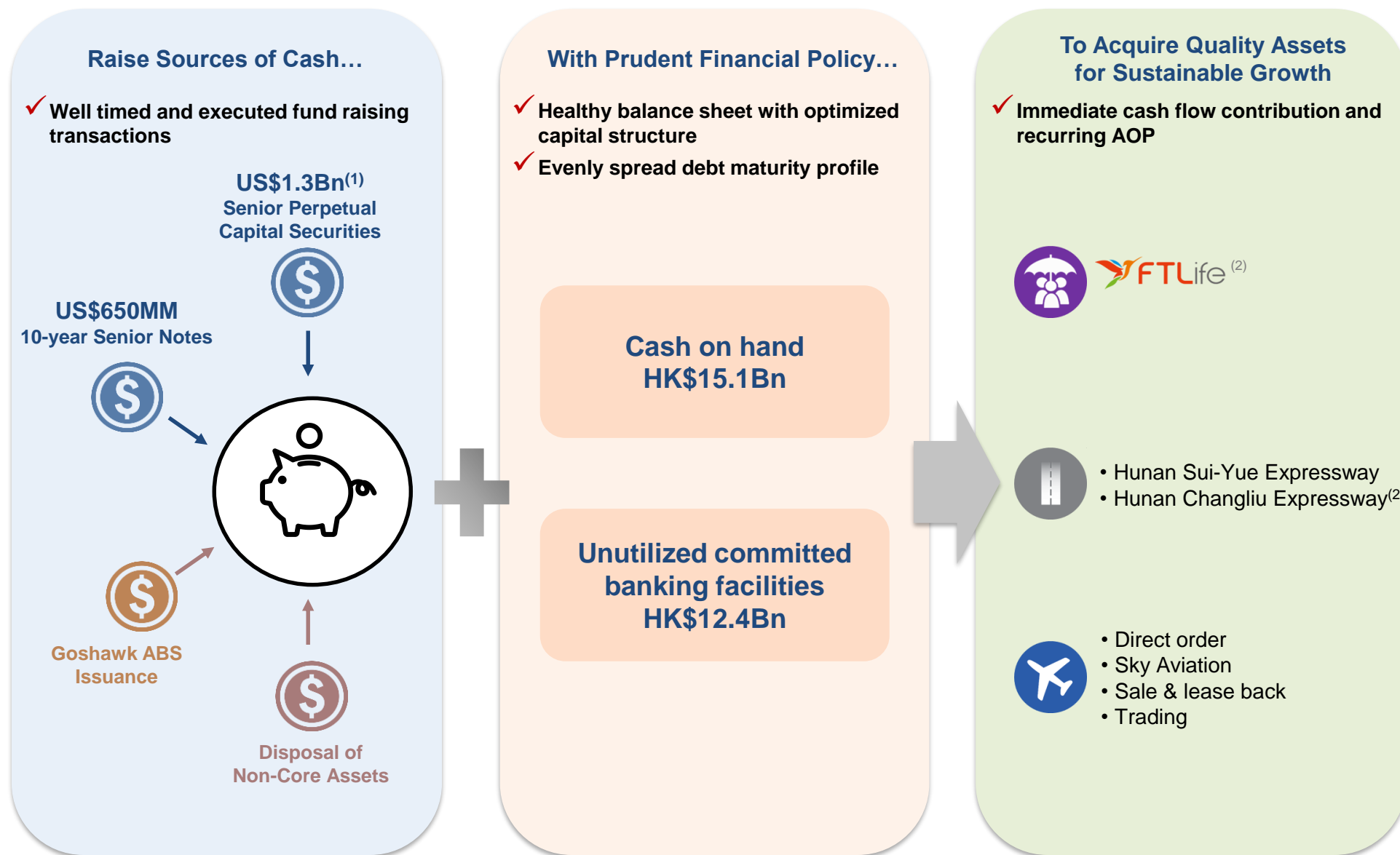
Sustainable and Progressive Dividend Policy

Committed to Deliver a Sustainable and Progressive Dividend Policy

Dividend Payout Ratio on Net Profit	50%	51%	100%	50%	56%
DPS (HK\$)	0.60	0.65	1.45	0.78	0.58



Prudent Financial Policy Provides a Solid Underpinning for Growth



Resilient and Sustainable Long-Term Growth



Appendix A

Acquisition of FTLife

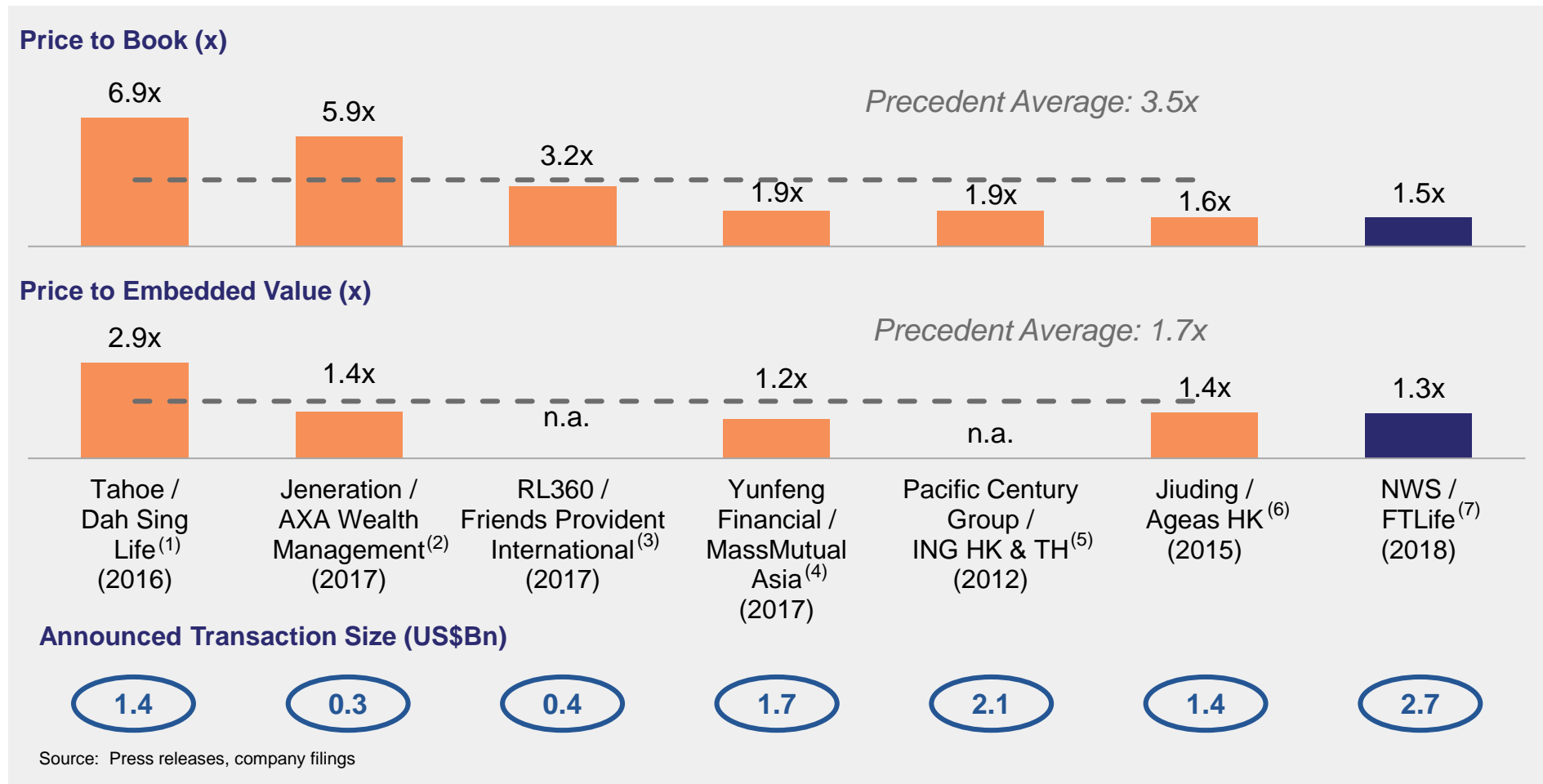
Transaction Update

<p>Valuation</p>	<ul style="list-style-type: none"> • Net consideration of HK\$21,482MM (subject to further adjustments⁽¹⁾), representing <ul style="list-style-type: none"> – P/BV of 1.5x (vs. 1.6x when acquired by Jiuding in 2015) based on 2018 BV of HK\$14,063MM⁽¹⁾ – P/EV of 1.3x (vs. 1.4x when acquired by Jiuding in 2015) based on 2018 EV of HK\$16,076MM⁽¹⁾ 	<p>Refer to Page 33</p>
<p>Financing Update</p>	<ul style="list-style-type: none"> • As part of the overall financing strategy, NWS continually evaluates options to maintain financial flexibility: <ul style="list-style-type: none"> – Issuance of US\$1.0Bn Senior Perpetual Capital Securities in Jan 2019 and US\$300MM in Jul 2019 – Issuance of US\$650MM 10-year Senior Notes in Jun 2019 	
<p>Approvals and Closing</p>	<ul style="list-style-type: none"> • Transaction is subject to approvals from: <ul style="list-style-type: none"> – HK Insurance Authority and other relevant regulatory authorities – Other customary closing conditions⁽¹⁾ • Both NWS and the vendor (Jiuding) have obtained shareholders' approvals 	
<p>Target Highlights</p>	<ul style="list-style-type: none"> • Outstanding Business Highlights: <ul style="list-style-type: none"> – Strong distribution channels with a highly productive sales force of 2,858 tied agents and 248 brokers – Prestigious flagship products and quality product portfolio, highly recognized by the market – Ranked as 11th largest HK life insurance company by 2018 APE – A visionary management team with extensive industry experience and profound insights • Impressive Financial Performance: <ul style="list-style-type: none"> – Proven track record with superior APE growth of 44% y-o-y from 2017 to 2018 (vs. industry growth of 10%); – Net profit amounted to HK\$1,228 MM, up by 23% y-o-y from 2017 to 2018 – Strong solvency position with solvency margin consistently over 500%, laying solid foundation for sustainable growth – Focusing on quality and value growth with 2018 VONB reaching HK\$604MM, representing a remarkable y-o-y growth of 74%, with expanding VONB margins from 26% in 2017 to 31% in 2018 	<p>Refer to Page 33-36</p>
<p>Future Strategy</p>	<ul style="list-style-type: none"> • Continue to focus on key strategic initiatives, upgrading existing products while tapping into Voluntary Health Insurance Scheme (VHIS) market, upgrading and transforming both technology systems and business processes, and fully collaborate with NWS and the whole New World Group to realize strong synergies 	<p>Refer to Page 37</p>

Notes:

1. Please refer to the "Letter from the Board" and the "Unaudited Pro Forma Financial Information of the Enlarged Group" section in the Circular for details; taking into account of the adjustments as agreed in the SPA
2. Assuming US\$HK\$ = 7.8460 (as at 24 Jan 2019)

Attractive Valuation Compared to Precedent Insurance Deals



Notes:

1. Based on consideration of HK\$10.6Bn, total net asset value of HK\$1,366MM for DLSA, HK\$18MM for DSIS, HK\$161MM for MLIC, and carrying value (by definition is similar to embedded value) of HK\$3,489MM for DLSA, HK\$18MM for DSIS, HK\$191MM for MLIC, per Dah Sing Financial Hldgs announcement dated 2 Jun 2016
2. Based on consideration of HK\$2.2Bn, shareholders' equity of HK\$376MM as of 2016YE per AXA WM 2016 annual accounts, and price to embedded value multiple of 1.4x per AXA announcement dated 22 Dec 2017
3. Based on consideration of GBP340MM and price to 2016 net asset value multiple of 3.2x per Aviva announcement dated 19 Jul 2017; embedded value is not available in the public domain
4. Based on consideration of HK\$13.1Bn, target 1H 2017 net asset value of HK\$6,861MM and target 1H 2017 embedded value of HK\$11,077MM (after adjustments for impact of MassMutual Japan business carve-out and maintenance of solvency ratio) per Yunfeng Financial Group Ltd circular dated 21 Dec 2017
5. Based on consideration of US\$2.14Bn (EUR1.64Bn) and estimated 2012 book value of EUR865MM per ING Group press release dated 19 Oct 2012; embedded value is not available in the public domain
6. Based on consideration of HK\$10,688MM per Ageas press release dated 30 Aug 2015, shareholders' equity of HK\$6,890MM as of 2014YE per Ageas Asia Holdings Ltd 2014 annual accounts, and embedded value of HK\$7,806MM as of 2014YE per Jiuding's announcement
7. Based on net consideration payable of HK\$21,481.6MM and FTLife 2018YE embedded value and shareholders' equity post SPA adjustments

FTLife – High Quality HK Life Insurer

Business Highlights

Company Overview

- Premier HK life insurer with 30+ years of history
- Comprehensive product offerings including whole life, term life, endowment, investment-linked, accident and health

Network of
2,800+ tied agents
248 brokers & advisers

2018 total APE ranking: **#11**
2018 agency channel APE ranking: **#6**
2018 brokerage channel APE ranking: **#4**

Strong management team
from **Tier 1** insurance companies

A- Fitch Insurer Financial Strength (IFS) Rating
(Outlook: Stable)
Baa1 Moody's Insurance Financial Strength Rating (IFSR)
(Outlook: Positive)

Premium Product Offerings



Regent Insurance Plan 2 (Prestige Version)

- #1** # 1 Top 10 Whole Life Savings Insurance with Highest Projected Returns (9-12 years payment term⁽¹⁾)
- #1** Top 10 Whole Life Savings Insurance with Highest Projected Returns (15 years or above payment term⁽¹⁾)



"HealthCare 168 2" Critical Illness Protector

- #1** Whole life critical illness overall score

Source: FTLife Company Information, 10Life

Source: FTLife Company Information, 10Life

Notes:

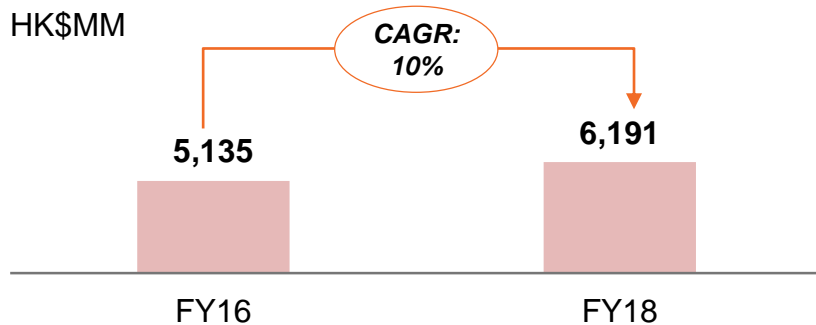
1. Assuming the insured is male, age 35, non-smoker

FTLife – High Quality HK Life Insurer

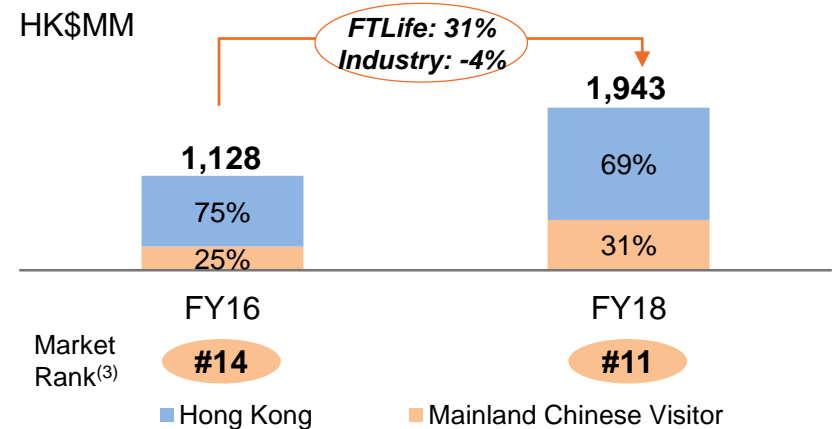
Superior and Sustainable Growth

- FTLife has achieved outstanding new business growth, with APE growth outperforming the overall industry from 2016 to 2018. Strong sale of high savings products and health and critical illness products has contributed to the increase in GWP
- While achieving superior business growth, FTLife maintained adequate solvency margin to support sustainable development

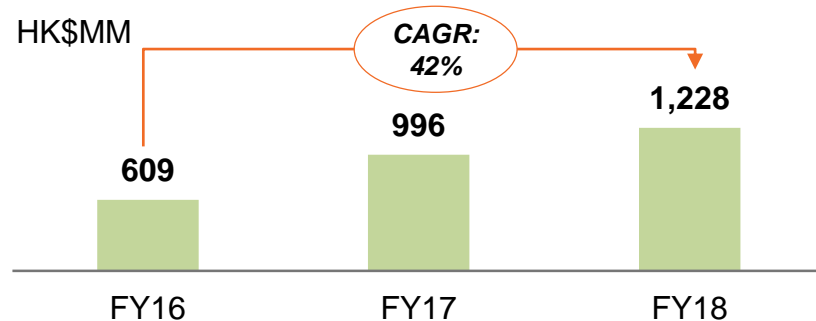
Gross Written Premiums⁽¹⁾ (“GWP”)



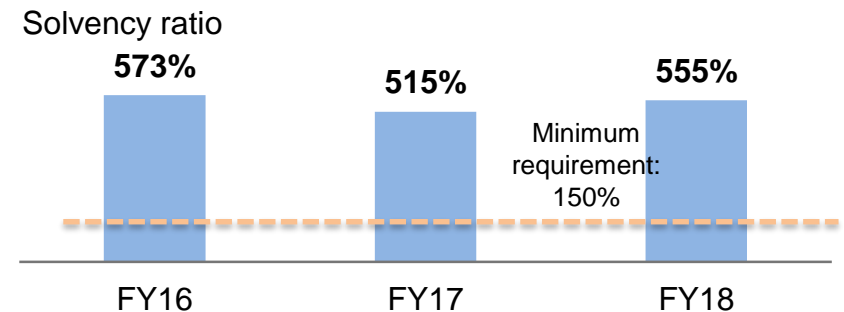
Above-industry APE Growth⁽²⁾



Expanding Net Income



Adequate Solvency Margin



Source: FTLife Company Information, HKIA Long Term Business Statistics

Notes:

1. GWP excludes premiums from investment contracts
2. APE includes investment linked business
3. Annual APE market ranking based on the HK Insurance Authority (“HKIA”) statistics

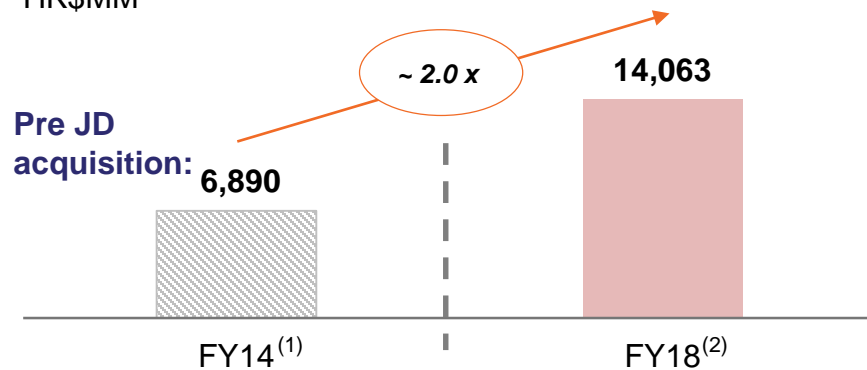
FTLife – High Quality HK Life Insurer

Focus on Value Creation

- FTLife has been focusing on quality and value growth and achieved expanding margins. VONB achieved a remarkable annual growth rate of 74% from 2017 to 2018

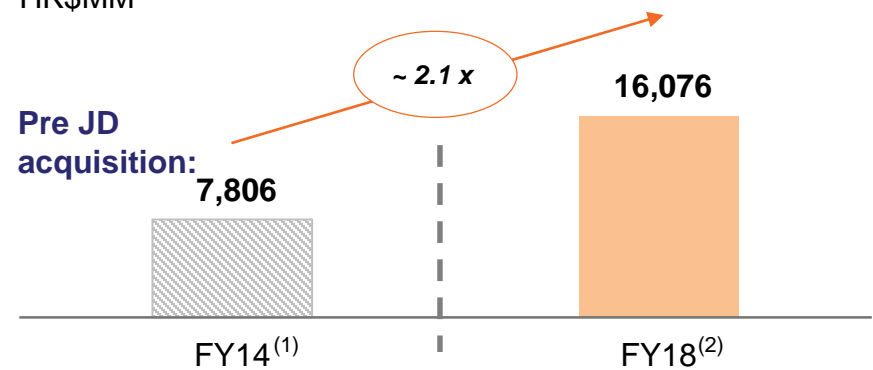
Net Asset Value

HK\$MM



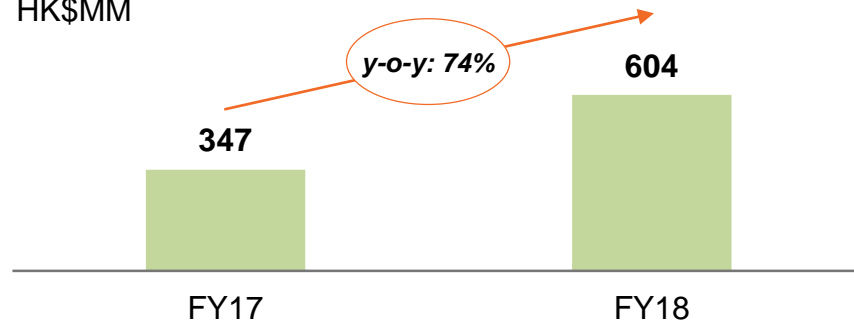
Embedded Value

HK\$MM



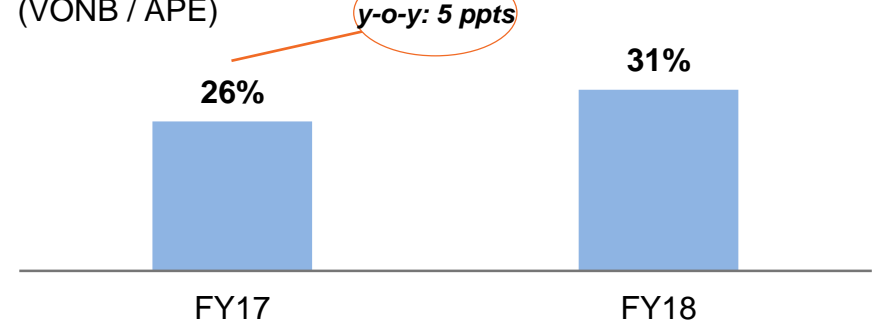
Value of New Business (“VONB”)

HK\$MM



VONB Margin

(VONB / APE)



Source: FTLife Company Information, audited report of FTL Asia Holdings Limited

Notes:

- Due to limited disclosure, net asset value and embedded value of FTL Asia Holdings Limited (formerly Ageas Asia Holdings Limited, the target company acquired by JD, and the indirect parent of FTLife) are used.
- Adjusted for the undertakings as agreed in the SPA

FTLife – High Quality HK Life Insurer

Looking Forward

Channel Development



- Recruit high-calibre talents to expand the sales teams through various innovative platforms
- Continue to focus on key strategic initiatives in areas such as talent development, product innovation, sales and distribution management, finance and actuarial, as well as investment portfolio management



Product Innovation



- Continue to upgrade existing products in light of latest market developments and emerging customer needs, leveraging the success in innovating and marketing new flagship products
- Enter the market of Voluntary Health Insurance Scheme (VHIS) with a series of new medical products to generate additional growth

VHIS

Technology Upgrade



- Continue to upgrade and transform both technology systems and business processes with different automation and digitalization initiatives in all aspects of business
 - developing online distribution platforms
 - supporting customer self-servicing capability on mobile
 - optimizing back-end systems

Synergy and Collaboration



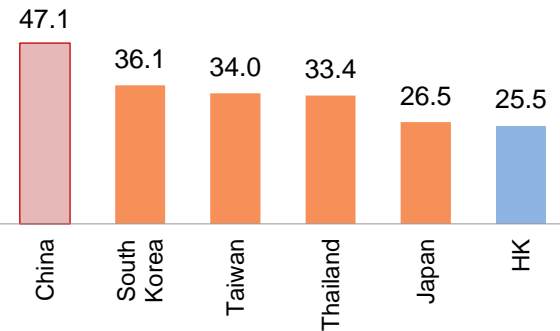
- The NWS' development strategy is highly complementary with FTLife's long-term vision of "achieving long-term growth in HK, while strengthening integration with China and focusing on the Greater Bay Area"
- After the completion of the transaction, FTLife will achieve synergy through collaboration with New World Group's expanding healthcare portfolio, as well as with the New World Group's well-known brand name in HK and the PRC to attract new customers



Robust Long-term Outlook for HK Life Insurance Supported by Strong Growth Fundamentals & Structural Factors

High Savings Rate

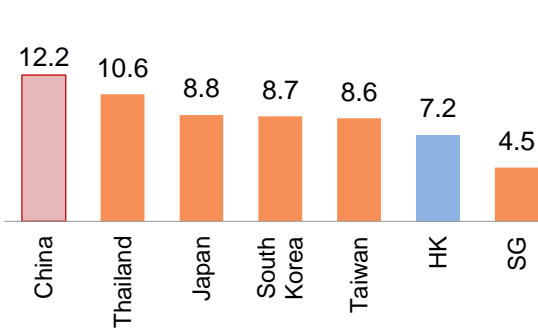
Gross Savings Rate (% Gross National Income)⁽¹⁾



Source: World Bank, Taiwan Statistical Databook 2018

Fast HNW Population Growth

2014-17 CAGR (%)

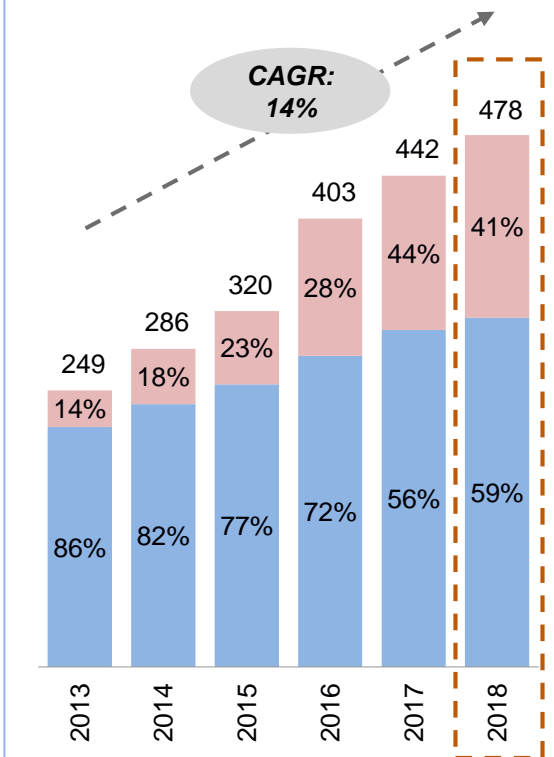


Source: CapGemini Asia Pacific Wealth Report 2018

Robust Premium Growth

HK Life Sector Total Premiums (HK\$Bn)

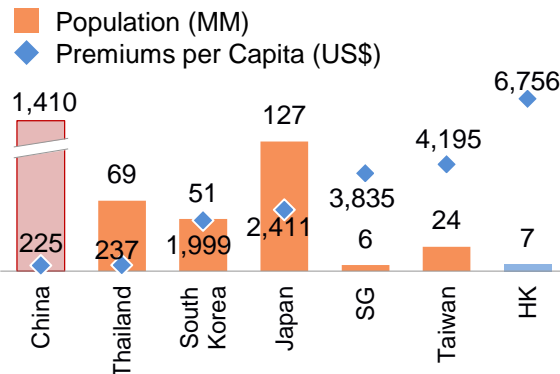
■ PRC customers⁽³⁾
■ HK and other customers



Source: HKIA Long Term Business Statistics

Large and Underpenetrated Market in PRC

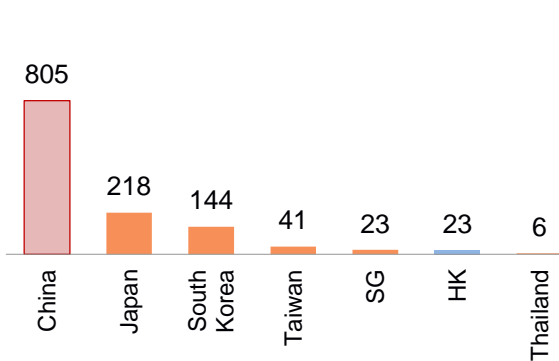
2017 Population vs. Premiums per Capita



Source: Swiss Re Institute Sigma Report 2017

Significant Protection Gap for Life Insurance in PRC

2017 Health Protection Gap (US\$Bn)⁽²⁾



Source: Swiss Re Institute Survey of Asia Health Protection Gap 2018

Notes:

- 2017 data for China, HK, South Korea, Taiwan and Thailand, 2016 data for Japan; gross savings are calculated as gross national income less total consumption, plus net transfers
- Estimated health protection gap based on sum of unforeseen, direct out-of-pocket healthcare expenses that cause "financial stress" to households and estimated non-treatment costs due to unaffordability per Swiss Re Institute survey
- Premiums for PRC customers based on HKIA long term business statistics for direct individual business in respect of policies issued to mainland visitors, including new business single premiums and in force business annualized premiums

Compelling Synergy Opportunities within the New World Group



- **Connectivity between FTLife's and the New World Group's affluent customer base in properties, hotels, department stores, consumer facing retail chains and education business**



- **Collaboration with the New World Group's healthcare and wellness portfolio, e.g. providing integrated healthcare offering, hospital assurance and wellness programme**



- **Leverage the New World Group's extensive and expanding footprint in the Greater Bay Area for greater regional integration, especially with the possible launch of "Insurance Connect"**



Drive customer insights and engagement within the New World Group ecosystem

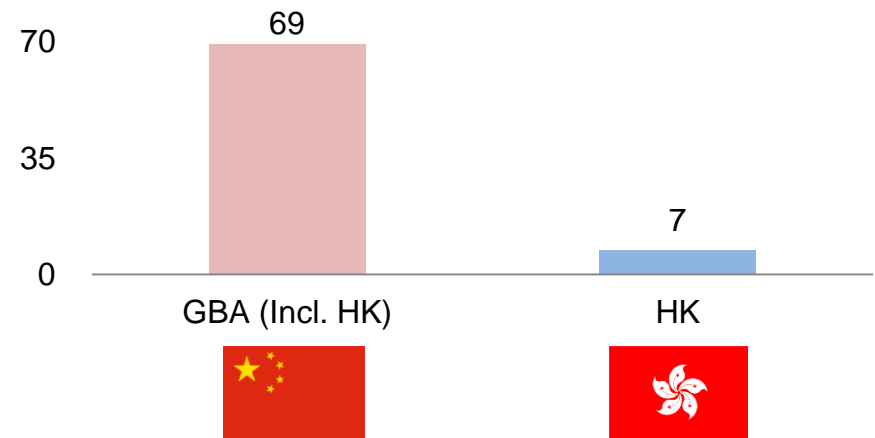
Greater Bay Area “Insurance Connect” Growth Upside

Potential GBA⁽¹⁾ Insurance Connect Represents Significant Upside to HK-based Insurers



Substantial Market Demand from GBA Integration

Population of GBA and HK, 2017 (MM)



Source: Greater Bay Area public information website (www.bayarea.gov.hk)

In Feb 2019, China government announced the “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area”, which supports the collaboration of insurance business within the GBA:

-  Innovative cross-boundary health insurance
-  Facilitation services for cross-boundary policyholders
-  Cross-boundary transaction of insurance products
-  Setting up operations in specific regions onshore

- ✓ “Subject to compliance with the statutory and supervisory requirements, to support insurance institutions in Guangdong, Hong Kong and Macao to jointly develop **innovative cross-boundary motor vehicle and medical insurance** products, and **provide facilitation services for cross-boundary policyholders** in areas such as underwriting, investigation and claims”
- ✓ “Subject to compliance with laws and regulations, to progressively promote **cross-boundary transactions of financial products** such as funds and insurance within the GBA, continue expanding the types of investment products and investment channels, and establish a mechanism for mutual access to capital and products”
- ✓ “To support eligible Hong Kong and Macao banks and **insurance institutions in setting up operations** in Qianhai of Shenzhen, Nansha of Guangzhou, and Hengqin of Zhuhai”

Source: “Outline Development Plan for the Guangdong-Hong Kong-Macao Greater Bay Area”

Notes:

1. GBA is comprised of the two Special Administrative Regions of HK and Macao, and the nine municipalities of Guangzhou, Shenzhen, Zhuhai, Foshan, Huizhou, Dongguan, Zhongshan, Jiangmen and Zhaoqing in Guangdong Province, as per the Greater Bay Area public information website (www.bayarea.gov.hk)

Complementing NWS' Diversified Business Portfolio

Roads



Aviation



Logistics



Environment



Construction



Insurance



Facilities Management



Transport



Stable, long-term yielding and diversified Core Business with resilient recurring income

...complemented by Strategic Portfolio of a steady nature

Appendix B

Detailed Financial Statements

Consolidated Income Statement

(in HK\$MM)		
Fiscal year ended 30 Jun	FY2018	FY2019
Revenue	35,114.8	26,833.5
Cost of sales	(31,331.6)	(23,790.5)
Gross profit	3,783.2	3,043.0
Other income/gains (net)	2,809.4	1,029.6
General and administrative expenses	(1,466.4)	(1,417.7)
Operating profit	5,126.2	2,654.9
Finance costs	(348.0)	(452.2)
Share of results of		
Associated companies	756.2	759.3
Joint ventures	1,331.2	1,948.5
Profit before income tax	6,865.6	4,910.5
Income tax expenses	(745.0)	(651.8)
Profit for the year / period	6,120.6	4,258.7
Attributable to		
Shareholders of the Company	6,068.8	4,043.2
Holders of perpetual capital securities	–	186.9
Non-controlling interests	51.8	28.6
	6,120.6	4,258.7
Earnings per share attributable to the shareholders of the Company		
Basic and diluted	HK\$1.56	HK\$1.04

Consolidated Statement of Financial Position

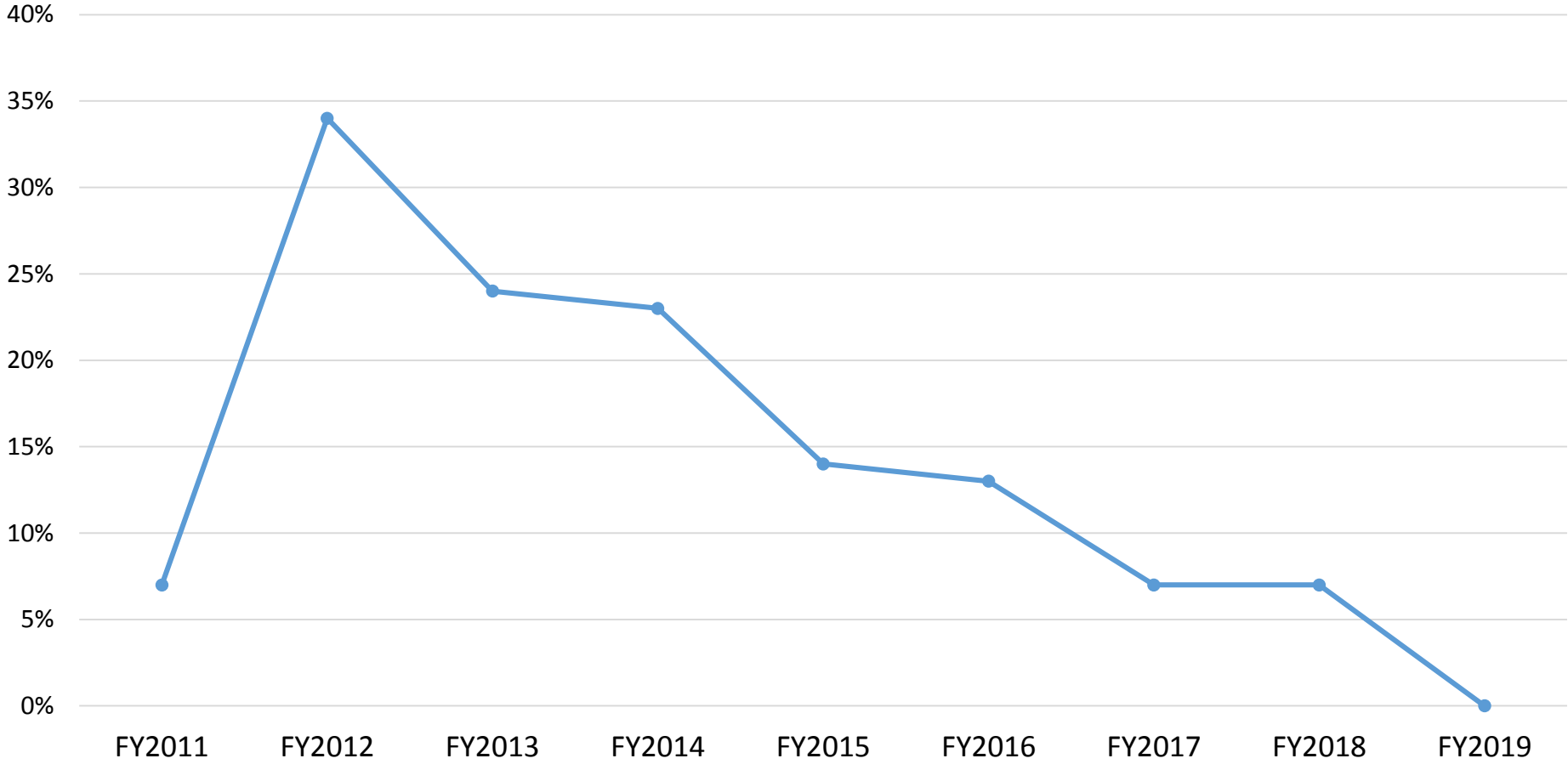
(in HK\$MM)		
Fiscal year ended 30 Jun	FY2018	FY2019
ASSETS		
Non-current assets		
Investment properties	1,693.3	1,726.5
Property, plant and equipment	5,370.3	5,413.4
Intangible concession rights	11,491.9	10,060.8
Intangible assets	753.6	718.7
Associated companies	13,763.0	14,552.3
Joint ventures	15,008.3	13,645.1
Financial assets at fair value through other comprehensive income	–	2,125.1
Financial assets at fair value through profit or loss	–	4,300.0
Available-for-sale financial assets	6,556.6	–
Other non-current assets	870.4	4,037.9
	55,507.4	56,579.8
Current assets		
Inventories	461.9	428.6
Trade and other receivables	12,148.7	13,997.7
Cash and bank balances	6,656.6	15,058.9
	19,267.2	29,485.2
Assets held-for-sale	3,364.0	–
Total assets	78,138.6	86,065.0

(in HK\$MM)		
Fiscal year ended 30 Jun	FY2018	FY2019
EQUITY		
Share capital	3,896.5	3,911.1
Reserves	46,053.5	45,134.9
Shareholders' funds	49,950.0	49,046.0
Perpetual capital securities	–	8,039.8
Non-controlling interests	173.8	160.8
Total equity	50,123.8	57,246.6
LIABILITIES		
Non-current liabilities		
Borrowings	9,139.6	12,666.1
Deferred tax liabilities	2,490.2	2,262.2
Other non-current liabilities	176.9	161.0
	11,806.7	15,089.3
Current liabilities		
Borrowings	1,035.0	2,403.3
Trade and other payables	11,384.2	10,842.6
Taxation	575.8	483.2
	12,995.0	13,729.1
Liabilities directly associated with assets held-for-sale	3,213.1	–
Total liabilities	28,014.8	28,818.4
Total equity and liabilities	78,138.6	86,065.0

Appendix C

Historical Net Gearing Ratio

Net Gearing Ratio



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