For Immediate Release

信德集團
SHUN TAK HOLDINGS

SHUN TAK HOLDINGS LIMITED
(Incorporated in Hong Kong with limited liability)
(Stock code: 242)
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Shun Tak Announcing Annual Results for Year 2019

Financial Highlights			
	2019 (HK$'000)	2018 (HK$'000)	Difference (%)
Revenue	14,649,184	6,591,582	↑122%
Profit attributable to owners of the Company	3,455,796	4,647,326	↓26%
Profit attributable to owners of the Company (excluding unrealized fair value changes on investment properties)	3,623,535	2,529,174	↑43%
Earnings per share (HK cents):			
- Basic	114.3	153.4	↓25%
- Diluted	114.3	153.4	↓25%
Total dividends per share (HK cents):	18.0	16.0	↑13%
- Final	18.0	10.0	↑80%
- Special	Nil	6.0	N/A
- Interim	Nil	Nil	N/A

(March 27, 2020 – Hong Kong) Shun Tak Holdings Limited ("Shun Tak" or "the Group"; stock code: 242) announced today its annual results for year 2019, posting HK$14,649 million in revenue (2018: HK$6,592 million) and HK$3,456 million in profit attributable to owners of the Company, which represents a 26% decrease year-on-year. Excluding unrealized fair value changes on investment properties, profit attributable to owners of the Company is HK$3,624 million, representing a 43% increase. The Board of Directors recommended a final dividend of HK18.0 cents per share (2018: a final dividend of HK10.0 cents per share and a special dividend of HK6.0 cents). No interim dividend was declared by the Board during the year ended 31 December 2019 (2018: nil). Total dividends for the year amounted to HK18.0 cents per share (2018: HK16.0 cents per share).

Property

Profit from the property division has been exceptionally significant in 2019, primarily attributable to the successful handover and profit recognition of 951 Nova Grand units within the year. During the year, the division posted HK$6,525 million (2018: HK$3,112 million) in profit. Nonetheless, downward fair value adjustments in investment properties and negative rental reversion in renewals spawned by global economic instability, sociopolitical tensions in Hong Kong and dampened consumer confidence, have weighed on the largely healthy results. Overseas, the Group continued to make good construction progress in its pipeline developments, and has entered into agreements to acquire a 40% effective interest in a mixed-use development in Suhe Bay Area of Shanghai within the year.

In Macau, a total of 33 units in Nova Grand have been newly transacted and 951 units have been handed over to purchasers with profit recognized within the year. Cumulatively, 77% of residential units have been sold. The remaining inventory will be strategically launched in the coming years and is expected to be supported by the end-user market. Under recessionary pressure clouding the retail industry in the latter half of year and the outbreak of the coronavirus, leasing progress for Nova Mall has been affected and the launch date will be delayed according to the market conditions (originally scheduled for early 2020).

In Hong Kong, the last two duplex units at Chatham Gate, each with two carparks, were contracted for sale for a total consideration of HK$263 million in May 2019. The first duplex has been handed over in mid-Jan 2020, while the other is scheduled for completion in April 2020.

In China, a number of mixed-use developments in top tier cities are progressing solidly on track.

In Hengqin, the Group is planning to launch presale of the apartments and proceed with fit-out works within 2020 for Hengqin Integrated Development. The project includes office accommodation, retail facilities, hotel space, and apartments complemented by a clubhouse and a car park.

In Beijing, Shun Tak Tower achieved an average office occupancy rate of 92% during the year. Meanwhile, at Beijing Tongzhou Integrated Development, out of its six towers, one office tower has been topped out in 2019 while two more residential towers are expected to be topped out in 2020. Project completion is scheduled for 2022 and 2023 in two phases.

In Shanghai, NEW BUND 31, Qiantan is being developed into a cultural and community hub spanning 140,500 square metres of total gross floor area, bringing together offices, retail space, basement retail, and a 5-star hotel offering around 200 rooms and an arts and cultural centre. Construction of superstructure for its office and retail zones has begun, with completion of the complex planned for 2023.

In December 2019, the Group entered into a strategic partnership with China Resources Land Limited to acquire a 40% effective interest in the mixed use development project located in Suhe Bay Area in Jingan District of Shanghai. The development comprises four land plots with a total site area of approximately 24,913 square metres and a total developable gross floor area of approximately 329,000 square metres. It is planned to encompass residential, office and commercial components, as well as an underground shopping mall and a public park. Upon completion, all office, commercial and residential developments in the north side are intended for sale, while the retail and office developments in the south side are intended for generating long-term rental income. Construction is underway with project completion expected by phases from 2021.

In partnership with Perennial Real Estate Holdings Limited, two large scale “health cities” in Kunming and Tainjin are respectively entering the planning and construction stages.

Kunming South HSR Integrated Development will include the provision of hospitality, medical care, eldercare, MICE, and retail components across a proposed gross floor area of approximately 550,000 square metres. Construction is due to begin in 2020, with the site becoming operational in second half of 2023.

Tianjin South HSR Integrated Development will comprise a general hospital, eldercare facilities and serviced apartments, as well as retail and hospitality components covering around 330,000 square metres. Located near the Tianjin South High Speed Railway Station, it is set to serve the elevating demands of quality medical care within the fast-growing “Jing-Jin-Ji” megalopolis. Construction has begun in Q4 2019, with operations expected to begin in 2023.

Overseas, several pipeline property projects in downtown Singapore are making good construction progress.

111 Somerset Singapore has concluded its asset enhancement programme, which is expected to stimulate investment and leasing interests. The refurbished retail podium was opened for business in March 2019. During the year, profits from the sales of 48 office units and 2 medical suites were recognized.

Two luxury residential developments near Orchard road, namely Park House and 14 & 14A Nassim Road, are both under design and planning stage with estimated project completion and launch expected in 2022.

Transportation

2019 has been an exceptionally challenging time for the transportation division, taking a double hit from traffic diversion since the opening of the Hong Kong-Zhuhai-Macau Bridge ("HZM Bridge") as well as the political turmoil that gripped Hong Kong in the latter half of year, leaving the tourism industry in the doldrums. During the year, the transportation division's flagship operations under the TurboJET brand running between Macau and Hong Kong, including Kowloon, Tuen Mun and Chek Lap Kok service, carried 7.9 million passengers, a year-on-year decline of 39%, which resulted in a loss of HK$122 million (2018: profit of HK$246 million). The division has engaged in a series of cost control and optimization measures to weather the challenge, and is committed to finding new foothold amid emerging opportunities within the Greater Bay Area through strategic product positioning.

"Macau Cruise", the Company's new endeavor launched in 2018, expanded the route to Macau Fisherman's Wharf in June 2019 to connect the Macau Peninsula with Taipa and Coloane, further enriching tourist experience.

TurboJET has been operating the Tuen Mun Ferry Terminal since 2016. Leveraging its central location within the Pearl River Delta and well developed local public transportation system, service routes have been performing satisfactorily.

During the year, the Group's joint venture company, Hong Kong International Airport Ferry

Terminal Services Limited, was awarded its third consecutive contract by the Airport Authority Hong Kong for the management of the ferry operations at SkyPier for three years, from July 2019 to 2022.

Shun Tak & CITS Coach (Macao) Limited, the division's land transportation arm, has launched two additional cross-boundary transportation services via the HZM Bridge in 2019. These include "TurboJET Cross Border Limo", a personalized door-to-door land transport service between Hong Kong and Macau, as well as "Macau HK Airport Direct", a shuttle service between the Hong Kong International Airport and Macau Port at HZM Bridge. The company recorded HK$115 million in revenue and operated a fleet of 141 vehicles within the year.

Hospitality

Besieged by political instability spanning the latter part of year 2019, Hong Kong tourist arrivals suffered double digit decline with the fallout also adversely impacted Macau's tourism performance. Coupled with subdued global economic outlook and China-US trade tensions, the Hospitality Division has been operating under exceptionally difficult circumstances. The division posted HK$220 million in loss in the year of 2019.

In terms of hotel performance, Hong Kong SkyCity Marriott Hotel posted an average occupancy rate of 83% for the year, representing a 5% increase. In Macau, Mandarin Oriental, Macau achieved an occupancy rate of about 75% and an average room rate of over MOP1,935 throughout the year. Grand Coloane Resort maintained an average room occupancy rate of 72% despite the intensifying competition of in-town hotels.

In China, Artyzen Habitat Dongzhimen Beijing recorded a satisfactory average occupancy rate of approximately 83% in 2019, while Artyzen Habitat Hongqiao Shanghai registered an average occupancy of 60% and is gradually gaining popularity.

citizenM Shanghai Hongqiao is a new 303-room hotel officially opened in the Shanghai MixC complex in April 2019. It is proactively transforming its model to adapt to the Chinese market and appealing to quality-conscious customers travelling on moderate budgets.

The Group's first move in the hotel market in Singapore - No.9 Cuscaden Road, Singapore, is in the process of developing into a 5-star luxury hotel with no fewer than 142 rooms.

Foundation work has been completed and the superstructure work has already commenced with topping out scheduled for Q4 2020. Construction is targeted for completion in mid-2021, with opening planned in 2022, to be managed by Artyzen Hospitality Group ("AHG").

AHG, the Group's hotel management arm, received a one-off extraordinary income from the disposal of a subsidiary in 2019. Its performance remained subdued as profitability is undermined by pre-management expenses for its pipeline properties, including seven in Shanghai, one in Hengqin, and one in Chongqing.

Artyzen Club, a membership club launched by AHG in 2018, is gradually establishing its membership base and popularity among the business community. As at 31 December 2019, the club has grown its membership base to 300 subscriptions, while its banquet and F&B income are gradually on the rise.

Shun Tak Travel, representing the Group's full-service travel and MICE arm, posted HK$7.8 million in loss (2018: HK$4.7 million in profit) for its combined travel and MICE businesses in 2019.

Investment

The Group is a long term investor in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), and holds 15.7% effective interest in the company as at 31 December 2019. STDM in turn owns an effective shareholding of approximately 54.1% in SJM Holdings Limited, which has full control over Sociedade de Jogos de Macau, S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau. In 2019, dividends received amounted to HK$116 million (2018: HK$99 million), representing an increase of 17% year on year.

The Group operates and manages the Kai Tak Cruise Terminal Hong Kong in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. With 178 berthings achieved in year 2019, the terminal accounted for 90% of total cruise passenger throughput of Hong Kong with further capacity to lead the growth of cruise tourism in the future.

The Group's retail division, Macau Matters Company Limited, further reinforced its retail range with the launch of the new Italian gelato brand "Stecco Natura", opening the first outlet at K11 in

November 2019.

In spite of the onset of the COVID-19 epidemic and many uncertainties that still cloud the situation, the Group has built a solid foundation over the past years with a respectable portfolio of new projects that hold steady potentials in the long run. It remains confident to rebound quickly upon the passing of the crisis, and will be in a strong position to capture emerging growth opportunities within the Greater Bay Area.

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