

Press Release
[For Immediate Release]

KWIH Announces 2021 Interim Results Total Attributable Contracted Sales to be Recognised Reaches HK\$17.4 Billion

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Laying a Solid Foundation for Future Profit

(Hong Kong, 24 August 2021) **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 2021.

KWIH, with a robust yet flexible approach, timely launched premium projects during the period under review and achieved satisfactory sales results. For the six months ended 30 June 2021, the Group's attributable contracted sales amounted to approximately HK\$9.6 billion. As at the end of June 2021, total attributable contracted sales yet to be recognised amounted to approximately HK\$17.4 billion, which are expected to be accounted for in the second half of 2021 and 2022, underpinning the Group's future profitability. The Group's total attributable revenue during the period under review amounted to approximately HK\$3.2 billion, mainly from the property sales of Solaria in Hong Kong, The Palace III and Windermere in Shanghai, J City in Jiangmen and two joint venture projects in Jiaxing and Kunshan, etc. Profit attributable to equity holders amounted to approximately HK\$780 million. Underlying profit dropped year-on-year to approximately HK\$490 million as fewer contracted sales were recognised during the period compared to the same period last year. Having considered the amount of contracted sales yet to be recognised and the development progress of various projects, the Board of Directors remains confident in maintaining the Group's long-term business growth and had declared an interim dividend of 7 HK cents, thus continuing to bring stable returns to shareholders.

Dr Lui Che-woo, Chairman of KWIH, said, "Global economy is on track of gradual recovery following the roll-out of the COVID-19 vaccination programmes in various countries in the first half of 2021. Hong Kong's economy has also improved. Leveraging our commitment to delivering exquisite quality projects, KWIH adopted a robust and precise strategy to launch its premium projects in Hong Kong and Mainland China during the period under review and achieved satisfactory sales results."

Satisfactory sales results

In Hong Kong, K. Summit in Kai Tak reported a satisfactory sales performance during the period under review, with over 300 units sold. As of the end of June 2021, more than 960 units, which accounted for over 95% of the total, were sold with a total contracted sales of approximately HK\$10.9 billion. The occupation permit of K. Summit was obtained in May and the Group has filed the application for the certificate of compliance. The delivery of pre-sold units of K. Summit will commence upon obtaining the certificate of compliance. As at the end of June 2021, over 1,000 units of Solaria in Pak Shek Kok, Tai Po, were sold, accounting for

more than 93% of the total. In addition, Phases 1 and 3 of Grand Victoria, the harbourfront project in South West Kowloon, had been launched for sale since March.

In the Yangtze River Delta region, Azure in Pudong New District, Shanghai, was launched to the market in May this year and received an enthusiastic response from buyers. All units were taken up on the day of its debut, with a total sales amount of approximately RMB2.4 billion. In the Pearl River Delta region, six residential towers with 560 units of Bayview in Dongguan had been launched since November 2020. As at the end of June this year, approximately 450 units were sold, accounting for 80% of the units launched. In addition, execution of contracts for approximately 10% of the launched units already subscribed is in progress. The sales performance had been satisfactory. Sales of Cosmopolis, Phase 1 of Cosmo in Huadu District, Guangzhou, and Ziwei Gongguan (紫薇公館), a joint venture project in Jiangmen, were soft-launched in the period. Additional units will be launched subject to market conditions.

Projects to be launched

Hong Kong: Grampian Road project in Kowloon, Phase 2 of Grand Victoria in South West Kowloon, Tuen Ma Line Kam Sheung Road Station Project in Yuen Long, LOHAS Park Package 11 Project in Tseung Kwan O and Kai Tak Area 4A Site 1 Project

The Grampian Road project located in a traditionally prestigious residential area of Kowloon offers five premium house units of over 4,000 sq. ft. each. The project is expected to be launched soon as completed properties. In early August this year, the first batch of units of Phase 2 of Grand Victoria in South West Kowloon was launched for tender. In addition, several joint ventures projects are expected to be marketed between late 2021 and early 2022. They are Kam Sheung Road Station Project on Tuen Ma Line in Yuen Long, LOHAS Park Package 11 Project in Tseung Kwan O and Kai Tak Area 4A Site 1 Project.

Mainland China: VETTA in Suzhou, Jiangning District project in Nanjing and Weifang Village Street project, Pudong New District in Shanghai

In the Yangtze River Delta, VETTA in Xiangcheng District, Suzhou, launched its first batch of units for sale in July this year, achieving satisfactory sales. Construction of the projects at Site G89 in Jiangning District, Nanjing and Weifang Village Street in the Pudong New District, Shanghai is making good progress. Both projects are expected to be completed between late 2021 and early 2022, with planning for market launch underway.

The Group will closely monitor market changes and continue to put the remaining units of the launched projects to the market, including K. Summit and Solaria in Hong Kong, Windermere in Shanghai, Cosmo in Guangzhou, Bayview in Dongguan, J City in Jiangmen, etc. The Group's projects are being developed as scheduled and the Group will continue to launch its projects in a timely manner.

Landbank replenishment in prudent yet proactive manner

With its solid financial position, KWIH has been adopting flexible strategies such as by sole ownership and via joint venture to acquire premium land parcels in Hong Kong and Mainland China. In April this year, the Group participated in a commercial and residential project on Siping Road, Hongkou District in Shanghai via a joint venture. The project has a

total GFA of approximately 47,000 sq. m. and is adjacent to a metro station. It is expected to be launched for sale between late 2021 and early 2022.

Currently, the Group has a landbank of a total attributable GFA of approximately 1.75 million sq. m. in Hong Kong and Mainland China for development. The Group will continue to proactively seek for new investment opportunities for future development to sustain its growth while appropriately managing land costs.

Diversified property portfolio for investment

KWIH has a diversified portfolio of properties for investment, including Grade-A office towers, hotel and serviced apartments, and speciality retail. As at this June end, attributable GFA of the Group's portfolio of properties for investment amounted to approximately 270,000 sq. m. During the period under review, rental income (including hotel income) was approximately HK\$360 million, up by 22% year-on-year and exceeding the pre-pandemic level.

As for office premises, the occupancy rate at Shanghai K. Wah Centre was over 95% during the period. The response to the leasing of EDGE in Jiangan District, Shanghai newly launched to the market had been positive. After the Group signed the lease with a world-renowned biopharmaceutical company in March this year, the property with a GFA of approximately 21,000 sq. m. had been fully leased. It has been generating rental income. In addition, the urban renewal project at Wuyi Road in Shanghai is expected to be put up for leasing following its completion in 2022. The occupancy rate of J SENSES, the speciality retail and dining complex in Hong Kong, reached 100% as of this June end. As for the hotel and serviced apartments operations, Stanford Residences Jing An and Stanford Residences Xu Hui maintained a high occupancy rate of 90% on average. The occupancy rate of Crowne Plaza Guangzhou Huadu also recorded moderate growth during the period under review.

Sound financial position supports steady business development

During the period under review, KWIH maintained a healthy financial position. As of 30 June 2021, the Group's net gearing ratio dropped to 33%. Cash and bank deposits amounted to approximately HK\$6 billion and undrawn bank loans amounted to approximately HK\$13.6 billion. The Group has sufficient funds to capture investment opportunities, providing solid momentum for future business development.

Dr Lui concluded, "Looking ahead to the second half of this year, the domestic and international situation will remain complex. The path to economic recovery and the business environment will continue to be challenging. KWIH however remains cautiously optimistic about the long-term development of the local and Mainland property markets. The Group will take great care in continuously developing its business and to grasp any development opportunities enabling the Group's vision of long-term and stable growth. I hope the social distancing measures will be further relaxed soon upon a higher vaccination rate in Hong Kong so that local economy will be stimulated and cross-border activities will be resumed, and all sectors of the community can return to normal."

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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 engages in property development business covering large-scale residential communities and comprehensive development projects such as premium residential developments, Grade-A office towers, hotel and serviced apartments, retail premises and offering property management service. 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 3.73% stake in Galaxy Entertainment Group Limited (stock code: 00027) as of 30 June 2021.

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