

## Press Release

*For Immediate Release*

### **KWIH Announces 2013 Annual Results**

\*\*\*

#### **Quality Projects in Mainland China Receive Favourable Response Profit Attributable to Equity Holders of the Company Reaches HK\$1.6 Billion Dividend for the Year Amounts to 15 HK cents per Share**

(Hong Kong - 26 March 2014) - **K. Wah International Holdings Limited** (“KWIH” or the “Group”) (stock code: 0173) today announced its annual results for the year ended 31 December 2013.

During the year under review, the Group achieved satisfactory sales with the launch of a number of quality projects in Mainland China that met robust market demand. The revenue for the year amounted to HK\$7.3 billion, of which more than 90% was derived from the property sales of Mainland projects, including Phase I of The Palace, Upstream Park and The Legend in Shanghai, Phase I of J Metropolis in Guangzhou and The Summit in Jiangmen, as well as rental income from Shanghai K. Wah Centre. Attributable revenue (including revenue contributions from joint ventures and associated companies) amounted to HK\$7.7 billion, which includes contributions from Marinella (35% owned by the Group), Providence Peak (25% owned by the Group) and Providence Bay (15% owned by the Group) in Hong Kong.

Profit attributable to equity holders of the Group and underlying profit for 2013 were HK\$1.6 billion and HK\$1.4 billion respectively. Total comprehensive income attributable to equity holders of the Group grew by 22% to HK\$8.4 billion and net asset value per share rose by 38% to HK\$10.2, mainly attributable to the increase in fair value of HK\$6.4 billion on non-current investments of a 3.9% interest in Galaxy Entertainment Group Limited.

Basic earnings per share for the period was 60.95 HK cents. The Board of Directors recommended payment of a final dividend of 10 HK cents per share. Together with the interim dividend of 5 HK cents per share, the total dividend for the year was 15 HK cents per share.

**Dr Lui Che-woo, Chairman of KWIH**, said, “With our shrewd strategies, KWIH achieved satisfactory sales by launching several projects in Shanghai and Guangzhou that met the strong demand for quality properties from Mainland buyers in the past year. Capitalizing on our strong financial capability, we invested more

than HK\$10 billion to acquire nine land parcels in Hong Kong and Mainland China in the past 18 months to sustain our future development.”

### **Satisfactory results based on our strategy of launching quality projects in Mainland China**

During the year under review, the Group achieved satisfactory sales in Mainland China, in particular Shanghai, with the launch of a number of quality projects. Phase I of The Palace, a luxury residential development in downtown Shanghai, topped the sales of all high-end properties in Shanghai. Upstream Park, a large scale residential project targeting the mass market, was also well-received for its high value-for-money and excellent quality. To date, more than 85% of the units of the two projects have been sold. Sales of the last block of The Legend were also recognized during the year under review.

In the Pearl River Delta, the Group launched Phase I of J Metropolis, a large scale development in Huadu district, Guangzhou, and The Summit in Jiangmen. The majority of both projects were sold due to their quality.

### **Asset portfolio strengthened with the acquisition of nine quality land parcels in Hong Kong and Mainland China in the past 18 months**

Capitalizing on the ample financial resources generated from sales proceeds, the Group continued to look into investment opportunities in Hong Kong and Mainland China. Since the second half of 2012, the Group has invested more than HK\$10 billion to acquire nine parcels of land in Hong Kong and Mainland China, thus expanding its business presence from Hong Kong, Shanghai and Guangzhou to Nanjing and Dongguan. In October 2013, the Group purchased two land parcels located along the Huangpu River at Weifang Village Street, Pudong, Shanghai and Maigao Bridge, Qixia District, Nanjing, for RMB568 million and RMB1,740 million respectively. Subsequently, in the first quarter of 2014 the Group purchased a site located at Kai Tak Area 11 Site 2, Kowloon, Hong Kong for HK\$2,938.8 million and a plot at the 2014WG003 site in Xihu District, Shilong, Dongguan for RMB115 million. Looking ahead, the Group will explore investment opportunities in Hong Kong, the Yangtze River Delta and Pearl River Delta in a disciplined and progressive manner for long-term sustainability.

### **More than 20 projects in Hong Kong and Mainland China underway with accelerated project development cycle for continuous asset turnover**

The Group's quality assets comprise over 20 projects principally in first-tier cities, with a GFA of approximately 1.8 million sqm, including properties already launched, under development or in planning. In view of current market conditions and strong underlying demand, the Group is optimizing the proportion of its mass market projects in parallel with its high-end products, while accelerating the project

development cycle for continuous asset turnover.

***Mainland China sales focus for the next two years: Debut of Grand Summit, a contemporary high-end residential project in Shanghai this year; the timely launch of Phase II of Huadu Jiahua Plaza and Phases II and III of J Metropolis***

In the Yangtze River Delta, the Group will continue to roll out the remaining units of Phase I of The Palace and Upstream Park following the strong sales from last year. The Group is also preparing for the launch of Grand Summit, a contemporary high-end residential project situated in a prime area of Jingan District, Shanghai. Its debut this year is expected to become a highlight in the Shanghai property market.

In the Pearl River Delta, depending on market conditions, the Group will continue the sales of Le Palais and Phase I of J Metropolis in Guangzhou, as well as the remaining units of The Summit in Jiangmen. In line with the Guangzhou Municipal Government's commitment to developing Huadu into a "Pleasant Living City", the Group plans to launch Phase II of Huadu Jiahua Plaza and Phases II and III of J Metropolis to take advantage of the opportunities presented by the region's prospering economy and enhanced connectivity. The Shilong project in Dongguan, acquired in the second half of 2012, enjoys commanding river views and good accessibility; construction of this project commenced in late 2013 and is scheduled to go on sale in late 2014.

***Hong Kong: Continued sales of Marinella, Providence Bay and Providence Peak; development of Tai Po Town Lot 201 in Pak Shek Kok***

The Group will continue to market the remaining special units of Marinella and Chantilly, two strategically located projects in Hong Kong. For the two low density seafront luxury residential developments, Providence Bay and Providence Peak, the Group will launch the remaining 300 units at an opportune time according to market conditions.

The development of Tai Po Town Lot 201 is in good progress, and the project will be launched at an appropriate time; construction works for Tseung Kwan O Town Lot No. 115 & 117 have begun with plans to develop this lot into a quality seafront commercial and residential project.

**A solid financial position with sufficient liquidity for future development**

Based on its prudent financial approach and surplus cash from property sales, the Group has a strong financial capability. As at 31 December 2013, the Group had cash on hand and bank deposits of HK\$5.6 billion, with a healthy gearing of around 14%. During the period under review, the Group secured a 3-year and 5-year syndicated loan totalling HK\$3.3 billion from several banks in August. In March 2014, the Group successfully arranged another HK\$3.98 billion 4-year and 5-year

syndicated loan. These facilities further enhanced the Group's financial strength and flexibility for its long-term sustainable development.

**Expand investment properties to increase recurring income**

The Group will expand its investment properties by doubling the GFA from 100,000 sqm to 200,000 sqm in three to four years, so as to increase recurring income and enhance stable shareholder returns. The Group will retain 55,000 sqm of GFA from The Palace and Grand Summit, two prime projects in the heart of Shanghai, as serviced apartments. In March 2014, the Group also completed the acquisition of the remaining interests in J SENSES from the Urban Renewal Authority.

**Dr Lui** said, "As the control measures in Mainland China and Hong Kong are expected to continue, the Group will adjust its strategies to cope with market changes by leveraging its rich industry experience. Adhering to the principle of prudence and innovation, we will strive to build an innovative, competitive and well balanced property portfolio while replenishing our land bank in a disciplined manner to achieve business continuity and deliver better value for our shareholders."

– End –

## Photo captions

Photo 1: (From left) Alexander Lui, Executive Director; Dr Lui Che-woo, Chairman; Paddy Lui, Executive Director; Herbert Hui, Chief Financial Officer of KWIH



Photo 2 : Dr Lui Che-woo, Chairman of KWIH



## **About K. Wah International Holdings Limited (Stock code: 173)**

K. Wah International Holdings Limited (“KWIH”) is an integrated property developer and investor listed in Hong Kong in 1987, and is the property flagship of K. Wah Group. 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 a strong financial capability, KWIH has built up a sizeable, prime land reserve in major cities of China, with approximately 1.8 million sqm GFA of properties already launched, under development or in planning in cities including Hong Kong, Shanghai and Guangzhou. KWIH also holds a 3.9% stake in Galaxy Entertainment Group Limited (stock code: 27).

The Group has received several international accolades for its outstanding quality and service. Recognized as a Business Superbrand in the property development sector, KWIH was selected as a High-Flyer Outstanding Enterprise for two consecutive years, and was awarded the Top 10 Developers Award by BCI Asia in 2011. In 2014, its signature project, Marinella, achieved the Platinum Rating of Final Assessment under the BEAM Plus NB V1.1 of the Hong Kong Green Building Council. In addition, KWIH was voted as the first runner-up in the category of Hong Kong Best Mid-Cap in the Asia’s Best Companies 2013 Poll conducted by *FinanceAsia*.

Website: <http://www.kwih.com>

### **Media Enquiries:**

#### K. Wah International Holdings Limited

Shelly Cheng    Tel : (852) 2880 1853

Email : shellycheng@kwah.com

Linda Poon     Tel : (852) 2880 8264

Email : lindapoon@kwah.com

Brian Wong    Tel : (852) 2960 3393

Email : brianchwong@kwah.com

Fax : (852) 2811 9710

#### Strategic Financial Relations Limited

Iris Lee        Tel : (852) 2864 4829

Email : iris.lee@sprg.com.hk

Maggie Au     Tel : (852) 2864 4815

Email : maggie.au@sprg.com.hk

Roby Lau       Tel : (852) 2114 4950

Email : roby.lau@sprg.com.hk

Fax : (852) 2527 1196