For Immediate Release

SHUN TAK HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 242)

website: http://www.shuntakgroup.com

Shun Tak Announces Interim Results for Year 2020

Financial Highlights (For the six-month period ended 30 June 2020)			
	1H2020 (HK$'000)	1H2019 (HK$'000)	Difference (%)
Revenue	2,141,406	11,809,371	↓82
(Loss)/Profit attributable to owners of the Company	(279,152)	3,409,407	↓108
Profit attributable to owners of the Company (excluding unrealized fair value changes on investment properties)	271,520	3,403,733	↓92
(Loss)/Earnings per share (HK cents):			
- Basic	(9.2)	112.7	↓108
- Diluted	(9.2)	112.7	↓108

(August 27, 2020 - Hong Kong) Shun Tak Holdings Limited ("Shun Tak" or "the Group"; stock code: 242) posted revenue of approximately HK$2,141 million over the first six months of 2020, representing a 82% year-on-year decrease. Excluding the unrealized fair value changes on investment properties, profit attributable to the owners registered 92% decrease at HK$272 million for the first half of 2020. Basic loss per share is HK9.2 cents. The Board has resolved not to declare any interim dividend (2019: Nil).

Property

Under the impact of COVID-19 pandemic, transactional volume for residential properties have declined substantially under recessionary pressure and shaken buyers' confidence across Hong Kong and Macau. Commercial properties have taken an even larger toll, as the retail industry was battered by months of subdued economic activities. During the first half of 2020, the Group has not launched any properties for sale, and rental income has declined due to both lower turnover revenue and concessionary reliefs granted to help tenants navigate the challenging time. In tandem with a downward fair value adjustments in investment properties and a decrease in recognized sales of residential units at Nova Grand, the division posted a decline in profit, at HK$879 million (1H2019: HK$5,843 million).

In Macau, no new units at Nova Grand have been launched for sale during the period, as a result of social distancing measures and dampened consumer confidence caused by the pandemic. However, 102 units have been handed over to homebuyers during the period. As of 30 June 2020, 77% of total units has been sold.

The long anticipated Nova Mall made its debut in April 2020 as its largest anchor tenant IKEA opened its first shop in Macau, followed by a number of other retailers at B1 level in June. Other floors of the mall will be opened by phases, subject to government approval and the pandemic situation, with an average occupancy of at least 80% targeted by end of 2020.

In Hong Kong, one of the last two duplex units contracted for sale at Chatham Gate has been handed over in mid-Jan 2020, while the other has postponed completion till the third quarter of 2020.

In June 2020, the Group completed an acquisition of 45% interest in certain assets from the New World group comprising 213,786 square feet of total lettable retail area, 13,827 square feet of gross office area and 85 parking spaces in Shun Tak Centre. Upon completion of the acquisition, the Group now has a 55% effective interest in those assets.

In China, the Group's diverse portfolio of mixed-use developments is progressing on track as planned.

In Beijing, Shun Tak Tower achieved an average office occupancy rate of 87% in 1H2020. While at Tongzhou Integrated Development, out of the complex's six towers, two towers have been topped out while a third will follow before the end of year. Substructure works for the remaining three lots are being carried out in 2020.

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. Superstructure works for the hotel and the Performing Art Center (PAC) has begun, with completion of the complex planned for 2023.

In December 2019, the Group entered into agreements to acquire a 40% effective interest in a mixed-use development located in Suhe Bay Area in Jingan District of Shanghai, and formed a strategic partnership with China Resources Land Limited to co-develop the project. The development comprises residential, office, commercial and cultural components, basement retail as well as underground carparks and ancillaries. Two residential towers of approximately 23,000 square metres were first launched for presale in June 2020. Construction is underway with project completion expected by phases from 2021 onward.

In partnership with Perennial Real Estate Holdings Limited ("Perennial"), two large scale "health cities" in near Tianjin and Kunming HSR stations are entering construction stage. Both the 330,000 square metres Tianjin site and 550,000 square metres Kunming site will comprise medical care, eldercare facilities as well as retail and hospitality components. The two projects are expected to become operational by 2023.

In Hengqin, presale of apartments at Hengqin Integrated Development is expected to be launched within the year, with new Border Crossing facility coming into operation in August 2020.

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

111 Somerset Road, Singapore is a 17-storey integrated development encompassing two office towers, a 2-level retail podium and a 2-level basement carpark. During the first quarter

of 2020, the property completed an asset enhancement initiative. In May, the Group acquired the remaining 30% interest and became the sole owner of the project, which allows for greater flexibility in future management strategies.

Two luxury residential developments near Orchard road, namely Park Nova and 14 & 14A Nassim Road, are both under design and planning stage. The former is scheduled for launch in 2021 and is expected to complete in 2023, while the latter is slated for launch in 2021 with expected completion in 2022.

Transportation

2020 heralded one of the most trying periods in the transportation division's history. The COVID-19 pandemic has forced cross-border travels to a near standstill. As part of governments' containment measures, sea borders were ordered to close in February until further notice, while land transport via the Hong Kong-Zhuhai-Macau Bridge was reduced to minimal service and travelers are subject to stringent quarantine measures. During the first half of 2020, the division's flagship TurboJET brand, which runs between Macau and Hong Kong, only operated for 34 days and carried 0.5 million passengers, a decline of 90% year-on-year. This led to an inevitable widened loss of HK$275 million in the first half of 2020 (1H2019: loss of HK$70 million).

TurboJET's 2020 operations were brought to an abrupt halt due to widespread disruptions caused by the COVID-19 pandemic. To contain the outbreak, the HKSAR government tightened border controls, closing all sea route borders from January 30 for China Ferry Terminal and Tuen Mun Ferry Terminal, and from February 4 for Hong Kong Macau Ferry Terminal. All Hong Kong-Macau ferry services have been suspended until further notice.

During these trying times, the division implemented a comprehensive review of all aspects of its operations to enhance TurboJET's cost-efficiency and sustainability. Stringent cost control measures were introduced, which included employee pay cuts and organizational restructuring. As a result, over the first half of 2020, total operating cost has been reduced by 50% year-on-year. Coupling these savings with relief subsidies extended by the Hong Kong and Macau governments, TurboJET is cautiously confident that it is positioned to surmount the current economic turmoil and prolonged recovery process.

On land, the division's investments in various cross boundary bridge transport services were completely suspended under COVID-19 related border closure. As a result, the company recorded HK$13 million in revenue, representing a 81% decrease year-on-year in the first half of 2020.

In March 2020, the Group announced a shareholding restructuring in association with CTII to widen its multi-modal transportation platform in the Greater Bay Area. Through such, the Group will be forging closer cooperative ties with CTII to help diversify its business, maximize synergy in cross-border land and sea transportation businesses, and capitalize on new opportunities arising from the integration of the Greater Bay Area.

Hospitality

Due to the global outbreak of COVID-19, travel and tourism has become one of the worst hit industries. With imposition of travel ban and border closures, as well as other countermeasures including 14-day quarantine policy and local gathering restrictions, number of visitors arrival to Hong Kong and Macau have dropped precipitously by 99% year on year, while the hotel industry's average occupancy rate has plunged to single digit or low-double. Operating under such exceptionally adverse headwinds, the division posted HK$128 million in loss (1H2019: HK$25 million in loss).

For hotels in operation, Hong Kong SkyCity Marriott Hotel posted a 61% decline in revenue year on year. as a result of AsiaWorld-Expo being commissioned as a testing centre of COVID-19 for arriving visitors and cancellation of more than 60 events. In Macau, Mandarin Oriental, Macau suffered substantial cancellations from MICE groups under the pandemic, resulting in a significant decline in occupancy to an average of 14% over the first half of 2020. Meanwhile, Grand Coloane Resort maintained an average occupancy rate of 43%.

In China, Artyzen Habitat Dongzhimen Beijing enjoyed a promising start in January before the onset of COVID-19 pandemic, which drove its occupancy to plunge to 38% as of June 2020. With drastic disruptions in travel, Artyzen Habitat Hongqiao Shanghai posted an average occupancy of 31% during the period. citizenM Shanghai Hongqiao, officially opened in April 2019, is transforming its model to adapt to the Chinese market and appealing to quality-conscious customers travelling on moderate budgets.

In Singapore, the Group is in the process of developing the premium site located at No.9 Cuscaden Road, Singapore into a 5-star luxury hotel with no fewer than 142 rooms. Foundation work has been completed and superstructure work has already commenced, with completion expected in early 2022 and planned opening in mid-2022. The hotel will be managed by Artyzen Hospitality Group("AHG") under the Artyzen Hotels & Resorts brand.

The Group's hotel management solutions provider Artyzen Hospitality Group ("AHG") is currently developing two joint venture hotel projects with Perennial to be managed by Nexus Hospitality Management Limited, a subsidiary of AHG. The 982-room property in Tianjin and 1152-room property in Kunming are expected to be opened in Q1 2023 and Q1 2024 respectively. AHG is working closely with owners on the newest opening timelines and keeping pre-opening expenses within range. Upon the opening of its pipeline hotels, profitability of AHG is expected to improve.

Artyzen Club, an urban business club under the Group, is gradually establishing its membership base and popularity among the business community. By June 2020, it has established a membership base of more than 350 members.

Shun Tak Travel, representing the Group's full-service travel and MICE arm, has streamlined its operation in 2020 to redirect resources to other core operations, which will allow the division to generate savings to deliver on its financial objectives and advance other higher growth opportunities.

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 30 June 2020. STDM in turn owns an effective shareholding of approximately 54.03% in SJM Holdings Limited, which is effectively entitled to a 100% economic interest in Sociedade de Jogos de Macau, S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau. Over the first half of 2020, dividends received amounted to HK$139 million (1H2019: HK$85 million), representing an increase of 64% 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. Global cruise businesses took a heavy toll from COVID-19 after multiple cases of mass outbreak onboard cruise liners around the world and general border closures. In Hong Kong, ship berthing has been suspended since 5 February 2020 as mandated by the government, and future ship calls are pending confirmation.

The Group's retail division, Macau Matters Company Limited has recently rebranded as "Retail Matters Company Limited", and continues its role as the license holder of Toys'R'Us in Macau. In June, Toys'R'Us Macau successfully opened its third and largest 20,000 square-foot store at Nova Mall in Taipa. Retail Matters has also acquired Stecco Natura from Italy to become the worldwide owner of this gelato brand. It directly operates 2 outlets in Hong Kong, while the brand also distributes to 6 other outlets worldwide.

In spite of the unprecedentedly tough operating environment, the Group remains financially strong and resilient. It shall continue to stay agile and manage change effectively in order to deliver on planned projects for the rest of year.

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