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 2021

Financial Highlights (For the six-month period ended 30 June 2021)			
	1H2021 (HK$'000)	1H2020 (HK$'000)	Difference (%)
Revenue	1,901,562	2,141,106	↓11%
Profit/(Loss) attributable to owners of the Company	469,978	(279,152)	↑268%
Profit attributable to owners of the Company (excluding unrealized fair value changes on investment properties)	617,997	271,520	↑128%
Earnings/(Loss) per share (HK cents):			
- Basic	15.6	(9.2)	↑270%
- Diluted	15.6	(9.2)	↑270%

(August 30, 2021 - Hong Kong) Shun Tak Holdings Limited ("Shun Tak" or "the Group"; stock code: 242) posted revenue of approximately HK$1,902 million over the first six months of 2021, representing a 11% year-on-year decrease. Excluding the unrealized fair value changes on investment properties, profit attributable to shareholders registered 128% increase at HK$618 million for the first half of 2021. Basic earnings per share is HK15.6 cents. The Board has resolved not to declare an interim dividend (2020: Nil).

Property

After weathering the COVID-19 induced financial turmoil in 2020, the economy began to exhibit signs of recovery as the local pandemic situation stabilizes. Retail and domestic spending began to pick up while the residential property prices also held their ground during this period. During the first half of 2021, the Group's Nova collection in Macau recorded satisfactory sales. Rental yield from its property investment portfolio also normalized after prolonged concessionary rentals for tenants over the most trying months. The division posted a profit of HK$898 million (1H2020: HK$879 million).

In Macau, during the first half of 2021, 5 units of Nova Park were transacted while a new batch of units of Nova Grand has been launched for sale in April and 76 units were contracted. As of 30 June 2021, 98% and 84% of the total units of the two projects are sold respectively.

Close to 90% of lettable space in Nova Mall has been leased. Despite strong headwinds in the current operating environment, it is expected that at least 80% of tenants will be opened before end of year after riding through delays induced by the pandemic.

In Hong Kong, the Group owns 100% interest of Shop 402 and another 55% interest in a collection of assets at Shun Tak Centre. A renovation and upgrade program for the mall is being carried out to pave way for a phased transformation of the mall's positioning and target tenancy.

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

In Beijing, at the Tongzhou Integrated Development, substructure works are currently in progress and the pre-sale of apartments is expected in 2022. Meanwhile, Shun Tak Tower Beijing posted an average office occupancy rate of 82% in the first half of 2021.

In Shanghai, at NEW BUND 31, a 50/50 joint venture with Shanghai Lujiazui (Group) Company Limited, superstructure works for the hotel and the Performing Art Center (PAC) are in progress, with completion of the complex planned for 2023.

The Group acquired a further 10% effective interest in the Shanghai Suhe Bay Area Mixed-use Development Project in January 2021, increasing its shareholding from 40% to 50%. Two residential towers were first launched for presale in June 2020. As of 30 June 2021, 223 out of 224 units were sold. Structural construction works for the two residential towers, an office tower and other commercial blocks on the North parcel are completed and the fitting-works are in progress. On the South parcel, the 42-storey office tower was topped out and substructure works for the basement shopping mall are underway. Project completion is expected by phases from 2021 onward.

Partnering with Singapore-based Perennial Holdings Private Limited ("Perennial"), two large scale "health cities" in near Tianjin and Kunming HSR stations are at the construction stage. The projects are expected to become operational in 2023 and 2024 respectively.

In Hengqin, leasing for the shopping mall, office building and carpark at the Hengqin Integrated Development were underway across PRC, Hong Kong and Macau. Rental income generated from retail, office and carpark leasing are expected to kick in by 2022, providing a steady rental stream for the Group.

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

111 Somerset Road, a 17-storey integrated property comprising two office towers, a 2-level retail podium and a 2-level basement carpark, completed a comprehensive asset enhancement initiative in 2020 and posted an average committed occupancy rate of 72% as at the end of June 2021.

Park Nova, the 21-storey residential tower which will feature a strata area of approximately 125,000 square feet and will have 51 simplex units and 3 penthouses, is now under construction and is expected to complete in 2023. The project was launched for sale in May 2021 with satisfactory results of 14 units sold.

Another luxury residential development near Orchard road, Les Maisons Nassim, will have a total of 14 units comprising 8 simplex units, 4 duplex units and 2 penthouses. Construction is underway with expected completion by early 2023. 1 unit has been transacted as of 30 June 2021.

Transportation

As COVID-19 maintains its stranglehold on regional cross-border travel, the transportation division continued to suffer significantly over the first half of 2021. It is anticipated that quarantine-free travel across the border will remain protracted, and that the road to recovery for cross boundary passenger transportation would be long. For the first half of 2021, the division recorded HK$137 million in share of loss (1H2020: loss of HK$275 million).

Under the prolonged suspension of operations, the company continued to vigilantly engage in managing fixed costs and reducing cash burn. Total operating cost of TurboJET has been reduced by 55% during 2020 and further reduced by 52% over the first half of 2021 year-on-year.

In June 2021, the company early terminated a tenancy agreement it held pertaining to the operation of Tuen Mun Ferry Terminal and consequential suspension of ferry services between Tuen Mun and Macau due to uncertainties in service resumption. Upon border reopening, TurboJET will redirect its resources towards routes between Hong Kong and Macau, and will coordinate with cross-boundary land transport operators to offer diversified transportation options for passengers.

Cross boundary land transport services under the division, including “TurboJET Cross Border Limo” service, “HK-MO Express” and “Macau HK Airport Direct”, were equally affected by the near collapse in regional domestic travel, while the mass service “Golden Bus” traversing the Hong Kong-Zhuhai-Macau Bridge only operated with restricted frequency. To surmount the downturn, the coach operation acquired from China Travel International Investment Hong Kong Limited (“CTII”) has made efforts to develop local shuttle buses and corporate leasing businesses.

Following the shareholding restructure exercise in association with CTII in July 2020, Shun Tak-China Travel Shipping Investments Limited became a 50/50 owned company and has been actively reengineering its cross border sea and land transportation portfolio across the

Greater Bay Area with the objective to solidify a multi-modal transportation platform for sustainable growth. In spite of formidable headwinds, the company will remain nimble and well-positioned to restart services once border reopens, and is committed to observing the highest health and safety measures as well as enhancing passenger experience in every aspect to prepare for the new normal in the travel market upon service resumption.

Hospitality

As the COVID-19 pandemic continued to loom, the battered tourism industry showed lukewarm signs of recovery over the first half of 2021. Hong Kong started to ease its local containment measures and entry restrictions while Macau reinstated inter-regional travel with China since July 2020, gradually gaining momentum to return to half of pre-pandemic levels but stemmed by an uptick in cases across Guangdong. In China, domestic travel rebounded strongly over the May Golden Week, yet the corporate segment which represents a major revenue component for the Group's hotel portfolio, remains frail. Amid the threat of a highly transmissible mutant strain around the world despite the country's active vaccination drive, it is expected that recovery of international travel will be protracted. Under formidable headwinds, the division posted a loss of HK$94 million over the first six months of 2021 (1H2020: HK$128 million).

For hotels in operation, Hong Kong SkyCity Marriott Hotel posted a 30% average occupancy rate despite the relatively stable bookings from cargo and airline crew, private jets and airport projects. In Macau, Mandarin Oriental, Macau attained an average occupancy of 43% through staycation and gastronomy offers. Meanwhile, Grand Coloane Resort has been a designated quarantine hotel since December 2020 and posted an average occupancy of 68% over the first half of 2021 to lead its competitive set.

In China, meeting and convention businesses started to improve since mid-March, and Artyzen Habitat Dongzhimen Beijing has gradually expanded its market share in the staycation category, posting an average occupancy rate of 53% over the period. In Shanghai, Artyzen Habitat Hongqiao Shanghai registered encouraging pick up from mid-March and attained occupancy rates above 60% over months, while YaTi by Artyzen Hongqiao Shanghai, formerly known as citizenM Shanghai Hongqiao, also has a gradual improvement on its occupancy rate and will focus on expanding its corporate basis so as to leverage the revival of

MICE activities and expect to see a breakeven in 2021.

Several hotels located in Singapore and Mainland China are currently under development, including No. 9 Cuscaden Road, Singapore, the flagship property under the Artyzen Hotels and Resorts brand with no fewer than 142 rooms. This 5-star luxury hotel is expected to complete in fourth quarter of 2022.

In Zhuhai, the 230-guestroom Artyzen Habitat Hotel Hengqin Zhuhai is scheduled to launch in September 2022, and shall become the epicenter of the integrated complex upon its opening. In Shanghai, Artyzen Habitat Qiantan Shanghai and The Shang are scheduled for opening in the last quarter of 2021 and first quarter of 2022 respectively, while Artyzen New Bund 31, the first keystone for the “Artyzen” brand in China, is scheduled to complete in 2023.

The Group’s subsidiary, Artyzen Hospitality Group Limited (“AHG”), is developing two joint venture hotel projects with Perennial, which will 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 open in 2023 and 2024 respectively. AHG currently manages 7 operating hotels and a portfolio of 12 properties under development.

Artyzen Club is an exclusive networking hub located in the central business district of Hong Kong. It has established a membership base of 400 members. In anticipation of a strong recovery post-pandemic, the Club has proactively marketed to selected industry and trade groups, as well as introduced member referral programs to promote its value offerings.

Investments

The Group is a long term investor in Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”), and holds approximately 15.8% effective interest in the company as at 30 June 2021. STDM in turn, owns an effective shareholding of approximately 53.9% in SJM Holdings Limited. The latter is effectively entitled to a 100% economic interest in Sociedade de Jogos de Macau, S.A., which changed its name to SJM Resorts, Limited in June 2021, being one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau. Over the first half of 2021, dividends received amounted to HK$52 million (1H2020: HK$139 million), with the decline reflecting pandemic-induced .

The Group operates and manages Kai Tak Cruise Terminal Hong Kong in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Group. In May 2021, the Government approved “cruises to nowhere” which aims to kick start tourism recovery over the summer months. Berth bookings for future years continue to hold strong as Asian destinations are pushing hard for cruise restart.

The Group’s retail division, Retail Matters Company Limited, is the license holder of the international toy brand “Toys ‘R’Us” in Macau and worldwide owner of the Italian gelato brand Stecco Natura Gelaterie.

Since the opening of its flagship store at Nova Mall last year, Toys‘R’Us Macau continues to stand as the leader of the industry. Despite significantly reduced tourist traffic under prevailing travel restrictions, the company achieved a 16% sales growth year-on-year through its expansion. Stecco Natura Gelaterie also attained solid year-on-year growth, achieving a 29% increase in sales through the development of more B2B channels.

In June 2021, the Group entered a sale and purchase agreement with a substantial shareholder of Phoenix Media Investment (Holdings) Limited (“Phoenix Media”), to acquire approximately 16.93% equity interest in Phoenix Media at a cash consideration of approximately HK$516 million. The acquisition was completed on 22 June 2021, upon which Phoenix Media becomes an associate of the Group.

Throughout the pandemic, the Group has demonstrated resilience and resolution, taking firm steps to ensure pipeline projects progress as scheduled and that existing operations are reinvented to become futureproof and positioned for sustainable growth.

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