



## Press Release

# Shui On Land Announces 2016 Annual Results

### *Solid Results with Profit Attributable to Shareholders up 38%*

[22 March 2017, Hong Kong] – Shui On Land Limited (“Shui On Land” or the “Company”, Stock Code: 272) today announced its audited consolidated results for the year ended 31 December 2016.

**Record property sales:** 2016 was a very strong year for our property sales. We achieved a record high of RMB22,975 million in contracted property sales, including contributions from our Dalian associates and other asset disposals. This marks an increase of 7% year-on-year, as we took advantage of the robust market in the first half of the year.

**Significant revenue and operating profit growth:** Turnover increased by 172% to RMB17,600 million. In addition to the property sales recognised as turnover, the Company completed RMB5,700 million of asset disposals recognised under disposal of subsidiaries (the disposal of Corporate Avenue 3 at Shanghai Taipingqiao). Rental and related income increased by 6% to RMB1,716 million.

Gross profit increased by 250% to RMB5,905 million, while operating profit surged by 427% to RMB 5,272 million. Gross profit margin increased by 8 percentage points to 34% in 2016.

**38% increase in attributable net profit:** Profit for the year was RMB1,776 million in 2016, compared to RMB1,767 million in 2015. Profit attributable to shareholders was RMB1,088 million in 2016, representing a 38% increase compared to RMB788 million in 2015. The increase reflected our strong sales during 2016, and a decline in minority and convertible perpetual securities ownership interests.

Basic earnings per share increased to RMB0.14 or HKD0.16, compared to RMB0.10 or HKD0.12 in 2015. The Board recommended a final dividend of HKD0.039 per share, representing a 39% increase compared to the final dividend per share in 2015.

**Asset-light strategy gained traction:** The Company continued to strengthen its asset-light strategy. The divestment of non-core and mature assets in the past two years has resulted in a lower gearing ratio. With a stronger balance sheet, the Company will leverage on its brand and expertise to further develop business with different partnerships. The recent joint-venture with CITIC on a prime parcel of land in Wuhan is a key move.

**Strengthened balance sheet:** The Company generated operating cash flow of RMB11,037 million during 2016, which in turn brought our cash and bank deposits to RMB15,567 million as of 31 December 2016. Net gearing ratio was 68%, a decrease of 7 percentage points from 75% as at 30 June 2016 and a decrease of 13 percentage points from 81% as at 31 December 2015.

### **RMB13,602 Million Locked-In Sales Slated for Delivery from 2017**

The launch of our Shanghai residential properties received overwhelming response despite the implementation of highly restrictive measures by the Chinese government last year to curb property prices. We achieved contracted sales of RMB16,300 million in residential properties and car parks (including those from Dalian associates), an increase of 96% from 2015. This sharp increase was driven by the sales of the second batch of The Upper (Lot 9), the first batch of The Gallery (Lot 2) at Shanghai Rui Hong Xin Cheng (“RHXC”), and Lakeville Luxe at Shanghai Taipingqiao (Lot 116) .

Total locked-in sales slated for delivery in 2017 and beyond amount to RMB13,602 million, including disposal of commercial properties and contributions from Dalian associates, providing a sound foundation for future profit.

The Company has approximately 329,300 sq.m. of residential GFA, spanning five projects, available for sale and pre-sale during 2017. A total GFA of approximately 117,300 sq.m. are expected from Lakeville Luxe at Shanghai Taipingqiao and The Gallery at Shanghai RHXC.

### **Increasing Rental Income with 3 New Malls Successfully Opened**

Rental and related income from investment properties increased by 6% to RMB1,716 million in 2016, despite Corporate Avenue 1, 2 and 3 being divested in 2H 2015 and 1H 2016. The increase was a result of continued leasing progress made at newly completed properties as well as higher occupancy and rental growth from the existing investment property portfolio. The Company opened three new commercial properties namely, NOVA at Foshan Lingnan Tiandi, HORIZON at Wuhan Tiandi and Hall of the Moon at Shanghai RHXC, at strong market receptions.

Overall occupancy levels of the office and retail portfolio increased to 97% and 82%, from 89% and 73%, respectively. The increase in occupancy within the office portfolio was largely driven by leasing activity at the office property of KIC Corporate Avenue 5, 6 and 7, and THE HUB in Shanghai. Occupancy levels of the completed retail portfolio were led by robust leasing activities at THE HOUSE of Taipingqiao, THE HUB and also the three newly opened commercial properties. The Company expects more rental and related income to be contributed by these newly operated commercial properties in 2017.

### **Strength, Balance and Performance amidst Challenging Environment**

Mr. Vincent H. S. Lo, Chairman of Shui On Land remarked, “The year 2016 witnessed a roller-coaster property market on the Mainland. The progressively tightened restrictive measures ended with a sharp decline in transaction volume and a much slower market towards the final quarter of the year. Against this backdrop, I am pleased to report that we have achieved a historic record in property sales. We also delivered a set of solid operating performance with higher gross and operating profits and a stronger balance sheet. With many uncertainties looming over the global political and economic landscape, we remain cautiously optimistic about the Chinese real estate market. In this context, we

continue to push forward with our new asset-light strategy to grow the business. We will partner with other investors, landowners or developers in new and existing projects to optimise the use of our financial resources and leverage our brand and management expertise.” The joint venture with CITIC on a prime parcel of land in Wuhan’s Optics Valley is a key step in this development. The synergies in this partnership helped us secure the land and will create value with the strengths of both parties. In addition, the Company will build on our hallmark Xintindi and Knowledge Community brands to enhance the attractions of our commercial properties to tap future market potential.”

“In the past years, we have promoted a new generation of executives to senior positions with bigger roles in the management of the Company. This reorganisation makes us stronger for the future and prepares us for the next phase of growth.”

“The year ahead will no doubt be challenging and we expect a quiet property market, at least in the first half of the year. Yet, we are confident about the medium-term prospect of our residential property sales performance, which will be driven by the strong Shanghai and Wuhan property markets and our rich pipeline in these two cities. Our solid foundation and asset-light strategy will allow us to leverage our strengths to achieve solid performance in 2017.”

Mr. Douglas H. H. Sung, Executive Director and Chief Financial Officer of Shui On Land said, “The Company places high priority on strengthening its financial position. During the year, we have generated substantial cash flow from our various projects which enable us to lower our net gearing ratio to 68%, a significant reduction of 13 percentage points from 81% as of 31 December 2015. The asset-light strategy is starting to yield the desired result of a strengthened balance sheet and will help us to be financially prepared for investment opportunities arising from potential market disruptions during the current uncertain times.”

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**About Shui On Land**

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is the flagship property development company of the Shui On Group in the Chinese Mainland with a proven track record in developing mixed-use, sustainable development communities. As of 31 December 2016, the Company has eight projects in various stages of development in prime locations of major cities, with a landbank of 10.8 million sq.m. (8.6 million sq.m. of leasable and saleable GFA, and 2.2 million sq.m. of clubhouses, car parking spaces and other facilities). The Company was listed on the Hong Kong Stock Exchange on October 4, 2006, the largest Chinese real estate enterprise listed that year. Shui On Land was included in the Hang Seng Composite Index, HSCI Composite Industry Index - Properties & Construction, Hang Seng Composite Midcap & Small Cap Index and SH-HK Stock Connect list.

For further information please visit website [www.shuionland.com](http://www.shuionland.com)

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