

Press Release
[For Immediate Release]

**KWIH Announces 2016 Interim Results
Underlying Profit Surged 276% to HK\$1.8 Billion**

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**Continues to Launch New Projects in Hong Kong and
Mainland China in the Second Half of the Year**

Financial Highlights

	For six months ended 30 June		
	2016	2015	Change
Revenue (HK\$ million)	5,536	2,359	135%
Attributable revenue ¹ (HK\$ million)	7,911	3,725	112%
Underlying profit (HK\$ million)	1,813	482	276%
Profit attributable to equity holders of the Company (HK\$ million)	1,897	534	255%
Basic earnings per share (HK cent)	66.8	19.2	248%
Interim dividend per share (HK cent)	5	5	-

(Hong Kong — 22 August 2016) **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 2016.

Underlying profit surged 2.76 times entering the harvest period

Benefited by the satisfactory sales results of various key projects in Hong Kong and Mainland China as well as an increase in recurring income, the Group’s attributable revenue¹ increased by 112% against the last corresponding period to HK\$7.9 billion in the first half of 2016. Profit attributable to equity holders of the Company grew 255% to HK\$1.9 billion. Underlying profit rose by 276% to HK\$1.8 billion. Basic earnings per share were 66.8 HK cents. The Board of Directors recommended distribution of an interim dividend of 5 HK cents per share, as the Group is committed to offering stable return to shareholders.

Attributable revenue¹ grew notably, which was mainly attributed by its solely-developed project Twin Peaks, and jointly-developed projects Marinella, Corinthia By The Sea, Mayfair By the Sea I, Providence Bay and Providence Peak in Hong Kong; coupled with Grand Summit in Shanghai and J Wings in Guangzhou. Furthermore, at the Group’s effort to expand its investment property portfolio, recurring income from J SENSES in Hong Kong, K. Wah Centre and Stanford Residences Jing An in Shanghai, Crowne Plaza Guangzhou Huadu hotel and office also grew 4% to HK\$235 million.

¹Including joint ventures and associated companies

Dr Lui Che-woo, Chairman of KWIH, said, “Continuing with the good performance last year, KWIH has recorded satisfactory results in the first half of this year. Despite global economic uncertainty abounds, KWIH was able to utilize sound and shrewd strategies to capture the opportunities arising from the recovery of property markets in Hong Kong and Mainland China during the period under review and launched several quality residential projects at an opportune time. These projects have all recorded satisfactory sales performance. KWIH will continue to push forward its development plan and introduce new projects in Hong Kong, the Yangtze River Delta and Pearl River Delta regions in the second half year to meet buyers’ strong demand for quality residences.”

Several projects in Hong Kong and Mainland China sold well in the first half, sustaining momentum for future profit

In the first half of 2016, the Group launched several projects in Hong Kong and Mainland China and achieved strong sales performance with attributable contracted sales¹ amounted to HK\$6.7 billion. As at 30 June 2016, attributable contracted sales¹ not yet booked amounted to HK\$7.4 billion. Amongst all, The Spectra, a quality residential project along the West Rail line in Hong Kong, has sold well since debut. The Palace II and Grand Summit, KWIH’s top-notch luxury residential properties situated at prime locations in Shanghai, have continued to lead in sales among high-end properties in Shanghai. Silver Cove in Dongguan was well received by buyers in the first half, driven by the buoyant property market in Shenzhen. Meanwhile, J Wings as well as phases 2 and 3 of J Metropolis in Guangzhou have also reported satisfactory sales performance. All these have affirmed the market’s recognition for the “K. Wah” brand and the quality of its projects.

Adheres to the “continuous asset turnover” tactics; continues to launch new projects in the second half heeding market conditions

Hong Kong: To launch more units of The Spectra; pre-sale permit pending for Kai Tak Development Area project

Benefitting from the market expectation of a slowdown in interest rate hike, sales of The Spectra picked up in the past two months, with over 50% of the project sold to date. The Group will continue to launch more quality units of The Spectra in the second half heeding market conditions, with the aim of satisfying strong demand of buyers for quality residences along railway lines. As for the Group’s solely-developed Kai Tak Development Area project strategically located next to the East Kowloon city centre, construction is well underway with pre-sale permit application filed and sale to begin the earliest by the end of the year.

Yangtze River Delta: To timely launch The Palace III and Windermere in Shanghai; The Peak in Nanjing to begin sale soon

Continuing with the outstanding sales performance of The Palace II and Grand Summit, KWIH’s top-notch luxury residential properties in Shanghai, in the first half year and taking advantage of the recent good sentiment in the Shanghai property market, the Group plans to market The Palace III as well as Windermere, a low-density residential project in Zhujiajiao, to meet the strong market demand for premium luxury residences. Moreover, the Group’s first project in Nanjing, The Peak, is going to be launched shortly. Located in the main residential area in Maigao Qiao, the project boasts excellent connectivity with easy access to three Nanjing Railway lines, neighbours a mature commercial district and is served by comprehensive ancillary facilities. It includes a 6,000 sqm trendy commercial promenade and features horticultural landscapes that appeal to different age groups. The Group believes it can

attract buyers who look for quality living.

Pearl River Delta: To continuously launch J Wings and the new J Metropolis Phase 4 in Guangzhou, as well as Silver Cove Phase 3 in Dongguan heeding market conditions

In Guangzhou, J Metropolis, KWIH's large-scale quality project in Huadu, and J Wings, a premium project located in the city centre of Huadu, have been well received by buyers. The Group plans to launch the new J Metropolis Phase 4 in the second half to capture market demand and continue to sell units of J Wings. Silver Cove in Dongguan also achieved brilliant sales in the first half year, and over 60% of the project sold to date. Capitalizing on such impressive performance, the Group will launch the Silver Cove Phase 3 at an opportune time in the second half to meet the intense demand of buyers in the area.

Adds investment properties to boost recurring income

The Group has also continued to expand its recurring income portfolio to enhance its stable income source and cash flow. Of these properties, Stanford Residences Jing An, KWIH's serviced apartments located within Grand Summit in Shanghai, have received high market acclaims since its debut in mid-2015. Over half of its units have been leased as at end of June. The serviced apartments within the Palace in Shanghai will be completed by the first half of next year, which will increase the GFA of the Group's recurring income portfolio to 155,000 sqm and take the Group another step closer to achieving the goal of increasing the GFA of its investment properties to 200,000 sqm in coming few years.

Healthy financial position with strong cash inflow from sales proceeds

During the period under review, KWIH continued to maintain a healthy financial position. As at 30 June, the Group's gearing ratio decreased to 23% and its average borrowing cost remained low at 2.7%. With strong cash inflow from sales proceeds plus having a healthy financial position, KWIH will continue to adopt a prudent yet aggressive approach in capturing investment opportunities and look for land parcels in Hong Kong, the Yangtze River Delta and Pearl River Delta with development potential, for the purpose of driving long term and sustainable business growth. In addition, the Group's projects launched, being developed or in planning have a total GFA of 1.4 million sqm and are all in good progress, contributing continuously to the Group's "enhanced asset turnover" objective.

Dr Lui concluded, "Looking ahead, affected by a host of uncertain external factors, the global economic environment will remain challenging. However, the market also sees favourable factors such as the slower pace of interest rate hike and the positive sentiment in the property market in first-and-second-tier mainland cities. Thus, we are cautiously optimistic about the prospects of the property markets in China and Hong Kong. The Group will continue to launch various new projects heeding market conditions and carefully select quality land parcels in its pursuit of realising long term and sustainable business development and generating satisfactory return for shareholders."

- End -

Photo captions

Photo 1: Dr Lui Che-woo, Chairman (Middle); Paddy Lui, Executive Director (First from Left); and Oliver Lam, Chief Financial Officer of KWIH (First from Right)



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



About K. Wah International Holdings Limited (stock code: 00173)

K. Wah International Holdings Limited (“KWIH”), 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. Honoured with Business Superbrands in the property development sector, KWIH was awarded the Top 10 Developers Award by BCI Asia three times and the High-Flyer Outstanding Enterprises twice. 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 under the category of Hong Kong Best Mid-Cap and Best CFO in Hong Kong in Asia’s Best Companies 2013 and 2015 Poll respectively conducted by *FinanceAsia*.

KWIH is a constituent stock of the Hang Seng Composite MidCap Index and MSCI China Small Cap Index. KWIH is currently holding a 3.8% stake in Galaxy Entertainment Group Limited (stock code: 00027).

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