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瑞安房地產
SHUI ON LAND

Shui On Land Limited
瑞安房地產有限公司*

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 272)

ANNOUNCEMENT
2020 INTERIM RESULTS PROFIT WARNING

This announcement is made by Shui On Land Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”)) under Part XIVA of the Securities and Futures Ordinance (Cap. 571) and Rule 13.09(2)(a) of the Listing Rules.

The board of directors of the Company (the “**Board**”) wishes to inform potential investors and shareholders of the Company that, based on the information currently available to the Company, it is expected to record a net loss for the six months ended 30 June 2020 (the “**2020 Interim Period**”) due to several reasons including but not limited to:

- a) A decline in the fair value of the Group’s investment properties and other property assets of approximately RMB1.9 billion. As a reference, the book value of the Group’s investment properties and other property assets totaled RMB52.1 billion as of 31 December 2019;
- b) Lower leasing income due to, among other factors, the Group’s waiver of rental and other reliefs to its tenants owing to the disruption of their businesses by the COVID-19 outbreak;
- c) Delay in the construction and handover of residential units to homebuyers due to the COVID-19 outbreak.

Based on currently available information, the Company estimates a net loss of approximately RMB1.6 billion in Loss Attributable to Shareholders for the 2020 Interim Period. Notwithstanding the above, the Board believes that the balance sheet and cashflow conditions of the Group remain substantively stable. The Company estimates that as of 30 June 2020, the net gearing ratio of the Group will be at approximately 58% as compared to 52% as of 31

December 2019. The increase in net gearing is largely attributable to the repayment of the Company's USD225 million convertible perpetual securities ("CPS") redeemed on 4 June 2020. As the CPS was classified as equity on the Company's balance sheet as of 31 December 2019, the repayment by means of non-equity funding resulted in a 6% increase in net gearing.

The Company believes the estimated net loss is due mainly to the revaluation losses in its investment properties and other property assets, which is non-cash related. Notwithstanding the ongoing impact from COVID-19 on the global economies, with China having substantially contained the COVID-19 outbreak and its gross domestic product showing a year-on-year 3.2% growth in the second quarter of 2020, the Company is cautiously optimistic regarding its operations. The Group's contracted property sales for the first half of 2020, increased by 82% to RMB6,222 million compared with that for the corresponding period in 2019. As of 30 June 2020, the Group's total locked-in sales were RMB17,800 million, for delivery and recognised in the Group's financial results in the second half of 2020 and beyond. In terms of its commercial property operation, the Company notes that in June 2020, the overall same-store sales volume in its retail properties have recovered to over 75% of the same period in 2019. As such, based on its current operational performance and barring unforeseen circumstances, the Company is hopeful that the revaluation losses in its properties, and the overall net loss, will be largely limited to the 2020 Interim Period.

The information contained in this announcement is based on a preliminary review and analysis on the internal management accounts available as of the date of this announcement, which have not been audited or reviewed by the auditors of the Company.

The Company is still in the process of finalizing the results of the Group for the 2020 Interim Period. Details of the Group's financial information for the 2020 Interim Period is expected to be disclosed in its interim results announcement on 26 August 2020.

Shareholders of the Company and potential investors are advised to exercise caution in dealing in the securities of the Company.

By Order of the Board
Shui On Land Limited
Vincent H. S. LO
Chairman

Hong Kong, 7 August 2020

At the date of this announcement, the executive directors of the Company are Mr. Vincent H. S. LO (Chairman), Mr. Douglas H. H. SUNG (Chief Financial Officer and Chief Investment Officer) and Ms. Stephanie B. Y. LO; and the independent non-executive directors of the Company are Sir John R. H. BOND, Professor Gary C. BIDDLE, Dr. Roger L. McCARTHY, Mr. David J. SHAW and Mr. Anthony J. L. NIGHTINGALE.

** For identification purposes only*