



## Press Release

### ***Shui On Land Announces 2019 Annual Results Rental & Related Income up 12% Robust Recurrent Income Growth Underpins Stable Profit***

[30 March, 2020, Hong Kong] – Shui On Land Limited (“the Company”, together with its subsidiaries and associates, “the Group”, Stock Code: 272), today announced its audited consolidated results for the twelve months ended 31 December 2019.

- **Stable profit underpinned by strong rental income growth:** Profit attributable to shareholders increased by 1% Y/Y to RMB1,932 million in 2019, on revenue of RMB10,392 million, as compared with profit attributable to shareholders of RMB1,906 million and revenue of RMB24,841 million in 2018. The higher profit was underpinned by rental and related income growth of 12% in 2019 to RMB2,251 million. Total rental and related income, including the properties held by joint ventures and associates, increased by 17% to RMB2,573 million in 2019. A final dividend of HKD0.084 per share was declared, which together with the interim dividend of HKD0.036 per share brings the total dividend for the year to HKD0.12.
- **Solid balance sheet to weather market headwinds and seize opportunities:** Net gearing ratio remained healthy at 52% as of 31 December 2019, compared to 40% at end of 2018. The increase was mainly due to two new land acquisitions in Shanghai: Panlong Tiandi and Hong Shou Fang (“HSF”) projects. Cash and bank deposits held by the Group was RMB11,859 million as of 31 December 2019. The strong financials will enable the Group to withstand the near-term global macroeconomic volatility, particularly in light of the uncertainties arising from a global outbreak of COVID-19, and enable the Group to capture any opportunities that may arise.

#### **Asset Light Strategy Drives Transformation with Increasing Focus on Shanghai**

The Group’s Asset Light Strategy continued during the year, facilitating Shui On Land’s strategic transformation into a leading commercial property developer, owner and asset manager. It also prepared the Group to capture opportunities to replenish its landbank and grow its portfolio in Shanghai to allow for more balanced and sustainable profit growth in the coming years.

In 2019, the Group completed three major acquisitions in Shanghai, comprising of: 5 Corporate Avenue, a project by the Core-Plus Office Investment Venture managed by Shui On Land, four residential sites within the Panlong Tiandi project, as well as the HSF project.

Panlong Tiandi is an urban village redevelopment project comprising a sizeable residential area of 176,000 sq.m. planned for development as well as unique conservation village houses that were part of a historic water town. We are evolving the XINTIANDI brand to create a new social and cultural destination in west Shanghai. The HSF project is also an urban renewal initiative and will be developed as Grade A office buildings with a Xintiandi-style retail block. These two acquisitions are endorsements of the Group's expertise and track record in urban renewal and preservation projects, as well as in developing vibrant master-planned communities. They will add 63,000 sq.m. to our 1.62 million sq.m. office and retail portfolio to further strengthen the Group's position as the largest private commercial property owner and manager in Shanghai.

Under the Asset Light Strategy, the Group continued to forge collaborations with strategic partners. By leveraging our deep expertise and track record, Shui On Land continues to be a preferred partner of major financial institutions. For instance, Tai Ping Yang Xintiandi (Taipingqiao Lots 123/124/132), a project we won in a consortium partnership with China Pacific Life Insurance and Shanghai YongYe Enterprise in July 2018, has commenced construction and will be completed in phases starting in 2022, adding to our portfolio 192,000 sq.m. of office and approximately 88,000 sq.m. of retail space.

### **A Leading Shanghai Commercial Property Owner & Operator with Growing Rental Income**

One key factor of the Group's strategic transformation is our expertise in commercial property development and asset management. Our long and extensive experience in this area will be a key driver of future growth, and an important asset to building a more balanced profit profile.

During the year, we maintained a double digit increase in recurrent rental and related income, mainly due to the contribution of new rental income from the Shanghai XINTIANDI PLAZA post-AEI, the opening of North Hall of Wuhan Tiandi HORIZON, and the strong rental growth generated by the other commercial properties.

The Group will continue to introduce new innovative products and services to enhance asset value. After launching the revamped XINTIANDI PLAZA, various other asset enhancement initiatives are in the pipeline, including Xintiandi Style I (now Xintiandi South Block). This project is scheduled to complete in the fourth quarter of 2020. The launch will reinforce the positioning of XINTIANDI as a social & cultural destination. Over the coming years, we will continue to develop our iTiandi platform to deliver better customer services and unique experiences to our entire retail office and residential community.

### **Exceeded 2019 Residential Sales Target fuelled by Strong Market Response to Launch of Rui Hong Xin Cheng Parkview**

The Group exceeded its residential sales target in 2019, with accumulated residential contracted property sales amounting to RMB12,183 million. The launch of Rui Hong Xin Cheng The Parkview in Shanghai was well-received by the market with contracted sales in excess of RMB6.3 billion on the first day of launch – achieving the highest single-day sales

recorded for Shanghai's Inner Ring region in 2019.

The Group has approximately 362,700 sq.m. of residential GFA across a variety of projects, including Shanghai Rui Hong Xin Cheng · The Parkview (Lot 1), Lakeville Phase 5 (Lot 118), Wuhan Tiandi La Riva II (Lot B10) and Foshan Lingnan Tiandi · The Masterpiece (Lot 13a), all of which will be available for sale and pre-sale in 2020. The specific timetable will depend on market conditions as well as the development of the global COVID-19 outbreak is evolving.

**Asset Light Strategy has prepared Shui On Land to meet the unprecedented challenges ahead**

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, “We are pleased to report a set of resilient results despite severe challenges and uncertainties in 2019. The situation we face going into 2020 is every bit as taxing and continues to be extremely complex. In addition to the China-US trade tensions and geopolitical issues, the outbreak of COVID-19 poses unprecedented challenges to global and domestic Chinese economics. While we are heartened to see the tremendous progress made by China in containing the spread of COVID-19, business activities and consumption will take time to recover, and improvements to the overall economic environment remains to be seen. Given such uncertainties, COVID-19 will likely have a noted impact to our performance in 2020, underscored by the rental concessions and subsidies offered to our tenants; and delays in some construction schedules and anticipated pre-sales timing. In particular, we remain watchful on the Group's two ongoing projects in Wuhan. We will monitor closely our operations, when the property market will return to normal and how sales/purchase sentiment will be impacted.

Against this backdrop, Shui On will continue to keep a prudent approach to its business. We maintain a disciplined approach towards making new investments, with a view towards ensuring that our gearing, and cashflow remain at a sustainable level. On a global scale, backed by the Asset Light Strategy we have adopted since 2016, we believe Shui On Land is well-positioned to weather the near-term challenges and emerge stronger.”

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, “Sustainable development and digitalisation are two major trends we have been integrative into our business strategy. The outbreak of COVID-19 has pushed us to accelerate our plans in these areas. Looking ahead, we will continue to leverage our strengths to develop mixed-use sustainable communities across key cities. As the digitally savvy younger generation of consumers are changing how we live, work, play and learn, the Group will also seek to stay ahead of the curve, by leveraging our strong track record in developing social and cultural destinations to evolve our digital strategy into the design of O2O communities. We are also actively developing a new retail strategy that revolves around social omni-channel experiences. In conjunction with the above, our offices will continue to provide flexible, social and modular solutions to our tenants that meet new business requirements that are arising.”

Mr. Douglas H. H. Sung, Managing Director, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “The recent volatilities in global capital markets and uncertain

economic outlook underline the importance of being prudent in capital deployment. After 4 years of applying the Asset Light Strategy, we have significantly reduced the Group's leverage to 52% at the end of 2019, compared to 81% at the end of 2015. In addition, we are closely monitoring cashflow to ensure sufficient liquidity at all times. we believe our solid financials will enable the Group to advance steadily and to grasp opportunities should they arise during the economic downturn and market adjustment, while our prudent, value-driven and selective approach in investment ensures we continue to generate returns for shareholders.”

Ms. Jessica Y. Wang, Managing Director of Shui On Management Limited, said, “Notwithstanding the slowing economic growth in China, the Group continued to enjoy strong market demands for our properties in 2019, reflecting the aspiration for premium, people-oriented products and quality management. We exceeded our residential sales target in 2019, and, in 2020, have planned to bring to market several sought-after projects, though the exact launch dates will be subject to factors including the impact of the COVID-19 outbreak. Our efforts in replenishing our residential landbank with acquisitions such as that of the Panlong Tiandi project will help us ensure a strong residential sales pipeline for the Shanghai market in the coming years.”

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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 31 December 2019, 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 8.8 million sq.m. (6.7 million sq.m. of leasable and saleable GFA, and 2.1 million sq.m. of clubhouses, car parking spaces and other facilities). It is also 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.

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

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