For Immediate Release

SHUN TAK HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 242)

Website: https://www.shuntakgroup.com

Shun Tak Announces Interim Results for Year 2022

Financial Highlights (For the six-month period ended 30 June 2022)			
	1H 2022 (HK$'000)	1H 2021 (HK$'000)	Difference (%)
Revenue	1,889,517	1,901,562	↓ 1%
Profit attributable to owners of the Company	228,557	469,978	↓ 51%
Profit attributable to owners of the Company (excluding unrealized fair value changes on investment properties)	458,287	617,997	↓ 26%
Earnings per share (HK cents):			
- Basic	7.6	15.6	↓ 51%
- Diluted	7.6	15.6	↓ 51%

(August 25, 2022 – Hong Kong) Shun Tak Holdings Limited ("Shun Tak" or "the Group"; stock code: 242) posted revenue of approximately HK$1,890 million over the first six months of 2022, representing a 1% year-on-year decrease. Excluding the unrealized fair value changes on investment properties, profit attributable to shareholders registered a 26% decrease at HK$458 million for the first half of 2022. Basic earnings per share is HK7.6 cents. The Board has resolved not to declare an interim dividend (2021: Nil).

Property

A new wave of the COVID-19 pandemic dealt a major blow to the economy and society across Mainland China, Hong Kong and Macau over the first half of 2022. In view of the challenging situation, the Group swiftly reassessed its plans to sustain business growth in Asia. During the first half of 2022, the division posted a profit of HK$601 million (1H 2021: HK$898 million), representing a 33% year-on-year decrease.

In Macau, as of 30 June 2022, 98% of total units at Nova Park have been sold and recognized, while Nova Grand has sold 87% of its total units. 41 units at Nova Grand were also handed over during the first half of 2022. At Nova Mall, 89% of lettable space was leased and all anchor tenants have opened for business.

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

In Beijing, Tongzhou Integrated Development is expected to start presales of apartments in 2023, followed by the expected completion of its first phase in 2024. Meanwhile, Shun Tak Tower Beijing posted an average office occupancy rate of 70% in its office portion in the first half of 2022.

In Shanghai, NEW BUND 31, a 50/50 joint venture with Shanghai Lujiazui (Group) Company Limited, has completed the construction of offices. The retail, hotel and Performing Art Center developments are scheduled to complete in 2023.

For the Shanghai Suhe Bay Area Mixed-use Development Project, an office tower, two commercial blocks and all 224 residential units at the northern part were sold during 2020 to 2022. On the southern side, leasing of retail space under the "MixC World" brand and the 42-storey tower is underway. The construction is expected to complete in the second half of 2022.

In partnership with Perennial Holdings Private Limited, superstructure works of two large-scale "health cities" near Tianjin and Kunming High-Speed Railway stations are in progress. The projects are expected to commence operation in 2023 and 2024 respectively.

In Southern China, 422 residential units of the Hengqin Integrated Development were sold as of 30 June 2022. Out of these, 419 units were handed over to homebuyers. The remaining four show flats are expected to be sold within 2022.

In Singapore, the leasing performance of 111 Somerset Road, Singapore remained robust with the committed occupancy rate exceeding 90% for retail and medical floors as at 30 June 2022. As Singapore is adopting an open approach to the pandemic, economic activities in the nation are expected to gradually revive, conducive to an improvement in business returns.

Situated in Singapore's upscale residential area and in close proximity to the famous Orchard Road shopping belt, Park Nova was launched for presales since May 2021 and have recorded satisfactory results, and 37 units, including three penthouses, were sold as of 30 June 2022. The development is expected to complete in the first half of 2024.

On the other hand, the construction of Les Maisons Nassim is expected to complete by 2023. Adjacent to other top-notch bungalows in Singapore, it will consist of 14 units, including eight simplex units, four duplex units and two penthouses. Seven units were sold as of 30 June 2022.

Transportation

In the first half of 2022, the COVID-19 pandemic continued to have an unprecedented effect on the cross-border transportation industry in Hong Kong and Macau. In addition to the ongoing closure of ferry services, factors hindering recovery included government-imposed travel restrictions and quarantine policies. As a result, Shun Tak – China Travel Shipping Investments Limited recorded a shared loss of HK$94 million during the period (1H 2021: HK$137 million).

The company implemented a series of initiatives aimed at reducing operating costs and conserving liquidity, which included streamlining organizational structures and reducing idle capacity. The measures succeeded in cutting running costs by 40% year on year during the first half of 2022, following earlier reductions of 54% and 58% in 2020 and 2021 respectively.

The company continues to do its utmost to evaluate all aspects of its businesses, gaining new revenue streams through offering repair and maintenance services to local ferry operators, so as to retain its resilience and competitiveness ahead of the expected recovery in tourism when Hong Kong's borders eventually reopen and travel restrictions are relaxed.

Other company operations that have been suspended due to COVID-19 include cross-boundary land transport services "TurboJET Cross Border Limo", "HK-MO Express" and "Macau HK Airport Direct", whereas the "Golden Bus" service along the Hong Kong-Zhuhai-Macao Bridge was limited in terms of its frequency.

Despite the lingering effects of the pandemic, the Group remains committed to diversifying its cross-border, multi-modal transportation platform across the Greater Bay Area.

Hospitality

Over the first half of 2022, lockdowns in key cities of Mainland China such as Shanghai, and new waves of the pandemic in Hong Kong and Macau, triggered a slump in tourist numbers and cancellations of events. As a result, the division posted a loss of HK$103 million during the period (1H 2021: HK$94 million). In future, the Group will continue to expand its hotel portfolio in the Greater Bay Area to create greater synergy among its brands.

In terms of hotel performance, Hong Kong SkyCity Marriott Hotel has served as a designated quarantine hotel for air crews since December 2021. This segment brought a steady stream of revenue to the hotel, especially with the government's closed-loop arrangement from May 2022.

In Macau, the leisure, MICE and catering businesses of Mandarin Oriental, Macau took the hard hit of the pandemic, while revenues from the spa sector recorded an uptick with an average increase in individual spending. Meanwhile, Grand Colane Resort remained as a medical observation hotel in support of Macau SAR Government's pandemic control measures. Hotel revenues were on the rise with strong demands from travelers from Hong Kong and Taiwan in different periods, contributing to an average occupancy rate of 82% as of 30 June 2022.

In Mainland China, Artyzen Habitat Dongzhimen Beijing posted a 35% average occupancy rate in the first half of 2022, while Artyzen Habitat Hongqiao Shanghai recorded an average occupancy rate of 37%. For YaTi by Artyzen Hongqiao Shanghai, it was mainly occupied by medical workers from mid-March to early-June due to the COVID-19 outbreaks in Shanghai, and its average occupancy rate stood at 26%. On the other hand, Eature Residences Lingang, a 128-unit hotel-apartment development that is operated by the Group and located in the

Lingang Special Area of Shanghai Pilot Free Trade Zone, commenced business on 31 December 2021.

The Group has also extended its hotel portfolio in Mainland China with a number of upcoming projects. Artyzen Habitat Qiantan Shanghai and The Shàng are slated to open in the third quarter of 2022.

Artyzen Club, an exclusive networking hub located in the central business district of Hong Kong, saw a weaker business performance due to the fifth wave of COVID-19 in Hong Kong.

Investments

Being a long-term investor in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"), the Group held an approximately 15.8% effective interest in the company as at 30 June 2022, whereas STDM had a shareholding of around 54.7% in SJM Holdings Limited as of the same date. The latter is effectively entitled to a 100% economic interest in SJM Resorts, Limited (formerly known as Sociedade de Jogos de Macau, S.A.), which is principally engaged in casino operation as one of six gaming concessionaires licensed by the Macau SAR Government. During the first half of 2022, a dividend of HK$46 million was received (1H 2021: HK$52 million) from STDM, representing a 13% slide from a year ago as a result of the significant impact of COVID-19 on Macau's tourism industry.

The Group operates and manages Kai Tak Cruise Terminal Hong Kong in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. Between March and June 2022, the terminal supported the Hong Kong government's anti-pandemic efforts by serving as a community isolation facility.

The Group's retail division, Retail Matters Company Limited, is the franchise holder of the international toy brand "Toys'R'Us" in Macau. For the first half of 2022, the sales performance was hard hit by the economic downturn following Macau's stringent inbound travel restrictions. With cost-saving initiatives, the brand expects a slight drop in its overall performance year on year for 2022. The company is also the worldwide owner of the Italian gelato brand "Stecco Natura Gelaterie". In 2022, a new concept café under the brand will debut in Hong Kong and Macau respectively, and seasonal pop-up kiosks will continue to emerge at popular locations in Hong Kong, further boosting the brand awareness and reach in the territories.

The first half of 2022 saw a more devastating impact of COVID-19 on the regional economy, as there were months-long outbreaks of infections in some major cities in China, including Hong Kong, Macau and Shanghai, leading to stricter pandemic control measures and even lockdowns in some areas.

Despite the challenges, the Group maintained its proactive and positive stance, consistently enhancing its business portfolios to embrace a future recovery in different sectors. In anticipation of border reopening, the Group will continue its prudent monitoring of evolving market dynamics and pragmatically allocating resources in ways most beneficial for its shareholders.

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