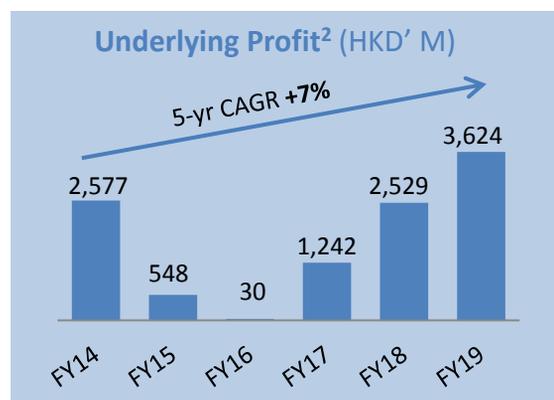
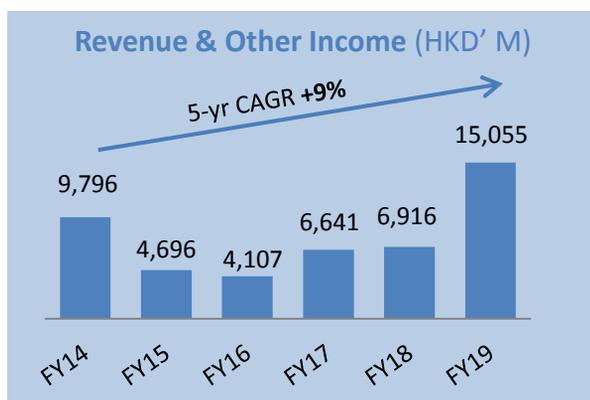


Shun Tak Newsletter (242.HK) - FY19 Review & Recent Developments

2019 was a challenging year for Shun Tak. Apart from the expected decrease in passenger volume for our ferry business due to the opening of the Hong Kong-Zhuhai-Macau Bridge, the Group's hotels also suffered from a drop in demand for hotel rooms due to political instability. However, strong property revenue recognitions have helped to contribute a positive bottom line growth, with the underlying profit reaching HKD 3.6B, a 43% YoY increase, in FY19. Going forward, 2020 results will undoubtedly be affected by economic and tourist arrivals downturn brought by COVID-19.

FY19 Results Summary:

For the 12 months ended 31 Dec (HKD' million)	FY18	FY19	YoY Change
Revenue and other income	6,916	15,055	+118%
Adjusted EBITDA ¹	3,911	6,979	+78%
Profit attributable to owners of the Company	4,647	3,456	-26%
Fair Value Changes on Investment Properties (Net of Deferred Tax and Minority Interests)	2,118	(168)	-108%
Underlying profit ²	2,529	3,624	+43%
Basic earnings per share (HK cents)	153.4	114.3	-25%
Total dividend per share (HK cents)	16.0	18.0	12.5%
Payout ratio ³ (%)	41.0%	15.0%	-26.0 pts



¹ Adjusted EBITDA = Operating Profit – fair value changes on investment properties + depreciation and amortisation + share of results of associates & joint ventures*

* Share of results of associates and joint ventures excludes the shares of the revaluation surplus arising from those investment properties that are owned by associates and joint ventures.

² Underlying profit attributable to the owners is principally adjusted for unrealised fair value changes on investment properties

³ Payout ratio: Total dividend / Adjusted profit attributable to owners of the Company^{##}

^{##} Adjusted profit attributable to owners of the Company excluded the effect of net revaluation change of investment properties held by the Group, associates and joint ventures and one-off disposal gain, but included the effect of net realised revaluation surplus of investment properties sold



Property

In 2019, our earnings were boosted by strong revenue recognition from Nova Grand, our fifth and last phase of Nova City in Macau, and office and medical units at TripleOne Somerset in Singapore. Nonetheless, downward fair value adjustments in investment properties and negative rental reversion in renewals amid global economic instability, sociopolitical tensions in Hong Kong and dampened consumer confidence, have weighed on the largely healthy results. Let us review the completed and new property projects.

Nova Grand, Macau

- Located at Taipa
- 2.3M sqf of 8 residential towers
- Completed in 2018
- Recognized 951 residential units and 82 car parks in FY19
- 77% of 1,775 units sold
- Remaining units will be strategically sold



Nova Mall, Macau

- Sitting below 8 residential towers
- GFA of 655,000 sqf
- Macau's significant retail hub serving everyday lifestyle needs of the local community



Macau's First IKEA Opened on 23rd April at Nova Mall!

- 90,000 sq ft with a total of 11 room settings and three real-life homes
- Grand opening of the rest of the Mall is delayed due to COVID-19



TripleOne Somerset, Singapore

- On 16 Apr 2020, the Group announced to acquire the remaining 30% equity interest in TripleOne Somerset at a consideration of SGD 155M
- Upon acquisition completion, the premium office and retail complex will be wholly owned by the Group

In FY19:

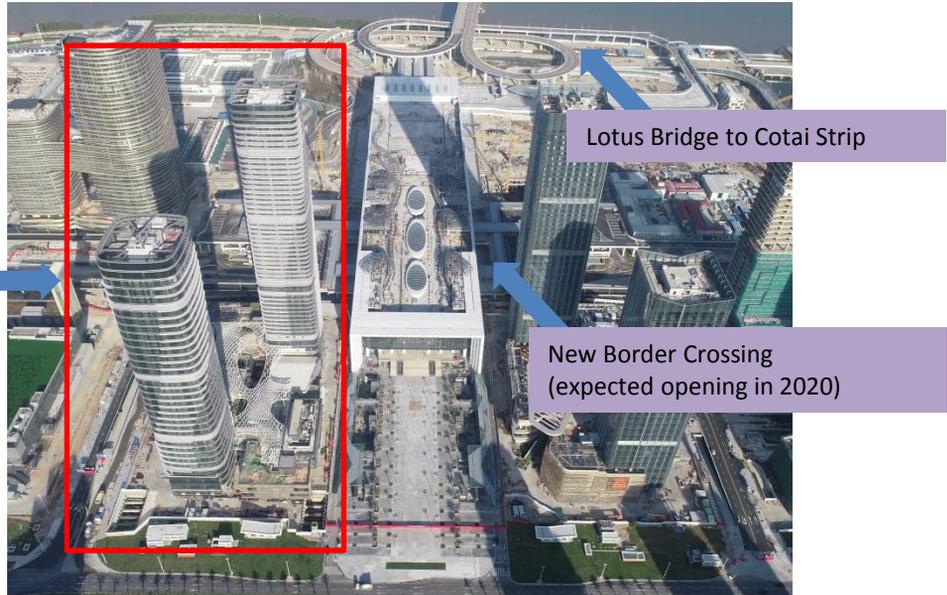
- Sales of 48 office units and 2 medical suites are recognized
- Asset enhancement programme was concluded with refurbished retail podium and office space, and new medical floors
- Retail podium was opened for business in March 2019 and generated satisfactory rental income.



Sales Pipeline

Hengqin Integrated Development, Zhuhai, China

- Direct access to new Border Crossing between Hengqin and Macau
- 135,500 sqm of office, retail, an Artyzen Habitat Hotel, and apartments
- Construction status: topped out, fit-out works in progress
- Occupation Permit: expected in 1H2020, with inspection successfully passed in Dec 2019
- Apartments sales launch expected in 2H2020
- Expected completion: 2020 with hotel's completion in 2021



14 & 14A Nassim Road, Singapore

- An urban redevelopment project
- Proximity to Orchard, embassy area
- 14 units comprising 8 simplex units, 4 duplex units and 2 penthouses
- Slated for launch in 2020
- Construction status: completed demolition of the old building
- Expected completion in 2022



Park House, Singapore

- An urban redevelopment project
- Singapore's traditional deluxe residential neighbourhood
- 51 simplex units and 3 penthouses
- Scheduled for launch in 2020
- Construction status: completed demolition of the old building
- Expected completion in 2022



Upcoming Projects

Shanghai Suhe Bay Area Mixed-use Development Project

- Situated in Jingan District of Shanghai, close proximity to the Bund and Lujiazui
- Direct connection to Tiantong Road subway station: Line no. 10 and no. 12
- GFA of approx. 329,000 sqm with office, retail and residential intended both for sale and long-term hold upon completion
- A development partnering with CR Land, the retail component will be under one of its popular brands in China
- Construction is underway
- Expected Completion in 2021 in phases



NEW BUND 31, Qiantan, Shanghai

- Located at “second Lujiazui”
- GFA of 140,500 sqm of office, retail, 5-star hotel
- Construction status: superstructure for office and retail
- Expected completion: office and retail in 2022, hotel in 2023



Beijing Tongzhou Integrated Development

- Sited on the historic Grand Canal at Beijing’s “sub-administrative center”
- Direct access to major subway lines and bus terminal
- 250,000 sqm of retail space, 211,000 sqm of office space, and a further 117,000 sqm of residential units
- Construction Status: 1 office tower topped out in 2019; 2 residential towers expected to be topped out in 2020
- Expected completion: 2022 and 2023 in two phases



Tianjin Healthcare High Speed Rail

- Developing a world class “health city” with close proximity to Tianjin High Speed Rail station
- Servicing quality medical care within the “Jing-Jin-Ji” megalopolis
- Comprising: approx. 330,000 sqm GFA of general hospital, eldercare facilities and serviced apartments, retail and hospitality
- Construction began in 4Q 2019
- Operations expected to begin in 2023



Kunming Healthcare High Speed Rail

- Similar to Tianjin’s project, this site is next to Kunming’s high speed rail station with an intention to create a world class “health city”
- Comprising: approx. 550,000 sqm GFA of hospitality, medical care, eldercare, MICE, and retail components
- Construction expected to start in 2020
- Operations expected to begin in 2H2023



Transportation

2019 has been an exceptionally challenging time for our ferry business, taking a double hit from the decrease in tourism activities due to the sociopolitical unrest that gripped Hong Kong in 2H2019 and the traffic diversion from the opening of the HK-Zhuhai-Macau Bridge. Nevertheless, the Group shows dedication in enhancing the connectivity and integration within the Greater Bay Area through our investments in various cross-boundary land transport services on the HK-Zhuhai-Macau Bridge.

STCTS Business Restructuring

- In Mar 2020, the Group sold 21% stake of our ferry business to our long-term partner, China Travel, making a 50/50 JV venture with China Travel. The Group has consolidated the transportation platform by integrating cross-border bus and ferry operations under Shun Tak-China Travel Shipping Investments Limited ("STCTS"). This action is to maximize synergy and to better capitalize on new opportunities arising from the Greater Bay Area new economy.
- Upon completion of the restructuring, the Group will hold 50% of STCTS.



HK-Zhuhai-Macau Bridge Land Transport

- Golden Bus – Shuttle between HK and Macau port on HZM Bridge
- TurboJET Cross Border Limo – Personalized door-to-door land transport between Hong Kong and Macau
- HK-MO Express: Coach between selected destinations in Hong Kong and Macau
- Macau HK Airport Direct: Shuttle between Hong Kong International Airport and Macau Port on HZM Bridge



Besieged by political instability spanning the latter part of year 2019, Hong Kong tourist arrivals suffered double digit decline with the fallout also adversely impacted Macau's tourism performance. With COVID-19, the tough times in 2019 for the hospitality division in 2019, lingers into 2020.

On the positive front, the construction for our Artyzen-branded hotels is well-underway, and will be welcoming guests from 2021 onwards. Artyzen is expecting a pipeline of six new hotels to be launched by 2021 and two by 2022, subject to market conditions, with prime locations in Shanghai and Singapore.

Let's take a look at the closest two to opening date:

Artyzen Habitat Hengqin, Zhuhai, China

- 230 rooms
- Part of the Group's Hengqin integrated development
- Expected opening date: 2021



Artyzen Cuscaden, Singapore

- 5-star luxury hotel
- No fewer than 142 rooms
- Superstructure underway, expecting to be topped out in 4Q2020
- Expected opening date: 2022



A peek at some others in the pipeline...



Artyzen Habitat Qiantan Shanghai (2021)



Artyzen Habitat, Lingang (2021)



Artyzen NEW BUND 31 Shanghai (2023)



Artyzen Habitat Yuelai Chongqing (2022)

The Group has increased its effective interest in STDM to 15.7% in December 2019 and will be enjoying a larger share of future dividend income. STDM owns an effective shareholding of approximately 54.1% in SJM Holdings Limited, one of six gaming concessionaires licensed by the Macau SAR Government to operate casinos in Macau.

Going forward....

We may arrange site visit to Nova Mall, Hengqin and other sites after the COVID-19 pandemic is under control. Welcome to stay in touch with us. Please subscribe to our mailing list [here](#) for the latest updates!

Stay strong and healthy!!



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