



Press Release

## ***Shui On Land Announces 2022 Interim Results***

[25 August 2022, 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 2022.

- **Stable performance despite macro challenges and COVID outbreak:** Ongoing challenging global macroeconomic environment, the COVID outbreak and subsequent lockdowns in Shanghai and other major cities have impacted all aspects of the Chinese economy and its property market. Against this backdrop, the Group recorded a profit of RMB779 million in 1H 2022, while profit attributable to shareholders totalled RMB450 million. The major factors affecting the Interim Results included:
  - Foreign exchange translation loss, attributable to a 5.3% depreciation of RMB against USD in 1H 2022;
  - Lower revenue and profit recognised from property sales, mainly due to the delay in construction and handover of residential units to buyers resulting from the COVID lockdown in Shanghai in Q2 2022;
  - Adverse impact to rental and related income due to the COVID related lockdowns.
- **Healthy balance sheet proving strong capital management capabilities:** Supported by a healthy balance sheet, the Group redeemed the USD600,000,000 6.40% senior perpetual capital securities in June 2022 with internal resources. The net gearing ratio remained healthy at 48% (31 December 2021: 30%); with the redemption of the senior perpetual capital securities resulting in a 13% increase. Cash and bank deposits totalled RMB12,975 million. The Group expects to maintain a prudent approach in managing our balance sheet.
- **Operational performance remained solid despite COVID:** Due to the delay in construction and handover of residential units, the Group’s revenue for 1H 2022 decreased by 63% to RMB4,415 million (1H 2021: RMB11,977 million.). However, the Group’s contracted property sales for 1H 2022 increased by 55% year-on-year to RMB18.7 billion. As of 30 June 2022, the Group’s total locked-in sales, including that of joint ventures and associates, were RMB43.7 billion for delivery, to be recognised in the Group’s financial results in 2H 2022 and beyond. For the commercial portfolio, total rental and related income (including joint ventures and associates) was RMB1,476 million, representing a growth of 8% Y/Y.
- **Interim dividend declared:** The Board has resolved to recommend the payment of a 2022 interim dividend of HKD0.036 per share (1H 2021: HKD0.036 per share).

## **Strong residential sales & high occupancy at our commercial portfolio underpinned by high quality assets and quality property management service**

In 1H 2022, COVID outbreaks in China resulted in a series of lockdowns across the country, particularly Shanghai. In Shanghai, new sales and construction activities of residential properties ground to a halt during the lockdown, and on the commercial business side, dining, leisure and retail premises were closed, reducing footfall and sales. Nevertheless, the Group still achieved strong sales performance, and occupancy was well-managed and maintained at a high level across our portfolio.

The experience of COVID has reinforced the demand for the high-quality developments that our premium sustainable communities provide. The value of our quality property management services became ever more apparent as restrictions on normal life came into effect. We worked very closely with our customers and tenants to support them through this very challenging time during lockdowns. Hence, we continue to attract buyers and tenants for our properties.

The Group's contracted property sales increased by 55% to RMB18,715 million in 1H 2022, compared to RMB12,115 million in 1H 2021. The increase was due to strong sales performance in Shanghai RHXC Ocean One (Lot 7) and Shanghai RHXC Park Vera (Lot 167A). When Park Vera at Rui Hong Xin Cheng in Shanghai launched online on 8 June, all of the available units were sold in the first day. As of 30 June 2022, RMB1,783 million of subscribed sales is expected to be subsequently turned into contracted property sales in 2H 2022 and beyond. The Group expects to launch 147,300 sq.m. of residential GFA in 2H 2022, subject to the latest construction progress of the developments and government pre-sale approval timing.

For the commercial portfolio, despite an adverse impact brought about by the COVID outbreak, total rental and related income (including joint ventures and associates) increased by 8% Y/Y to RMB1,476 million in 1H 2022. Under Shui On Xintiandi, the retail portfolio achieved a positive reversion with an average of 91% occupancy rate as of 30 June 2022, demonstrating the resilience of the portfolio. The office portfolio's occupancy rate stayed at an average of 91% as of 30 June 2022, while the occupancy rate of our office properties in Shanghai was at an average of 95%. Positive reversion was recorded during the period.

## **Increasing our commitment to sustainable development**

Sustainable development is an important cornerstone of the Group's business. We have recently upgraded our commitment to the Science Based targets (SBTi) to achieve the pledge of Below 1.5°C for emissions reductions. In Wuhan we are on our way to achieving net zero operationally, the South Hall of Horizon at Wuhan Tiandi became the first mall in China to obtain a carbon neutrality certificate issued by the Shanghai Environment and Energy Exchange and will achieve 90% carbon emissions reduction in the next year. Shanghai Xintiandi is now starting to develop a near-zero carbon demonstration area.

International recognition for the Group's efforts has come in the form of a ESG Corporate Awards 2021 by The Asset. And Rui Hong Xin Cheng in Shanghai recently won the Urban Land Institute Asia Pacific Excellence Award, the ninth ULI Excellence Award our projects have received. This recognition is especially noteworthy because the criteria used by ULI encompass market-based metrics, meaning our development did not only meet environmental and social targets, but was acknowledged to have met a genuine market need.

## **A very cautious outlook, but eyeing longer-term opportunities**

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, “Without a doubt, 2022 thus far has presented a very challenging market environment, with the outbreak of COVID posing unprecedented challenges to the domestic economy. Despite short term impact and uncertainties in the economic environment, we will seek to cautiously capture further growth opportunities that the current market dislocation will provide. We are committed to maintaining high corporate governance standards whilst capturing new market opportunities to sustainably grow the business.”

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, “The experience of COVID has reinforced customers’ growing aspiration for high-quality and mixed-use communities with healthier environment and people-oriented property management services. We are pleased our high-quality developments that our premium sustainable communities provide enjoy strong market demand, demonstrating customers’ confidence in our projects. With a dedicated team and strong brand competitiveness, we are well positioned to cater for the increasingly diverse demands and bring lasting benefit to our stakeholders.”

Ms. Jessica Y. Wang, Chief Executive Officer of Shui On Land, said, “Urban regeneration plays an increasingly important role in the future development of major cities in China. The Group has a proven track record in developing large scale, mixed-use, sustainable communities. Leveraging on our strengths in urban regeneration, we are well placed to provide different urban solutions to the cities in China. We will continue to look at opportunities in Shanghai and first tier cities as well as strategic locations within the Yangtze River Delta and the Greater Bay Area.”

Mr. Allan B. Zhang, Chief Executive Officer of Shui On Xintiandi, said, “Through extraordinary creative cultural content and business innovation, we are making good progress in creating premium and thriving communities with diverse social experience and sense of belonging. Our strength in community operation and well-balanced portfolio mix will allow us to achieve a very stable and healthy rental income growth. We will continue to create long-term value by building premium communities that enrich the quality of life in a city.”

Mr. Douglas H. H. Sung, Managing Director, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “Our foresight in maintaining a healthy balance sheet and prudent capital management have allowed us stay financially sound amidst the substantial volatile capital market and real estate sector that we witnessed starting last year. Our priority is 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 this market disruption.”

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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 30 June 2022, the Company has 13 projects in various stages of development in prime locations of major cities, with a landbank of 9.4 million sq.m. (6.9 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 1.72 million sq.m. of office and retail premises, including its flagship Shanghai Xintiandi, which is currently under its management.

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 30 June 2022 exceeded RMB 33.7 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.

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