



Press Release

***Shui On Land Announces 2024 Interim Results  
Maintaining Profitability Amid Market Challenges***

[30 August 2024, 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 2024. Despite macroeconomic headwinds, the Group remained profitable and maintained a stable balance sheet, while achieving growth in rental and related income.

**Sustained Profitability in Challenging Market Conditions**

The first half of 2024 saw continuing challenges in China's economy and property sector. Economic transition, geopolitical tensions, and low consumer confidence resulted in sluggish property activity. Nevertheless, the Group recorded a profit of RMB183 million in the first six months of 2024, with profit attributable to shareholders of RMB72 million. This reflects a year-on-year decline in net profit, primarily due to a lack of new residential property completions which impacted property sales.

In the same period, the Group’s total recognised property sales amounted to RMB1,691 million (including joint ventures and associates). Additionally, the Group achieved total locked-in sales of RMB7,818 million, scheduled for delivery and recognition in the second half of 2024 and beyond.

**Prudent and Proactive Capital Management**

The Group’s balance sheet remains stable, with net gearing ratio at 53% as of 30 June 2024, and cash and bank deposits of RMB10,543 million. As of 29 August 2024, a total RMB40.6 billion offshore debts (gross amount), including USD493.5 million senior notes due on 24 August 2024, have been repaid since 2021.

Mr. Douglas H. H. Sung, Chief Financial Officer and Chief Investment Officer of Shui On Land, said, “Ensuring sufficient liquidity remains our top priority. Amid a prolonged downturn in the property market, the Group has successfully fulfilled all financial obligations and maintained a stable balance sheet. As the offshore lending market is challenging, we will diversify funding sources, including with new onshore financing. The Group will persist in prudent and proactive capital management, constantly reviewing the markets and adopting the most appropriate debt management strategies which balance the interests of all stakeholders.”

## **Resilient Commercial Property Portfolio Yields Increased Rental Income**

The Group's commercial property portfolio grew, supported by contributions from two new properties in Shanghai: Panlong Tiandi and Hong Shou Fang. This brought total rental and related income (including joint ventures and associates) 16% higher year-on-year to RMB1,764 million. The Group retained high occupancy rates across its mature properties amidst a competitive leasing market, with average occupancies for retail and mature office properties at 93% and 91% respectively.

We are committed to continuous innovation in space, content and service, providing consumers with a unique Xintiandi community experience. The success of Panlong Tiandi and Hong Shou Fang, built with innovative lifestyle concepts, not only demonstrates the Group's expertise in creating new landmarks, but also proves that our creative approach – centred around culture, nature, and social engagement – effectively attracts more consumers and loyalty programme members, boosting foot traffic and tenant sales.

In addition to the existing commercial portfolio, the Group has a considerable commercial pipeline in top tier cities. Among these, the most anticipated project is the CPIC Xintiandi Commercial Centre (“CXCC”) in Shanghai. This development comprises three office towers and a retail podium, Xintiandi Galleria, with construction progressing smoothly. The T3 and newly completed T2 office building have achieved occupancy rates of 100% and 65% respectively as of 30 August 2024. The 250-metre tall T1 office tower is on track for completion in the second half of 2024, while Xintiandi Galleria is scheduled to open in 2025. This landmark project represents a significant expansion and functional upgrade of Shanghai Xintiandi, offering consumers a blend of bespoke experiences and world-class cultural attractions designed to enhance the premium lifestyle in the city.

Mr. Allan B. Zhang, Chief Executive Officer of Shui On Xintiandi, said, “Our communities have always been focused on meeting our customers’ evolving needs. We aim to create trend-setting experiences through unique, differentiated and experiential strategies. Despite market challenges, we are delighted that both our retail and office properties have proven resilience, achieving stable and healthy growth in rental income. Looking ahead, our upcoming commercial properties will further expand our portfolio’s leasable retail and office space, generating new streams of recurring rental and fee income for the Group.”

## **Shanghai High-end Residential Market Outperforms**

Despite challenges in China's property market, Shanghai's high-end residential segment has demonstrated strength and resilience. Primary sales of housing units above RMB20 million in Shanghai surged 57.8% year-on-year in the first half of 2024. The increased sales activity was driven by solid demand for better living environment and quality, as well as Shanghai's enduring appeal to high-net-worth individuals from both within the city and across China. Our longstanding focus on top-tier cities and the mid to high-end residential segments, driven by a Best-in-Class product strategy, enables the Group to capitalise on current market trends and reinforces our leadership position.

Lakeville Phase 6 and Riverville, two of the Group's major residential projects, are on track for launch in the second half of 2024. Lakeville Phase 6, the latest addition to the Lakeville series in the Shanghai Xintiandi community, is set to redefine the Puxi skyline. Riding on the legendary Shanghai Xintiandi, the Lakeville brand has consistently attracted a large base of loyal customers, and we anticipate phase 6 to be the city's most sought-after project in the near future. Similarly, Riverville is a high-end, low-density residential project located on the left bank of the Huangpu River, extending the Lakeville brand's reach to a wider market segment. We expect both projects to contribute significantly to contract sales in the latter half of the year.

Ms. Jessica Y. Wang, Chief Executive Officer of Shui On Land, said, "We have been deeply rooted in Shanghai for over three decades and remain optimistic about the city's prospects. The resilience of Shanghai's high-end property segment validates our strategic focus in this market. Our upcoming residential launches underpins a strong sales pipeline for the Group in Shanghai, further solidifying our leadership position in the high-end property segment."

### **Cautious Outlook**

The property market's recovery is likely to be gradual. As liquidity for the property industry is expected to remain tight, the Group maintains a cautious outlook on near-term business prospects.

Ms. Stephanie B. Y. Lo, Vice Chairman of Shui On Land, said, "We prioritise prudent capital management and strict operational discipline to secure current business development in the best long-term interest of our shareholders. Leveraging our expertise in community development and management, we are well-positioned to diversify our business portfolio under Asset Light Strategy. By capturing evolving consumer demand and offering differentiated products and services, we aim to drive sustainable growth."

Mr. Vincent H. S. Lo, Chairman of Shui On Land, said, "China property market is undergoing a structural correction and has not yet shown a meaningful recovery. We will continue to be highly selective in our investments in Tier-1 cities in the Yangtze River Delta and Greater Bay Area, with an emphasis on Shanghai. Leveraging our high-quality assets and experienced management team, I am confident that the Group will not only overcome the challenges ahead, but will continue to make positive progress and ride through the storm."

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## **About Shui On Land**

Headquartered in Shanghai, Shui On Land (Stock Code: 272) is a leading urban solution provider. The Company specialises in urban regeneration, as well as development and operation of communities that prioritise culture, social engagement, and sustainability.

Shui On Land has two main businesses, namely property development, and property investment and management. As of 30 June 2024, the Company has a landbank of 8.3 million sq.m. (comprising 6.0 million sq.m. of leasable and saleable area, and 2.3 million sq.m. for clubhouses, car parking spaces, and other facilities), representing 14 development projects located in the prime areas of five major cities in China. It is also one of the largest private commercial property owners and managers in Shanghai, with a total portfolio of RMB79 billion of commercial assets in Shanghai.

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

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