



Press Release

***Shui On Land Announces 2020 Annual Results  
Notable Recovery in 2H2020 from COVID-19 Impact***

[23 March 2021, Hong Kong] – Shui On Land Limited (“the Company”, together with its subsidiaries, “the Group”, Stock Code: 272), today announced its audited consolidated results for the twelve months ended 31 December 2020.

- **Notable recovery in 2H:** The Group’s financial performance in 2020 can be characterized as a year of two halves. For the first half of 2020 (“1H 2020”), disruptions brought about by the COVID-19 pandemic resulted in a loss of RMB1,622 million, which were primarily due to a decline in the fair value of the Group’s investment properties and other property assets, as well as delays in the construction and handover of residential units. However, in the second half of the year (“2H 2020”), the Group saw notable recovery across all its operations, which translated into a net profit attributable to shareholders of RMB882 million. As a result of the above, the Group reported a net loss attributable to shareholders of RMB740 million for the full year, as compared with a profit attributable to shareholders of RMB1,932 million in 2019.
- **Strong recovery in commercial portfolio:** The overall sales in the Group’s retail properties have significantly recovered since the third quarter of 2020 and in December 2020, when overall sales reached 110% of the 2019 level. Consolidated rental & related income was RMB2,528 million, representing a marginal decline of 2% from 2019, due mainly to rental concessions and other reliefs offered to retail tenants as well as the negative impact of COVID-19 on operations in 1H 2020. The year-to-date performance of our commercial portfolio remains satisfactory.
- **Robust residential sales:** Contracted sales for the year was RMB21.2 billion, a year-on-year increase of 69%, underpinned by strong sales from Wuhan Tiandi La Riva II, Shanghai Taipingqiao Ville V (Lot 118), Panlong Tiandi and Shanghai Rui Hong Xin Cheng Parkview (Lot 1).
- **Strong financial position:** Net gearing ratio stayed at a healthy 45%, seven percentage points down from 52% as of 31 December 2019. Cash and bank deposits increased by 33% to RMB 15,796 million. We continued to take a prudent approach in our new investments. These strong financials will enable the Group to invest in future opportunities and to better withstand any market volatility in the near future.

## **XINTIANDI Brand Drove Strong Recovery Post COVID**

The Group's portfolio of retail properties benefited from the strength of the XINTIANDI brand, as well as our innovative, omni-channel business model. 2021 marks the 20<sup>th</sup> anniversary of Shanghai Xintiandi. Although affected by COVID-19 in 1H 2020, footfall and sales turnover fully recovered to pre-COVID levels by 2H 2020, with some properties delivering a stronger year-on-year performance. So far in 2021, the operating performance in regard to our retail portfolio remains satisfactory.

Efforts to enhance customer experience and the value of our portfolio continued. The upgrading and refurbishment of Xintiandi South Block gave birth to Xintiandi Style I, which held its soft-opening in mid-November. Exuding in vitality and fueled by innovation, Xintiandi Style I promises customers with new, rich and diverse shopping experiences with its "Neo Luxury" positioning. A significant number of specialty shops were introduced, including UNITED TOKYO's first shop in Shanghai, Lenôtre's first flagship shop in China, CaiLan and I.T 3.0. Foodie Social, a new experiential dining and retail concept that promotes healthy and sustainable living, was unveiled at Xintiandi Style I. Foodie Social has garnered rave reviews and is scheduled for its next opening at the Hall of the Sun in Rui Hong Xin Cheng.

Our office portfolio showed resilience in the face of market headwinds where occupancy and net operating income (NOI) remained steady.

## **Robust Demand For Our Residential Properties**

The Group's contracted property sales for the year increased by 69% to RMB21.2 billion ahead of target, compared to RMB12,501 million for 2019. All of the residential projects in Shanghai, namely Rui Hong Xin Cheng Parkview (Lot 1), Taipingqiao Ville V (Lot 118) and the first batch of units at Panlong Tiandi, as well as the last batch of units at Wuhan Tiandi La Riva II (LotB10) drew enthusiastic buyer response. As of the end of 2020, RMB4.9 billion of subscribed sales are expected to convert subsequently into contracted property sales in 1H 2021 and beyond. A total locked-in sales of RMB21.6 billion were recorded and available for delivery to customers and for recognition as revenue in 2021 and beyond.

The Group holds approximately 562,000 sq.m. of residential GFA across seven 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 pre-sale in the next 6 to 12 months, with the exact launch timing subject to market conditions and government pre-sale approval.

## **Continuous Portfolio Expansion**

In May 2020, the Group acquired the last four parcels of land of the Panlong Tiandi project in the greater Hongqiao area, which has rich cultural heritage. By leveraging our expertise in urban regeneration, the Group will create a world-class, urban sustainable community in western Shanghai that supports the continuous development of the greater Hongqiao area.

Meanwhile, the Group continued with the expansion of our premium property portfolio under our Asset Light Strategy. The Group partnered with Grosvenor Asia Pacific in December to acquire Nanjing IFC, a mixed-use Grade A landmark property in the capital city of Jiangsu Province in a 50/50 joint venture. The acquisition completed in February 2021. The investment is another key step in growing our presence in Nanjing, in addition to the INNO Zhujiang Lu and Bai Zi Ting projects. It also aligns with the Group's Asset Light Strategy in collaborating with strategic partners to invest in prime commercial property assets and to expand its assets under management.

## **10-Year 5C Sustainable Development Strategy**

Sustainability has always been a core value of the Group, and we have been committed to caring for the environment, to preserving and rejuvenating cultural heritage, and to building and sustaining vibrant communities. In 2020, we crafted our 10-year 5C Sustainable Development Strategy, which will be rolled out from 2021. The Strategy sets out clear priorities and KPIs to guide us to progressively reach our sustainability targets in five key areas, namely clean, community, culture, care and corporate governance. This roadmap will help the Group achieve its vision to becoming a pioneer of sustainable premium urban communities.

## **A Steady, Long-term Approach Underpinned by Fifty Years of Experience**

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, "The year 2020, without a doubt, was one of momentous and far-reaching change. While the pandemic dealt a devastating blow to economies and people's daily lives around the world, I am pleased that our capabilities and crisis management readiness have tested well in this challenging time, and the strong rebound of the Group's business and financial performance in the second half and year-to-date in 2021 speaks volumes to our strengths."

"I am certain that 2021 will be a better year, but the road ahead will not be straightforward. China-US tensions and other geo-political issues are expected to linger, and the pandemic has ushered in new ways of working and living that will likely have a lasting impact. Even though China has returned to the tracks of solid economic growth, the stage is set for a challenging "new normal" in the foreseeable future. Against this backdrop, we will adhere to our steady, long-term investment approach, centered on our Asset Light Strategy, and maintain a strong balance sheet. I am confident that the Group is strategically well-placed to meet any challenge

and capture opportunities that may arise, as we build on the successes of the past fifty years.”

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, “Accelerated by the pandemic, the quest for sustainability has become more prominent amid changes in how we live, work, play and learn. Shui On, as a pioneer in sustainable premium urban communities, has a definitive role to play in the development of sustainable projects that meet the future needs of cities and people. To align with China’s goal of achieving carbon neutrality by 2060 and stakeholders’ calls for sustainability, we have crafted a 10-year 5C Sustainable Development Strategy integrated with our business that will guide the Group’s vision towards a sustainable future. One of the signature initiatives of the roadmap is to adopt Science Based targets (SBTi) and commit to a business pledge of Well Below 2°C for emissions reductions. We shall keep innovating at our development and commercial properties, leveraging our strengths in cultural preservation and the creation of integrated, sustainable communities to offer greater flexibility and new experiences for tomorrow.”

Mr. Douglas H. H. Sung, Managing Director, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “The implementation of our Asset Light Strategy in the past five years allowed us to weather the volatile market well in 2020. We managed to keep gearing down from 52% to 45% at the end of 2020, while pressing ahead to expand our premier asset portfolio at core locations. The tightening of lending, and further restrictions on residential pre-sales from late last year underlined the importance of prudent capital deployment and management. Ensuring sufficient liquidity has always been, and will remain one of our top priorities. We believe our sound financials and prudent, value-focused investment approach will enable the Group to grow steadily and to grasp new opportunities that may arise.”

Ms. Jessica Y. Wang, Managing Director of Shui On Management Limited, said, “Residential sales were far stronger than expected and contracted sales for the year were ahead of target. The outstanding performance reflects Shui On’s brand equity and confidence among homebuyers for our quality residential communities. In the year ahead, we expect to launch more residential developments, as our project pipeline is strengthened by new wins such as Panlong Tiandi, and we are confident to deliver strong residential sales in 2021.

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## **About Shui On Land**

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is a pioneer of sustainable premium urban communities. As a leading commercial focused real estate 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 31 December 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 8.6 million sq.m. (6.4 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 owners and managers in Shanghai, with a total portfolio of 1.72 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 MidCap Indices as well as the Hang Seng Stock Connect HK Index.

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