

[For immediate release]

KWIH Announces 2013 Interim Results

Positive Market Response to Quality Projects Launched in Mainland China in the First Half Year Attributable Contracted Sales Reaches HK\$3.1 Billion

(Hong Kong—29 August 2013)—**K. Wah International Holdings Limited** (“KWIH” or the “Group”) (stock code: 0173) today announced its unaudited interim results for the six months ended 30 June 2013.

In the first half of 2013, the Group achieved satisfactory sales by successfully tapping the huge demand for quality properties with the launch of several projects in Mainland China. During the review period, the Group recorded revenue of HK\$3,305 million, while attributable revenue¹ (including revenue contributions from joint ventures and associated companies) amounted to HK\$3,627 million. Revenue was mainly derived from property sales of The Legend and The Palace in Shanghai, Le Palais in Guangzhou, Marinella (35% owned by the Group), Providence Peak (25% owned by the Group) and Providence Bay (15% owned by the Group) in Hong Kong, as well as rental income from Shanghai K. Wah Centre. Attributable contracted sales¹ of the Group amounted to HK\$3,100 million, of which HK\$1,800 million was recognized in the first half of 2013.

Profit attributable to equity holders of the company was HK\$888 million and underlying profit amounted to HK\$834 million. Basic earnings per share was 33.6 HK cents. The Board of Directors recommended payment of an interim dividend of 5 HK cents per share.

Dr Lui Che-woo, Chairman of KWIH, said, “In the first half of this year, our core business remained stable thanks to our shrewd strategies. We achieved encouraging sales results by successfully launching several unique projects that catered to the strong demand from Mainland buyers for quality properties in a timely manner. We shall continue to provide quality, innovative and competitive products, as well as accelerate our development cycle in order to enhance asset turnover. The Group is gathering momentum with nearly 20 projects in Hong Kong and Mainland China well underway. Nearly half of them are ready to be launched in line with market conditions.”

¹ Including joint ventures and associated companies

Tapping to buoyant market demand by launching quality projects in Shanghai and Guangzhou generate satisfactory sales

The Group achieved satisfactory sales performance, particularly in Shanghai, during the first half by executing a flexible sales strategy to cater to the fundamental demand for quality homes. Capitalizing on the past success of The Legend, the project continued to be welcomed by the market and all of the units in the last block were swiftly sold. Upstream Park, a large scale integrated commercial and residential project targeting the underlying market demand was also well received by the market for its excellent quality. More than 70% of the units launched were sold. The Palace, a luxury residential project located in an affluent district in central Shanghai also attracted the interest of homebuyers. For four consecutive months, the project was ranked among the top two selling properties in Shanghai in the high-end category.

In Guangzhou, the first phase of J Metropolis, a new large project integrating residential, commercial and educational facilities, was launched this year with enthusiastic response as more than 50% of the units were sold. Le Palais, a luxury residential project located at Jianshe North Road in Huadu, also sold more than half of the units.

Nearly 20 projects in Hong Kong and Mainland China are well underway. Accelerating project development cycle for continuous asset turnover

The development of nearly 20 projects in Hong Kong and Mainland China, covering a total GFA of approximately 1.7 million sqm and including properties already launched, under development and planning, is progressing well. About half of these projects are ready for launch at an opportune time. Planning for five new plots acquired in Hong Kong, Shanghai and Dongguan in 2012 is also in good progress. Construction of these sites is expected to begin soon and will be offered to the market in the next two to three years. The Group has always been committed to delivering quality, innovative and competitive products while concurrently accelerating the project development cycle for continuous asset turnover.

Hong Kong: Continue the sales of Marinella and Chantilly at opportune timing

The new sales brochures of Marinella and Chantilly have been made available to the public. As two top-graded projects scarcely found in the market, the Group aims to introduce more of their quality units on an 'as is' basis, and in line with market conditions. The Group is also planning for the launch of the Grampian Road project next year.

Mainland China: Continued launch of The Palace and Upstream Park in Shanghai while planning the debut of Grand Summit in late 2013 or 2014. Developing in full swing Xinhuzhen mega integrated project in Huadu and Huadu Jiahua Plaza, a commercial and residential project in Guangzhou

The Group will continue to roll out the remaining units of The Palace and Upstream Park in Shanghai in the second half year. It also plans to market Grand Summit, a contemporary luxurious residential project in Jingan District, a prime location within Shanghai, towards the end of this year or next year. Its debut is expected to become a highlight in the Shanghai market. The Group also plans to launch completed units of the low-density residential project in Qingpu District in 2014.

The Group will release a new batch of units at J Metropolis and the remaining special units, about 40% of the total, of Le Palais in Guangzhou to the market during the second half of the year. The Group will remain committed to developing Huadu District into a "Pleasant Living City" in line with the policy of the Guangzhou Municipal Government. Meanwhile, to capture the opportunities presented by the continued economic growth and enhanced transportation network in the district, the Group will further develop the mega integrated project with a total GFA of 828,000 sqm in Xinhuzhen in the Huadu District, as well as Huadu Jiahua Plaza, a commercial and residential complex project with a total GFA of 269,000 sqm.

Moreover, the Group plans to launch The Summit, a project in Jiangmen, Guangdong in the second half of the year. Offering approximately 320 units the project is scheduled for completion in September 2013.

New projects: Planning in full swing, construction to commence soon and pending launch in next two to three years

Planning for the five new projects acquired in 2012 is well underway. Three of them which are located in Tseung Kwan O and Yuen Long, Hong Kong, respectively, are all easily accessible through convenient transportation networks with strong development potential. The planning is under progress with expected launch in the next two to three years.

The development plan of the Puxing project has been submitted to the Government with construction expected to commence shortly, pending for pre-sale in late 2014. The Shilong project in Dongguan is expected to start construction in late 2013 or early next year, pending for sale in late 2014.

Strong financial position with ample liquidity to drive momentum

As at 30 June 2013, the Group had cash on hand and bank deposits of HK\$4.5 billion, and available undrawn facilities totalling HK\$7.5 billion. The gearing ratio stood at a healthy level of around 19%. In August, the Group secured 3-year and 5-year syndicated loan totalling HK\$3.3 billion from a consortium of banks. This facility further enhanced its financial flexibility and funding capability for long-term sustainable development. Continuing to adopt a prudent financial management policy coupled with strong financial position, the Group is able to construct several projects concurrently and increase asset turnover, thereby enhancing its capability to embrace new project opportunities.

Replenish land bank and add investment properties to boost recurring income

The Group will continue to be prudent and disciplined in land acquisitions focusing on Hong Kong, the Yangtze River Delta and Pearl River Delta to drive long-term sustainable development. As the HKSAR Government strives to increase the land supply, the Group will leverage its strong financial background and industry expertise to pursue investment opportunities in the future.

In addition, the Group strives to expand its investment property portfolio to generate higher recurring income. On top of existing investment properties totalling 120,000 sqm GFA, a number of selected apartments at The Palace and Grand Summit located in downtown Shanghai will be reserved as serviced apartments, adding another 50,000 sqm GFA to the Group's investment portfolio in the next two to three years.

Dr Lui concluded, “With the global economy showing signs of stability, the Group remains positive about the long-term prospects of the property markets in the Mainland and Hong Kong. Leveraging our strong financial resources and industry expertise, we will continue to seize potential investment opportunities and replenish our land bank in a prudent and disciplined manner. We will also strive for all round optimization on corporate level from improving operational efficiency, talent nurturing to encouraging innovative initiatives so as enhance our competitiveness in this challenging market.”

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Photo caption

Photo 1: KWIH Management Team: (from left to right) Alexander Lui, Executive Director; Dr Lui Che-woo, Chairman; Paddy Lui, Executive Director; Herbert Hui, Chief Financial Officer



Photo 2: KWIH Chairman, Dr Lui Che-woo



About K. Wah International Holdings Limited (stock code: 173)

K. Wah International Holdings Limited, listed in Hong Kong in 1987, is the property flagship of K. Wah Group. An integrated property developer and investor with a foothold in The Pearl River Delta and Yangtze River Delta regions, KWIH encompasses a portfolio of premium residential developments, Grade-A office towers, retail spaces, hotels and serviced apartments. Driven by a keen market sense and a versatile strategy, and backed by strong financial capability, KWIH has built up a sizeable and prime land reserve in major cities of China, and thus a strong foothold for future growth. KWIH has received several international accolades for its outstanding quality and service. Awarded Business Superbrands in the property development sector in 2006, KWIH was selected as the High-Flyer Outstanding Enterprises in two consecutive years, and was awarded the Top 10 Developers Award by BCI Asia in 2011. In 2012, its signature project, Marinella, became the first residential project in Hong Kong being awarded the BEAM Plus Provisional Platinum rating.

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