



Press Release

## ***Shui On Land Announces 2023 Interim Results***

[22 August 2023, 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 2023.

- **Resilient performance amidst a challenging market environment:** The China property industry continues to face numerous challenges in 2023. While business activities in China have resumed following the lifting of COVID-19 restrictions, consumers remain cautious, resulting in a weaker than expected recovery in the first half of 2023. At the same time, liquidity remains very tight for most developers. Against this backdrop, we are pleased to report solid results. Group revenue increased by 46% to RMB6,431 million in the first half of 2023 (“1H 2023”) compared to the first half of 2022 (“1H 2022”). Profit for the period increased by 17% year-on-year to RMB913 million, while profit attributable to shareholders also rose 37% year-on-year to RMB618 million.
- **Property sales and rental income have shown growth:** Property sales in 1H 2023 increased by 90% to RMB4,662 million (1H 2022: RMB2,449 million), mainly contributed by Shanghai Panlong Tiandi. The opening of Shanghai Panlong Tiandi in April 2023, and the re-opening of Xintiandi Style II generated additional revenue for the Group. Total rental and related income (including joint ventures and associates) was RMB1,515 million, representing a growth of 3% year-on-year.
- **Maintaining prudent capital management and stable balance sheet:** Net gearing ratio increased slightly to 50% as of 30 June 2023. Cash and bank deposits totalled RMB12,239 million. We are committed to maintaining a prudent approach in managing our balance sheet, with maintaining good liquidity as a top priority.
- **Successful issuance of the largest ever private green-mortgage-backed onshore CMBS:** In April, the Group successfully issued an onshore commercial mortgage-backed securities (“CMBS”) backed by THE HUB in Hongqiao Central Business District, Shanghai. It is the first CMBS in China supported by a transit-oriented development commercial complex. It is listed on the Shanghai Stock Exchange with an issue size of RMB4,401 million, a credit rating of AAA<sub>sf</sub> and a coupon rate of 3.9%.
- **Interim dividend declared:** Having considered the Group’s financial performance during the period, the Board has resolved to recommend the payment of a 2023 interim dividend of HKD0.032 per share (1H 2022: HKD0.036 per share).

## **Resilient Performance Demonstrated Solid Fundamentals of the Company**

The slow pace of economic recovery and the ongoing correction in the property sector has inevitably presented many challenges for developers. However, we have seen divergent sales performance, solid demand in top-tier cities and quality products. Thanks to our long-established strategic focus on top-tier cities, and high-quality developments in our premium sustainable communities, total recognised property sales (including joint ventures and associates) for 1H 2023 amounted to RMB34,706 million. Notably, in May 2023, our residential project, Wuhan Tiandi La Riva III, was fully sold online on the day of its launch, achieving the highest record in pre-sale price in Wuhan. In 1H 2023, we recorded contracted sales of RMB4,564 million and RMB606 million of subscribed sales. The Group has planned for more launches in 2H 2023, with approximately 211,900 sq.m. of residential GFA available for sale and pre-sale.

Despite a weaker than expected recovery of consumer spending, our commercial properties under Shui On Xintiandi consistently delivered resilient recurrent rental income. The retail portfolio occupancy averaged 91% as of 30 June 2023 with rental reversion remaining positive. Following the relaxation of pandemic-related restrictions, sales and shopper traffic in our portfolio for the first half of 2023 have recovered to 109% and 120% of the levels seen in the same period in 2021, respectively. Despite the pressure from the economic slowdown and the oversupply of offices in Shanghai, our office portfolio saw a relatively stable performance, which bears testimony to our high service quality and the prime locations of our properties. The occupancy rate across the portfolio remained stable, averaging 88% as of 30 June 2023 with positive rental reversion reported. In particular, our office properties in Shanghai achieved an average occupancy rate of 92%.

We have a long track record in urban regeneration projects in China. Panlong Tiandi, which opened in April 2023, is one of the most successful examples of urban village development in Shanghai. Blending the historical heritage of the ancient Panlong Town with modern commercial elements, Panlong Tiandi creates an urban retreat where the traditional hallmarks of a Jiangnan water town are integrated with modern life, establishing a new cultural landmark for the Yangtze River Delta. Panlong Tiandi welcomed over a million visitors within its first week of opening.

The Group's competitive advantages and proven abilities in urban village renewal have unlocked new avenues for business growth and opportunities. In April 2023, the Group established a 90/10 JV company (Shanghai Zhaolou Tiandi Co., Ltd.) with a state-owned company for carrying out a potential new development Zhaojia Lou in the near future. Located at Pujiang Town, Minhang District, Shanghai, this project will be a mixed-use development comprising residential and commercial facilities.

## **Advancing Sustainability Across the Businesses**

Guided by the "5C" (Community, Clean, Culture, Care and Corporate Governance) strategy, we have consistently strived to promote sustainability across various aspects of our operations. Since the beginning of the year, the Group has embraced a more ambitious target for our commitment to the UN-backed Science Based Target initiative (SBTi), positioning us as the first developer in China to participate in SBTi, with our application for a 1.5°C target approved in July this year. In pursuit of this target, all Wuhan projects have transitioned to using

renewable electricity, accounting for about 15% of the Group's total electricity consumption as of June 2023.

The Group's continued effort to advance sustainability has garnered numerous international accolades and recognition. Since 2022, we have been included in the Bloomberg Gender-Equality Index, a modified market capitalisation-weighted index that aims to track the performance of public companies committed to transparency in gender-data reporting. Shui On Plaza, the office and retail complex to the north of Xintiandi in Shanghai, was named in the 2023 ULI Asia Pacific Awards for Excellence. The Group has also topped the 2023 Fortune China ESG Impact List in May 2023, recognising Shui On Land as one of the 40 most influential enterprises in China.

### **Challenging Market Environment**

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, "Persistent economic headwinds and cautious consumer confidence continued to exert pressure on the property market. Nonetheless, the Group has achieved resilient results during this period. Looking ahead, we remain cautious as the softening of the economy that was apparent in the second quarter of 2023, is expected to extend into the latter half of the year. Uncertainties remain as the market is still in correction, but we expect more supportive policies in the coming months to bolster the industry and restore market confidence. We will continue to be cautious and selective in acquiring new urban regeneration projects and land banks, all while closely monitoring market developments. I believe our forward-thinking management team and proven capabilities will allow us to leverage on market conditions to capture new opportunities and growth in the coming years."

Ms. Stephanie B. Y. Lo, Executive Director of Shui On Land, said, "Tackling a more differentiated market, we have strategically focused on premium developments in higher-tier cities to weather through the downturn. Today, consumers are becoming more health-and-quality experience-conscious, and our sustainable premium communities are ideally aligned with the needs and aspirations of the market, setting a solid foundation for our future growth. The strong momentum in residential sales in the luxury market and resilience performance of our office and retail properties are expected to persist into the latter half of the year despite the challenging environment. We will remain committed in the development of customer-centric thriving communities, which we believe will bring lasting benefits to all our stakeholders."

Ms. Jessica Y. Wang, Chief Executive Officer of Shui On Land, said, "The challenging economic environment and ongoing market correction continue to weigh on developers, yet our strong brand and proven capabilities in urban regeneration have enabled us to outperform industry peers. The success of Panlong Tiandi has opened up new horizons for urban village renewal projects and cemented our long-standing reputation as a leading urban solutions provider. We will continue to explore urban redevelopment opportunities in Shanghai and other strategic locations in a prudent manner, and lead industry development in Chinese style modernisation."

Mr. Allan B. Zhang, Chief Executive Officer of Shui On Xintiandi, said, "Our strength in community operations and our flexible leasing strategy, with landmark commercial projects in core locations, has enabled us to ride out market volatility, with both the retail and office properties demonstrating resilience throughout this period. By building communities that embrace culture, heritage, lifestyle and sustainability, we will continue to create dynamic and experiential eco-systems for both clients and consumers alike."

Mr. Douglas H. H. Sung, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “Amid significant market volatility and high uncertainties, the Group’s balance sheet remains stable, setting a solid foundation for our future business. Our prudent yet proactive financial management has enabled us to withstand the ongoing liquidity crisis engulfing the property industry. We are increasingly diversifying our onshore financing channels with the most recent initiative of the successful issuance of a commercial mortgage-backed security (CMBS), and having repaid/refinanced a total of RMB8,223 million of borrowings during the first half of the year, which validates our strategic financial management and efficient planning.”

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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 2023, the Company has 14 projects in various stages of development in prime locations of major cities, with a landbank of 8.7 million sq.m. (6.3 million sq.m. of leasable and saleable GFA, and 2.4 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 RMB83 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 30 June 2023 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.

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