

Press Release

For Immediate Release

KWIH Announces 2020 Interim Results Underlying Profit Increased by 85% to HK\$2.7 billion Interim Dividend Increased by 17%

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Ample Saleable Resources Laying Solid Foundation for Future Profit

Financial Highlights

	For the Six Months Ended 30 June		
	2020	2019	Change
Underlying profit (HK\$ million)	2,736	1,480	85%
Profit attributable to equity holders of the Company (HK\$ million)	2,556	1,526	68%
Revenue (HK\$ million)	8,407	5,124	64%
Attributable revenue (HK\$ million)	8,466	5,311	59%
Basic earnings per share (HK cents)	81.77	48.82	68%
Interim dividend per share (HK cents)	7	6	17%

(Hong Kong – 20 August 2020) **K. Wah International Holdings Limited** (“KWIH” or “the Group”) (stock code: 00173) today announced its unaudited interim results for the six months ended 30 June 2020.

Despite the relatively volatile market in the first half of 2020, KWIH continued to take a stable approach to launch premium projects in Hong Kong and Mainland China and achieved anticipated sales. For the six months ended 30 June 2020, the Group’s attributable contracted sales amounted to approximately HK\$3.7 billion while the total attributable revenue amounted to approximately HK\$8.5 billion, mainly from Solaria in Tai Po, Hong Kong, The Palace III - Le Haut and Windermere in Shanghai, The Peak in Nanjing, Huadu Jiahua Plaza Phases III and IV in Guangzhou, and Silver Cove in Dongguan. The Group had unrecognised attributable contracted sales of approximately HK\$6.3 billion, which is expected to be accounted for in the second half of 2020 and 2021, laying a solid foundation for the Group’s profit in the future. The underlying profit exceeded HK\$2.7 billion and profit attributable to equity holders amounted to approximately HK\$2.6 billion. Having considered the amount of contracted sales to be recognised and the development progress of different projects, the Board of Directors remains confident in the Group’s ability to maintain long-term business growth and decided to pay an interim dividend of 7 HK cents per share, up 17% year-on-year.

Dr Lui Che-woo, Chairman of KWIH, said, “In response to the COVID-19 pandemic since the beginning of 2020, the governments of many countries and Hong Kong have implemented a series of monetary policies and fiscal measures to stimulate their economies, they are however still facing unprecedented challenges in restoring economic activity to pre-pandemic levels as the pandemic shows no sign of abating. Nonetheless, to ensure the stability of our business development, KWIH coped with market changes by adopting a flexible development strategy during the period under review and launched premium projects in Hong Kong and Mainland China

to maintain satisfactory sales results.”

Sales performance remained stable

Handover of the pre-sold units to the buyers for Solaria in Tai Po, Hong Kong had started since late February this year, with majority of the related contracted sales recognised in the first half of 2020. As at the end of July, more than 940 units of the project were sold, accounting for approximately 85% of the total number of units. K.SUMMIT in Kai Tak reported satisfactory sales performance since its launch in last December. As at the end of July, approximately 380 units of the project were sold, with contracted sales exceeding HK\$3.8 billion.

In Mainland China, The Palace III - Le Haut and Windermere in Shanghai as well as the joint venture project in Suzhou all achieved satisfactory sales results in the first half year. The joint venture projects in Jiaxing and Kunshan were sold out in the first half of 2020. The first batch of units at J City and the joint venture project Jiajun Garden in Jiangmen were launched in April and January this year respectively. Both reported stable sales performance.

Several projects to be rolled out in the second half of this year

Hong Kong: Grampian Road project in Kowloon Tong and GRAND VICTORIA, Phase 1 of harbourfront project in Cheung Sha Wan

The Grampian Road project located in a traditionally prime residential area of Kowloon has obtained the occupation permit. The project comprises five premium house units with over 4,000 sq. ft. each. It is expected to be launched for sale as completed units around the second half this year. The harbourfront project in Cheung Sha Wan will be developed into three phases, offering more than 1,400 units in total. Phase 1 of the project has been named GRAND VICTORIA which will offer more than 500 units. Application for the pre-sale consent had been submitted early this year and it is expected to be launched in the fourth quarter. Application for the pre-sale consents of Phases II and III had also been submitted in this July.

Mainland China: Bayview in Dongguan, Phase I of Cosmo in Guangzhou and National Hi-Tech District project in Suzhou

In the Pearl River Delta region, Bayview located in Songshan Lake District, Dongguan, will offer more than 1,100 units. Construction work is progressing well and the first batch of units is expected to be launched in the fourth quarter of this year. Cosmopolis, residential portion of Phase I of Cosmo, an integrated project located in Huadu District, Guangzhou, possesses a total GFA of approximately 180,000 sq. m. The first batch of units will be launched for sale in the year end at the earliest. In the Yangtze River Delta region, construction at Lot 42, National Hi-Tech District in Suzhou, is in good progress and the first batch of units is expected to be launched in the year end or early next year.

In addition to the above projects, the Group will continue to closely monitor the market changes and launch the remaining units of its projects, including K.SUMMIT, Solaria and K.CITY in Hong Kong, and Grand Summit, The Palace III and Windermere in Shanghai, J City in Jiangmen, and Silver Cove in Dongguan, etc. The Group is also developing its joint venture projects as scheduled and will continue to launch its projects in a timely manner.

Landbank replenishment in prudent yet proactive manner

Currently, the Group has a land bank for a total attributable GFA of approximately 1.5 million sq. m. in Hong Kong and Mainland China for property development. The Group will continue to adopt flexible and solid strategies to replenish quality land parcels in Hong Kong and Mainland China, which will give strong impetus for its business development.

Diversified portfolio of properties for investment

KWIH has a comprehensive portfolio of properties for investment, comprising Grade-A office towers, commercial facilities, serviced apartments and hotel. The pandemic has dealt a heavy blow to the business activities of the Group's retail tenants and hotel operation inevitably. During the period under review, rental (including hotel) income declined by 15% year-on-year to approximately HK\$300 million. During the period under review, KWIH provided short-term rent concessions to certain tenants to alleviate their operational and financial pressure. Meanwhile, the implementation of the travel restrictions since the outbreak of the pandemic had adversely affected the occupancy rate of Crowne Plaza Guangzhou Huadu during the period under review.

In respect of commercial facilities, the average occupancy rate at Shanghai K. Wah Centre stayed at 90% during the period, while J SENSES, the speciality retail and dining complex in Hong Kong, reached 100% occupancy rate as at June end. Construction of EDGE, the new office project located in Suzhou Creek, Jingan District, Shanghai, was completed last December. However, a number of potential customers postponed their lease confirmation due to the pandemic. In terms of serviced apartments, Stanford Residences Jing An and Xu Hui in Shanghai maintained a high occupancy rate of over 85% and 90% on average. Despite the pandemic badly affected the business activities of some of the tenants, the average occupancy rate of the Group's portfolio of properties for investment remained satisfactory.

Shrewd financial management

KWIH has continued to uphold a prudent financial strategy and maintains a sound financial position. As at the end of June, the Group's net gearing ratio decreased to 35% and had approximately HK\$5.0 billion in cash and bank deposits, and available undrawn banking facilities totalling approximately HK\$19.5 billion. The Group has sufficient funds to undertake suitable investment opportunities prudently.

Dr Lui concluded, "In the second half of 2020, Sino-US relations will remain intense and the resurgence of the pandemic will continue. Hence, the business environment will face unprecedented changes. However, KWIH will adhere to our commitment to 'Quality and Excellence' as we develop premium properties that suit the needs of the users. We will also monitor both global and local political and economic conditions, proactively yet prudently grasp any investment opportunities and continue expanding our business, to realise long-term stable growth and create satisfactory returns for our shareholders."

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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 Hong Kong, the Yangtze River Delta and Pearl River Delta regions, KWIH encompasses a portfolio of premium residential developments, Grade-A office towers, retail spaces, hotel and serviced apartments. Cresleigh Property, the property management arm of KWIH, delivers exceptional hotel serviced property management services guided by advanced and international standards in general to premium residential buildings, commercial facilities, office towers and real estate complexes. Driven by a keen market sense and a versatile strategy, and backed by strong financial capability, KWIH has built up a prime land reserve in major cities of China, and thus a strong foothold for future growth.

KWIH is a constituent stock of the Hang Seng Composite MidCap Index, Hang Seng Corporate Sustainability Benchmark Index, MSCI Hong Kong Small Cap Index and Hang Seng Stock Connect Greater Bay Area Composite Index as well as an eligible stock under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programmes. KWIH held a 3.75% stake in Galaxy Entertainment Group Limited (stock code: 00027) as of 30 June 2020.

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