



Press Release

## ***Shui On Land Announces 2020 Interim Results Progress Amidst the Pandemic Crisis***

[26 August, 2020, Hong Kong] – Shui On Land Limited (“the Company”, together with its subsidiaries, “the Group”, Stock Code: 272), today announced its unaudited consolidated results for the six months ended 30 June 2020.

- Significant impact from the pandemic: The outbreak of COVID-19 has impacted the global economy and disrupted social activities, with significant knock-on effect on the property industry and the Group’s business. Against this backdrop, the Group recorded a net loss of RMB1,622 million attributable to shareholders during the period [1H 2019: net profit of RMB1,326 million], primarily due to:
  - A decline in the fair value of RMB1,962 million for investment properties and other property assets
  - Lower rental /leasing income due to waiver of rental and other reliefs to tenants
  - Delay in the construction and handover of residential units
- Solid balance sheet: Net gearing ratio remained healthy at 58% as of 30 June 2020, compared to 52% at end of 2019. Cash and bank deposits held by the Group was RMB13,962 million as of 30 June 2020. The healthy balance sheet will enable the Group to withstand the near-term global macroeconomic volatility, particularly in light of the ongoing COVID-19 pandemic threat.
- Interim dividend: Having taken into consideration the Group’s financial performance during the period and the ongoing uncertainties regarding COVID-19, the Board has decided to recommend withholding interim dividend in 2020 (1H 2019: HKD0.036 per share).

### **Residential Sales Fuelled by Strong Demand**

The Group’s contracted property sales for the first half of 2020 increased by 82% to RMB6,222 million, compared to RMB3,422 million for the same period in 2019. As of 30 June 2020, the Group’s total subscribed sales for delivery and to be recognised in the second half of 2020 and beyond was RMB9,201 million. The robust sales was primarily recorded from three projects –Shanghai Rui Hong Xin Cheng Parkview, as well as the launch of Wuhan Tiandi La Riva II in April and Shanghai Taipingqiao Ville V in June.

The Group holds approximately 388,900 sq.m. of residential GFA across several projects, including Shanghai Taipingqiao Ville V, Rui Hong Xin Cheng, Panlong Tiandi and Wuhan

Optics Valley Innovation Tiandi, all of which will be available for sale and/or pre-sale in the next 6 to 12 months, with the exact launch timing subject to market conditions as well as the ongoing COVID-19 outbreak.

### **Commercial Property Affected by COVID-19**

Partly due to rent concessions and relief measures offered to tenants, consolidated rental and related income dropped by 11% to RMB987 million during the period. However, including JV and associate projects, our overall rental and related income only declined by 1% compared to 1H 2019. Properties in Wuhan city, where COVID-19 first broke out in China, were hit hard as the city was fully locked down until early April. Other properties in our portfolio also suffered substantially lower shopper traffic and sales during the initial period of the outbreak as cities were on lockdown and mandatory shutdown of some restricted businesses was ordered by the government.

Commercial activities have started to recover steadily since the second quarter. In terms of the Group's commercial property operation, as of July 2020, the overall same-store sales volume within our retail properties have recovered to over 90% of the level during the same period in 2019.

The Group will continue to introduce new and innovative products and services to enhance asset value. The launch of Shanghai Xintiandi Style I (now Xintiandi South Block), scheduled to complete in the fourth quarter of 2020, will reinforce the positioning of XINTIANDI as a premium social & cultural destination in Shanghai.

### **Expanding Our Presence in Shanghai under the Asset Light Strategy**

Under the Group's Asset Light Strategy, we continue to enhance and improve our financial position, which has enabled the Group to navigate the unprecedented period of pandemic-induced challenges and uncertainties with confidence and resilience. The Group has maintained a cautious approach in new investments and has chosen to focus on expanding its presence in Shanghai.

During the period, the Group won the tenders for the final two residential and two commercial plots at Panlong Tiandi in Shanghai. The project is progressing according to schedule and is expected to launch the first batch of residential units by late 2020 or in early 2021.

### **Cautiously Optimistic on Economic Recovery**

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, "The rapid global spread of COVID-19 has severely disrupted economic activities and people's daily lives around the world. A significant impact was felt across all sectors and the Group's businesses were not immune to this unprecedented shock. Whilst we are seeing steady recovery since the second quarter, the path is expected to be long and tortuous.

Due to China's steady economic recovery, we remain cautiously optimistic. The difficulties we have been facing fighting the pandemic have thoroughly tested our management capability,

operations efficiency and crisis management readiness. Together with our dedicated team, strength of our brand, as well as sustainable, people-centric developments and solid financial fundamentals, we were able to prevail during this challenging time. In light of the volatile operating environment, we will continue to progress with our prudent business strategy to enhance our portfolio and operations to the long-term benefit of shareholders.”

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, “The pandemic has caused profound changes in consumer behaviour, accelerating new ways in which people “Live, Work, Play and Learn”. In the retail segment, the growth in online channels was unprecedented. Clear differentiation in brick-and-mortar retail offering a unique experience and content is increasingly critical. To ensure we continue to stay ahead of the curve in this new normal, we will step up our omnichannel service and offerings to drive sales and traffic. In the office market, we recently launched SHUI ON WORKX, a one-step service aimed at enhancing flexibility to cater for the increasingly diverse demands of office users. When faced with challenges, Shui On Land will continue to innovate to capture new opportunities in this ‘new normal’.”

Mr. Douglas H. H. Sung, Managing Director, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “Despite the unprecedented challenges, the Group’s ability to maintain a stable and sustainable financial position demonstrated our commitment to, and the effect of, proactive capital management. In the prevailing highly fluid markets, our priority is to ensure sufficient liquidity at all times. We believe our solid financials and prudent investment approach will enable the Group to advance steadily and to grasp opportunities should they arise during this market disruption.”

Ms. Jessica Y. Wang, Managing Director of Shui On Management Limited, said, “Strong consumer confidence in the Group has underpinned the continuously enthusiastic market response to our properties, as reflected in the robust take up in our Taipingqiao Ville V which was launched in June. This strong result also reflects consumers’ growing aspiration for integrated premium, people-oriented and sustainable residential developments given the increasing health and safety awareness in the communities. With a number of new projects in Shanghai and elsewhere ready for launch in the coming months, we are confident that we will meet our residential sales target in 2020.”

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### **About Shui On Land**

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is a leading commercial property focused developer, owner and asset manager in China. It has a proven track record in developing large scale, mixed-use, sustainable communities, and is the flagship property development company of the Shui On Group. As of 30 June 2020, the Company has 11 projects in various stages of development and 2 projects under management in prime locations of major cities, with a landbank of 9.0 million sq.m. (6.8 million sq.m. of leasable and saleable

GFA, and 2.2 million sq.m. of clubhouses, car parking spaces and other facilities). It is also one of the largest private commercial property owner and manager in Shanghai, with a total portfolio of 1.68 million sq.m. of office and retail premises, including its flagship Shanghai Xintiandi, which is currently under its management.

The Company was listed on the Hong Kong Stock Exchange on October 4, 2006, being the largest Chinese real estate enterprise listed that year. Shui On Land is a constituent stock of the Hang Seng Composite Index, HSCI Composite Industry Index - Properties & Construction, Hang Seng Composite LargeCap & MidCap Indices as well as the Hang Seng Stock Connect HK Index.

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