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 Solid Growth for Year 2018

underscored by profits from property sales

Financial Highlights			
	2018 (HK$'000)	2017 (HK$'000)	Difference (%)
Revenue	6,591,582	6,388,505	↑3%
Profit attributable to owners of the Company	4,647,326	1,450,160	↑220%
Profit attributable to owners of the Company (excluding unrealized fair value changes on investment properties)	2,529,174	1,242,187	↑104%
Earnings per share (HK cents):			
- Basic	153.4	47.7	↑222%
- Diluted	153.4	47.7	↑222%
Total dividends per share (HK cents):	16.0	12.0	↑33%
- Final	10.0	6.0	↑67%
- Special	6.0	Nil	N/A
- Interim	Nil	6.0	N/A

(March 27, 2019 – Hong Kong) Shun Tak Holdings Limited ("Shun Tak" or "the Group"; stock code: 242) announced today its annual results for year 2018, posting HK$6,592 million in revenue (2017: HK$6,389 million) and HK$4,647 million in profit attributable to owners of the Company, which represents a 220% increase year-on-year. Excluding unrealized fair value changes on investment properties, profit attributable to owners of the Company is HK$2,529 million, representing a 104% increase. The Board of Directors recommended a final dividend of HK10.0 cents per share (2017: HK6.0 cents per share) and a special dividend of HK6.0 cents per share (2017: nil). No interim dividend was declared by the Board during the year ended 31 December 2018 (2017: HK6.0 cents per share). Total dividends for the year amounted to HK16.0 cents per share (2017: HK12.0 cents per share).

"2018 has been an eventful year, in which we have made steady progress on several fronts while also taking significant steps in new directions and entering new markets." remarked Ms. Pansy Ho, Group Executive Chairman and Managing Director of Shun Tak Holdings Limited. “Overall, in a year of strategic investment and some new beginnings, the Group’s results have proved very satisfactory, representing solid forward momentum that we expect to continue into the year to come.”

Property

Many of the Group’s Property projects in 2018 were at the initial investment and development stage. During the year, the majority of property sales were connected with a single development – Nova Grand in Macau, while a number of units at Nova Park with long completion have also been booked for profit. This combination of recognised sales of residential units along with the disposal gain of a 50% stake in the Nova Mall, generated significant profits for the Group.

In Macau, a total of 346 residential units in Nova Grand were sold in 2018, representing approximately 19% of the total number of units in the development. Around 75% of all residential units for sale at Nova Grand had been contracted by the end of 2018.

In December 2018, the Group disposed of a 50% stake in Nova Mall to HIP Company Limited, a wholly-owned subsidiary of the Abu Dhabi Investment Authority, booking a disposal gain of HK$1.3 billion in 2018. Anchor tenants of the mall have been finalised, while the general leasing exercise for retail and F&B tenants is in progress. Currently, a soft opening for the mall is targeted for the fourth quarter of 2019, when the G/F and B1 levels will be fully ready for launch.

In China, the Group is diligently expanding its portfolio of mixed-use projects in top tier cities.

In Beijing, Shun Tak Tower saw pleasing occupancy rates along with a steady rise in rental levels for its office component, with an average office occupancy rate at 91%. Meanwhile, at Beijing Tongzhou Integrated Development, construction was carried out smoothly in 2018, and completion is planned for 2021 and 2022 respectively for each Phase.

In Shanghai, Development and substructure construction has begun at Mixed Development at Qiantan. The 140,500 square metres of total gross floor area will include offices, retail space, basement retail, a hotel component, and an arts and cultural centre (including the provision of a concert hall and other multi-purpose halls that will seat around 4,000 attendants).The hotel component will comprise a 5-star hotel offering approximately 200 rooms, to be managed by Artyzen Hospitality Group. Superstructure construction for the office and retail zones will begin by the third quarter of 2019, with completion scheduled for end of 2021.

In Hengqin, construction is well underway for Hengqin Integrated Development. Currently completion is targeted for 2020, and presale will begin in 2019.

In January 2018, the Group entered into a strategic partnership with Perennial Real Estate Holdings Limited to develop predominantly healthcare mixed-use developments sited close to high-speed railway stations. The Group holds a 30% stake in this partnership.

In pursuit of this strategic vision, the Group made two important acquisitions in the year.

In July 2018, the Group acquired three plots of land in the Xiqing district of Tianjin adjacent to the Tianjin South High Speed Railway Station at total tender price of RMB718 million. Leveraging Perennial's strong experience in the healthcare industry, the 76,900 square metre site will be developed into a complex to house a range of health facilities alongside related retail and hospitality outlets. The medical facilities will include general and geriatric hospitals, a women's and children's hospital, eldercare facilities and apartments.

The Group further acquired two plots of land in the Chenggong district of Kunming, in Yunnan Province at a total tender price was RMB 341.5 million in December 2018. Covering a land area of approximately 65,000 square metres and with a maximum developable gross floor area of approximately 596,000 square metres, the site is earmarked for development as a regional healthcare and commercial hub, and is sited next to the Kunming South High Speed Railway Station. The development will include hospitality, medical care, eldercare, MICE, and retail components.

Beyond its Greater China home base, the Group continued to seek for investment opportunities in the Singapore property market to reinforce its presence and mix of portfolio.

111 Somerset Road is a premium commercial development comprising offices, medical suites and a retail podium. The property has been undergoing an asset enhancement programme, which is scheduled for full completion by the end of 2019. The retail podium, which soft-opened in March 2019, is gradually taken up by a diverse range of tenants. In 2018, a total of 5 office units and 1 medical suite were sold and the profits recognised.

In June, the Group acquired two prime residential redevelopment sites in downtown Singapore, namely Park House and14 & 14A Nassim Road.

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Strategically situated close to Singapore’s famous shopping and entertainment hub of Orchard Road, Park House is being developed as a luxury residential condominium. This 46,084 square foot site, purchased for SG$375.5 million, is expected to yield a maximum gross floor area of around 129,037 square feet. Currently, design and planning are underway.

14 & 14A Nassim Road is centrally located within walking distance of the famous Orchard Road shopping district. The Group intends to develop the 66,452 square foot site into a luxury residential condominium of approximately 93,033 square feet. The purchase price was SG$218 million.

TRANSPORTATION

In 2018, the Group's TurboJET ferry services continued to play an important role in support of the multi-modal transportation platform being developed in the Greater Bay Area. From October, a further connecting link was added when the Group together with its partners began to operate a new cross-boundary shuttle bus service, widely known as Golden Bus, across the Hong Kong-Zhuhai-Macau ("HZM") Bridge. In terms of performance, the Transportation division registered a drop in operating profit due largely to a significant rise in fuel prices year-on-year, combined with a drop in passenger numbers due to the diversion of some traffic to the HZM Bridge. Despite this, the Group has been active in enhancing the quality and coverage of its regional transportation offerings, seeking out new markets, and adjusting its services to match new trends and preferences among the travelling public. Behind all its activities has been an unwavering commitment to enhancing regional integration and accessibility for the Greater Bay Area as it develops.

The Group's TurboJET Hong Kong-Macau operations posted a 20% decline in operating profit year-on-year, to HK$246 million (2017: HK$307 million), primarily due to an upward swing in fuel prices and a decline in overall passenger volume for the year of approximately 10%, to 13 million from 14.5 million in 2017.

TurboJET has been diligently investing in Tuen Mun Ferry Terminal (opened in 2016) to transform it into an integral part of the major multi-modal transportation hub developing in Tuen Mun that is connecting the Northwest New Territories and Western Guangdong. These efforts helped maintain steady passenger volumes through the Tuen Mun Ferry Terminal in 2018.

In Macau, this was the second year of operations for the permanent Taipa Ferry Terminal, in which the Group has been allotted two berths. Targeted efforts have been made to more closely tailor the services provided to the terminal with the growing demand for resorts and attractions in the Cotai Strip, Coloane and Hengqin.

On Land, Shun Tak & CITS Coach (Macao) Limited recorded a revenue of HK$177 million, representing year-on-year growth of 7%.

Hospitality

The Group's hotels have worked hard to adapt to changing patterns of travel and leisure across the region in 2018, while remaining wholly committed to excellence in their service quality and facilities. Overall, the performance of the Hospitality division has been sound, although offset by pre-opening expenditure on new Artyzen hotels and the setting up and opening of the Artyzen Club. The final result for the year from the Hospitality division was a full-year loss of HK$35 million, against a profit of HK$46 million in 2017.

In terms of hotel performance, Hong Kong SkyCity Marriott Hotel posted an average occupancy rate of 78%. In Macau, Mandarin Oriental Macau achieved a higher average occupancy rate of 73% for the year and an average room rate of MOP2,160 despite heavy competition from large resort hotels. Grand Coloane Resort maintained a satisfactory average room occupancy rate of 80%.

Artyzen Habitat Dongzhimen Beijing, a brand new 138-key Artyzen-branded hotel which opened its doors in September 2017, and has now completed its first full year of performance. The hotel attained an average occupancy rate of 74.7% in year 2018.

Artyzen Habitat Shanghai Hongqiao, with 188 rooms, opened in the new Shanghai MixC complex in September 2018. The hotel achieved an average occupancy rate of 36.4% for the two months of 2018 that it was open.

The Group's hotel project in Singapore is progressing solidly on track.

No.9 Cuscaden Road, Singapore, the Group's first foray into the hotel market in Singapore, will be developed into a 5-star luxury hotel of not less than 90 rooms, along with four floors of boutique office spaces for lease. Once the appropriate permissions and approvals are gained in 2019, the Group aims to begin basement and superstructure work in the third quarter, with targeted completion of construction in mid-2021.

Artyzen Hospitality Group ("AHG"), the Group's hotel management solutions provider, was active in 2018 in managing a broad portfolio of hotel properties.

As at 31 December 2018 AHG was operating two Artyzen branded hotels and four non-branded hotels. The Artyzen branded hotels are the 138-room Artyzen Habitat Dongzhimen Beijing, which opened in September 2017, and the 188-room Artyzen Habitat Shanghai MixC in Shanghai, which opened in September 2018. The non-branded hotels are the Grand Coloane Resort and the Grand Lapa in Macau and two hotels in Maui, Hawaii, namely the Ka'anapali Beach Hotel, and The Plantation Inn.

A further eight hotels are planned for opening in China from 2021 to 2023, along with an Artyzen Hotel scheduled to be opened in Singapore in 2022.

In 2018, AHG was involved in a joint venture partnership with hotel group citizenM, a global hotel brand based in the Netherlands, under which it was responsible for managing the portfolio of citizenM Asia including citizenM hotels in Taipei and Shanghai. In a strategic realignment agreed between the parties, from 2 January 2019 AHG handed back management of citizenM Asia hotels to the parent company. The two parties will continue to work together on potential investment opportunities in the region as they arise.

Leveraging its strength in hospitality services, the Group launched the new Artyzen Club in 2018. Located in an elegantly appointed space in Hong Kong's Shun Tak Centre, the Club underwent an initial pre-opening period between April and December 2018. It offers comprehensive business and recreational facilities unparalleled by other clubs in downtown Central and Sheung Wan. Over 100 members had signed up for the club by year-end, making for an excellent start.

During the year, Shun Tak Travel posted a revenue of HK$48 million in 2018 (2017: HK$53 million) for its combined travel and MICE businesses.

Investment

The Group received annual investment revenue as dividends due to its effective interest of approximately 11.5% in Sociedade de Turismo e Diversões de Macau, S.A. ("STDM"). STDM in turn owns an effective shareholding of approximately 54.1% in SJM Holdings Limited, a listed company in Hong Kong, which itself owns the entire shareholding interests of Sociedade de Jogos de Macau, S.A., one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau.

In 2018, this division recorded a profit of HK$97 million (2017: HK$135 million), representing a decrease of 28% 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. In 2018, the terminal recorded 171 berthings, which made up a total of 81% of the cruise passenger throughput of Hong Kong for the year.

With a reliable track record and clear expansion plan, Shun Tak Group is at the cusp of breaking through new realms with discipline and determination, and is well-positioned to deliver a compelling vision for the years ahead.

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