



Press Release

Shui On Land Announces 2022 Annual Results

[23 March 2023, 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 2022.

- **Resilient performance despite a difficult operating environment:** 2022 was a very challenging year defined by global and local factors, leading to unprecedented impacts on our business. Geopolitical tensions, continuing COVID-19 outbreaks leading to subsequent lockdowns in Shanghai and other major cities in China, together with heightened inflationary and liquidity uncertainties have placed a high degree of pressure on the Chinese economy, and in particular the property industry. Despite such a difficult operating environment, the Group is pleased to stay profitable, achieving a net profit of RMB1,475 million in 2022, with profit attributable to shareholders at RMB906 million.
- **Strong fundamentals with a stable balance sheet:** The Group redeemed the USD600,000,000 6.40% senior perpetual capital securities in June 2022 with internal resources. Our net gearing ratio stayed at a healthy level of 45% (31 December 2021: 30%), with the redemption of the senior perpetual capital securities resulting in a 13% increase. Cash and bank deposits remained stable at RMB13,368 million. We aim to maintain a prudent approach in the management of our balance sheet.
- **Downward pressure from the COVID-19 outbreak, but the overall operational performance was satisfactory:** Partly due to the delays in construction and handover of residential units, the Group’s revenue for 2022 decreased by 11% to RMB15,565 million (2021: RMB17,555 million). As of 31 December 2022, the Group’s total locked-in sales, including that of joint ventures and associates, was RMB40.9 billion for delivery and to be recognised in the financial year 2023 and beyond. The commercial portfolio, impacted by rental concessions granted to tenants, saw total rental and related income (including joint ventures and associates) of RMB2,802 million, representing a decrease of 4% year-on-year.
- **Dividend declared:** The Board has recommended a final dividend of HKD0.064 per share for 2022 (2021: HKD0.084). Together with an interim dividend of HKD0.036 per share, the full year dividend for 2022 amounted to HKD0.10 per share (2021: HKD0.12).

Stable Performance Demonstrated Strong Fundamentals of the Group

Protected by its presence in the more resilient first and strong second tier cities, and the high-quality developments that our premium sustainable communities provide, the Group achieved solid property sales for the full year, amidst a challenging environment. Our new residential project launches, namely Park Vera at Rui Hong Xin Cheng in Shanghai and Wuhan Tiandi La

Riva III, were fully sold on launch, Panlong Tiandi at Qingpu in Shanghai was oversubscribed by 3.5 times. In 2022, we recorded contracted sales of RMB27,219 million. RMB1,427 million of subscribed sales as of 31 December 2022 is expected to be turned into contracted property sales in 2023 and beyond.

In this challenging environment, our commercial property portfolio has delivered resilient recurrent rental income. The retail market has been negatively affected by the COVID-19 outbreak and lockdown in Shanghai in Q2 2022 and continuous outbreaks throughout 2022. The retail portfolio occupancy averaged 89% as of 31 December 2022, while retail rental reversion was slightly negative given the weak market sentiment. Following the relaxation of pandemic-related restrictions, sales and shopper traffic in our portfolio for the first two months of 2023 have recovered to over 90% of the levels seen in the same period in 2022. Our office portfolio saw relatively stable performance, which bears testimony to our service quality and the prime locations of our properties. Office rental reversion remained positive in the year, while the occupancy rate across the portfolio maintained at an average of 89% as of 31 December 2022. In particular, the occupancy rate of our office properties in Shanghai achieved an average of 92%.

The Group's competitive advantages and long track record in urban renewal have also helped us to acquire a new site at Yangpu in Shanghai in partnership with Shanghai Yangshupu City Development Construction Co. Ltd. This is a historical residential district, which we will adopt for modern residential use whilst respecting its legacy and culture. We are confident we will excel in this new project, given our proven capabilities in delivering urban regeneration, cultural preservation and innovative solutions.

Strengthening our Commitments to Sustainability

Sustainability has always been a core value of the Group, which is manifested in our 5C Sustainability strategy and is regularly reviewed. In the first half of 2022, we have upgraded our commitment to the Science Based targets (SBTi) to achieve the pledge of Below 1.5°C for emissions reductions. We obtained carbon neutral certification at Wuhan Tiandi and moves towards this at Shanghai Xintiandi. We have made further strides to further strengthen the Group's commitment to sustainability in the second half, partnering with tenant and supplier networks to create a green ecosystem by pioneering the introduction of a "Deep Green Lease" agreement with the U.S. Green Building Council (USGBC) and Green Pledge with 100 supply partners.

In the year of 2022, Shui On Land received a number of international recognitions for efforts in sustainability. These awards include: a Special Mention in the ESG Awards - Non-Hang Seng Index (Medium Market Capitalization) Category of the Hong Kong Institute of CPA's 2022 Best Corporate Governance and ESG Awards, ESG Leading Enterprise Awards 2022 by Bloomberg BusinessWeek, Platinum Award - ESG Corporate Awards 2021 by The Asset, ESG Award by Yazhou Zhoukan. Rui Hong Xin Cheng in Shanghai won the Urban Land Institute Asia Pacific Excellence Award, making this the ninth ULI Excellence Award our projects have received. We were honoured that Shui On Land was one of only three companies in China out of 414 companies worldwide included in the 2022 Bloomberg Gender-Equality Index (GEI). We were continually included in the 2023 Bloomberg Gender-Equality Index with a higher score than in the year before.

Well Positioned to Navigate the Market Volatility and Capture Opportunities for New Growth

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, “2022 has presented an extremely difficult market environment, with the intermittent resurgence of COVID-19 cases and temporary lockdowns in various Mainland cities adding to the challenges in the overall operating environment. Nevertheless, I am pleased that the Group’s results for 2022 have demonstrated a commendable degree of resilience. But we still see significant challenges globally brought about by the inflationary uncertainties and geopolitical tensions. The property market is expected to enter a period of consolidation due to the ongoing liquidity problem of some developers. For the year ahead, we will continue to maintain prudent financial management and focus on achieving an appropriate balance between profit and growth. Now with the pandemic situation gradually subsiding and China’s emphasis on the overall economic recovery and development, we are confident that our disciplined capital management and solid balance sheet will put us in a good position to cautiously capture new growth opportunities that the market correction will provide.”

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, “By leveraging our strength in cultural preservation and place making, we will continue to innovate on our products and services to create customer-centric thriving communities that help shape the future of cities. We actively pursue innovation in community development and are striving to be a pioneer in creating and managing sustainable premium urban communities.”

Ms. Jessica Y. Wang, Chief Executive Officer of Shui On Land, said, “The economic downturn and ongoing property sector correction pose many challenges to developers, but our strong brand and long-standing approach to urban regeneration have made Shui On Land stand out among industry peers. This have contributed to the sustained appeal of our developments and our successful bid of the Shanghai Yangpu site as a trusted partner, even under the current difficult conditions. We will continue to look at opportunities in Shanghai and other first tier and strong second tier cities within the Yangtze River Delta and the Greater Bay Area.”

Mr. Allan B. Zhang, Chief Executive Officer of Shui On Xintiandi, said, “Our strength in community operations and flexible leasing strategy, with landmark commercial projects in core locations, has enabled us to weather the market volatility, with both the retail and office properties showing resilience during the year. With community products and sustainable operation as our core competence, we will continue to explore new emerging opportunities post-pandemic by capturing evolving consumer demand of emerging sustainable lifestyle.”

Mr. Douglas H. H. Sung, Managing Director, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “Despite substantial volatility in the capital market and real estate sector, the Group continues to maintain a solid balance sheet and remain financially sound. We are committed to meeting our financial obligations, having redeemed USD600,000,000 6.4% senior perpetual capital securities and repaid/refinanced a total of RMB6,797million of borrowings during the year, which demonstrates our effective planning and cash flow management.”

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About Shui On Land

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is a leading urban solutions provider dedicated to creating premium sustainable urban communities 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 2022, the Company has 14 projects in various stages of development in prime locations of major cities, with a landbank of 9.3 million sq.m. (6.8 million sq.m. of leasable and saleable GFA, and 2.5 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 RMB82 billion of commercial assets located in prime locations in Shanghai.

Shui On Xintiandi, a wholly owned subsidiary of Shui On Land, is a leading investor and manager of premium and sustainable commercial properties in the Chinese mainland. It engages principally in the commercial and residential property management business, commercial asset management business and investment business. Its net asset value as of 31 December 2022 exceeded RMB34 billion.

The Company was established in 2004 and was listed on the Hong Kong Stock Exchange on October 4, 2006. Shui On Land was included in the Hang Seng Composite Index, HSCI Composite Industry Index – Properties & Construction, Bloomberg Gender-Equality Index as well as Bloomberg ESG Score Universe.

For further information please visit website www.shuionland.com

For media enquiries, please contact:

Ms. Joyce Zhou/Ms. Jessica Lu

Tel: (86 21) 6386 1818

Email: cc-sh@shuion.com.cn