For Immediate Release

SHUN TAK HOLDINGS LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock code: 242)

website: http://www.shuntakgroup.com

Shun Tak Announcing Annual Results for Year 2020

Financial Highlights			
	2020 (HK$'000)	2019 (HK$'000)	Difference (%)
Revenue	4,190,309	14,649,184	↓71%
Profit attributable to owners of the Company	262,440	3,455,796	↓92%
Profit attributable to owners of the Company (excluding unrealized fair value changes on investment properties)	1,088,959	3,623,535	↓70%
Earnings per share (HK cents):			
- Basic	8.7	114.3	↓92%
- Diluted	8.7	114.3	↓92%
Total dividends per share (HK cents):	Nil	18.0	↓100%
- Final	Nil	18.0	↓100%
- Special	Nil	Nil	N/A
- Interim	Nil	Nil	N/A

(March 26, 2021 – Hong Kong) Shun Tak Holdings Limited ("Shun Tak" or "the Group"; stock code: 242) announced today its annual results for year 2020, posting HK$4,190 million in revenue (2019: HK$14,649 million) and HK$262 million in profit attributable to owners of the Company, which represents a 92% decrease year-on-year. Excluding unrealized fair value changes on investment properties, profit attributable to owners of the Company is HK$1,089 million, representing a 70% decrease. The Board does not recommend the payment of any final dividend (2019: HK18.0 cents per share) in respect of the year ended 31 December 2020. No interim dividend was declared by the Board during the year ended 31 December 2020 (2019: nil).

Property

The COVID-19 pandemic has dealt a heavy blow to the economy. Commercial properties faced recessionary pressure in terms of both sales and rental yield, yet residential properties have regained momentum in the last two quarters of the year holding marginal growth year on year.

During the year, the Group offered concessionary relief to help retail tenants surmount the prevailing challenges. Along with a downward fair value adjustment, income from our investment property portfolio contracted. In contrast, in August 2020, the Group launched its Hengqin project residential units for sale. It was met with fervent popularity and 422 units were sold out over the first two days which contributed to strengthened performance of the division. The division posted a profit at HK$2,468 million (2019: HK$6,525 million).

In Macau, 6 units of Nova Park, Phase 4 of Nova City, were transacted during the year, while in Nova Grand, 164 units have been handed over to homebuyers and 52 units were further contracted. Nova Mall gained wide popularity since its debut in April 2020 despite under an exceptionally challenging retail environment. As of 31 December 2020, close to 60% of space has opened for business and close to 90% of floor area has been leased out.
In Hong Kong, 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. Besides, in August 2020, sales for the last available duplex unit of Chatham Gate were completed.

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

In Beijing, phase 1 of Tongzhou Integrated Development is expected to complete in 2023. Substructure works are currently in progress. Pre-sale of apartments is expected in second half of 2021. In December, the Group disposed of its effective 19.35% interest in Phase 2 of this project to realise its accumulated capital appreciation. Meanwhile, Shun Tak Tower Beijing posted an average office occupancy rate of 84% during the year.

In Shanghai, superstructure works for the hotel and the Performing Art Center (PAC) NEW BUND 31 has begun, with completion of the complex planned for 2023.

In June 2020, two residential towers from Shanghai Suhe Bay Area Mixed-use Development Project were launched for presale. As of 31 December 2020, 221 out of 224 units were sold. In January 2021, the Group acquired a further 10% effective interest in the project, increasing its shareholding from 40% to 50%.

In partnership with Perennial Holdings Private Limited ("Perennial"), two large scale "health cities" in near Tianjin and Kunming HSR stations have entered construction stage. The projects are expected to operate in 2023 and 2024 respectively.

In South China, presale of apartments of the Hengqin Integrated Development launched in August 2020 amid the pandemic has been a sell-out success with 422 out of 426 units sold out over the first two days.

Overseas, the Group acquired the remaining 30% interest of 111 Somerset Road, Singapore in May and became the sole owner of this 17-storey integrated property with formal takeover anticipated for April 2021. Rental performance remained strong despite the pandemic, and greater control over future management strategies is expected to result in improved returns.

Located in the world-renowned Orchard Road Shopping Belt, design and planning work of the 46,084 square foot Park Nova has progressed well on track within the year. The 21-storey residential tower will feature a maximum gross floor area of approximately 142,000 square feet and will have 51 simplex units and 3 penthouses. The project is scheduled for launch in the first half of 2021 and is expected to complete in 2023.

Les Maisons Nassim is transforming into an approximately 102,000 square feet of Bungalow-in-the-Sky, including a total of 14 units comprising 8 simplex units, 4 duplex units and 2 penthouses, slated for launch in 2021 with expected completion in early 2023.

Transportation

2020 has been an unprecedentedly challenging year for the global transportation and travel industry. The COVID-19 pandemic which gripped our region early in the year brought a complete standstill to ferry operations as the HKSAR Government has indefinitely closed all sea route borders since February 2020. Having operated for only 34 days throughout the year, the division posted a significant operating loss at HK$300 million before the restructuring of Shun Tak – China Travel Shipping Investments Limited as mentioned below (2019: loss of HK$122 million) and shared an operating loss of HK$134 million after the restructuring.

Measures were taken to rightsize the business and restructure cost base. Total operating cost has been reduced by 54% year-on-year. In managing this crisis, the Company has been focused on preserving jobs and operational capacity as much as practicable for service resumption and long term recovery.

Despite the many challenges, TurboJET was actively supporting the communities it serves during the pandemic. The Company operated 64 trips between Hong Kong International Airport and Macau as special charters, to keep critical international links open for returning residents and students. As the pandemic came under control, the Company's cruise tour "Macau Cruise" resumed service in June 2020 and participated in Macau SAR Government's campaign "Macao Ready Go! Local Tours".

In July 2020, the Group completed an important shareholding restructure exercise in association with China Travel International Investment Hong Kong Limited ("CTII"). As a result, Shun Tak-China Travel Shipping Investments Limited became a 50/50 owned company, taking the twenty years partnership further with the vision of solidifying a multi-modal transportation platform in Greater Bay Area and sharing resources and experiences in cross border sea and land transportation industries in order to capitalize upon surging traffic flow within the region.

On land, cross boundary land transport services including "TurboJET Cross Border Limo" service, "HK-MO Express" and "Macau HK Airport Direct" were suspended, while the cross-border shuttle bus services across the Hong Kong-Zhuhai-Macau ("HZM") Bridge, known as "Golden Bus", only operated with restricted frequency. In Macau, our cross border coach services to Guangdong Province have resumed operations since July 2020.

Hospitality

Sprawling spread of the health crisis has battered the hotel industry as borders closed and travel comes to a near halt. Travel and mobility restrictions and temporary closures of hospitality businesses at the peak of the pandemic brought sharp decline in revenue, and plummeting cross-border arrivals forced operations to shift their focus towards harnessing domestic markets as new growth points for maximizing revenue. As a result of the tumultuous year, the division posted a loss of HK$ 548 million (2019: HK$ 220 million).

In terms of hotel performance, Hong Kong SkyCity Marriott Hotel posted a 68% year-on-year decline in revenue, yet the hotel attained relatively satisfactory businesses from cargo and airline crew, private jets and airport projects. In Macau, Mandarin Oriental, Macau suffered substantial cancellations from MICE groups which resulted in a significant decline in occupancy to an average of 21% while Grand Coloane Resort recorded an average occupancy of 43% full year, becoming one of the relatively resilient properties under COVID-19 pandemic.

In Beijing, Artyzen Habitat Dongzhimen Beijing posted a 53% average occupancy for the year. In Shanghai, with business travels grounded, Artyzen Habitat Hongqiao Shanghai posted a sharp decline with full year average occupancy at 49%. On the other hand, the formerly citizenM Shanghai Hongqiao was rebranded as YaTi by Artyzen Hongqiao Shanghai is now wholly owned by the Group and has been taken over by Artyzen Hospitality Group in September. With a more proactive approach in direct sales after its rebranding, occupancy has been gradually improving.

The Group has extended its hotels portfolio in China with a number of upcoming projects. The 230-guestroom Artyzen Habitat Hotel Hengqin Zhuhai is scheduled for completion by mid-2022 while Artyzen Habitat Qiantan Shanghai and The Shang are scheduled for opening in Q4 of 2021. The first keystone for the “Artyzen” brand in China, Artyzen New Bund 31, is in the process of developing into a high end lifestyle hotel with 202 rooms and expected to be completed in 2023.

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. Superstructure work has been commenced with topping out scheduled for Q2 2021. Under the impact of COVID-19, construction has been delayed and scheduled opening has been pushed back to mid-2022.

Artyzen Hospitality Group Limited (“AHG”), the Group’s hotel management arm, is developing two joint venture hotel projects with Perennial to be managed by AHG’s subsidiary Nexus Hospitality Management Limited. The 982-room property in Tianjin and 1,152-room property in Kunming are expected to be opened in 2023 and 2024 respectively. AHG currently manages 7 operating hotels and a portfolio of 12 properties under development, either owned by the Group or on management contractual basis.

Artyzen Club, a membership club launched by AHG in 2018, has a membership base of around 370 members. During the year, revenue from events and dinner patronage significantly decreased due to government-imposed pandemic control orders while the traffic at lunch and afternoon hours improved as customers seek more private and exclusive environments for social activities.

Investment

The Group is a long term investor in Sociedade de Turismo e Diversões de Macau, S.A. (“STDM”), and holds 15.8% effective interest in the Company as at 31 December 2020. STDM in turn owns an effective shareholding of approximately 53.93% 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. In 2020, dividends received amounted to HK$173 million (2019: HK$116 million), representing an increase of 49% year on year.

The Group operates and manages Kai Tak Cruise Terminal Hong Kong in partnership with Worldwide Flight Services Holding SA and Royal Caribbean Cruises Ltd. Even though government suspended the immigration services at the Kai Tak Cruise Terminal from 5 February 2020, the Company was able to maintain a balanced ledger through diligent cost management and one-off revenue items.

The Group’s retail division, Macau Matters Company Limited, has been recently rebranded as “Retail Matters Company Limited”. As the license holder of the international toy brand “Toys‘R’Us” in Macau, a third “Toys‘R’Us” flagship store opened in Nova Mall in June 2020. The new 20,000 square-foot store offers a retail-entertainment experience, with “FunPark”, the entertainment area within the store, scheduled for opening next year.

Following a full year of epidemic-induced turmoil, global economy is slowly climbing out of its trough. But with the COVID-19 pandemic continuing to spread, borders remain closed and sporadic outbreaks continue to trigger partial lockdowns and impact people's livelihood, the Group's portfolio of businesses is impacted significantly on multiple fronts. While recovery in China has been faster than expected, the long ascent back to pre-pandemic levels of activity remains a prone to setbacks.

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