

**KWIH announces 2006 interim results**  
**Profit attributable to shareholders reaches HK\$108 million**

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**Hong Kong and China Projects achieved Remarkable Sales**  
**Heading towards a Fruitful 2007**

(Hong Kong, 14 September, 2006) – K. Wah International Holdings Limited (“KWIH” or “the Group”) (stock code: 173) today announced its unaudited interim results for the six months ended June 30, 2006 (“period under review”).

During the period under review, turnover of KWIH recorded HK\$129,203,000 (2005: HK\$173,669,000). Net profit attributable to shareholders was HK\$108,277,000, with profit from continuing operations increased by 157% from HK\$42,000,000 (excluding the profit from discontinued operations of HK\$589,580,000) in the same period last year. Basic earnings per share were HK4.52 cents. The Board of Directors has recommended the payment of an interim dividend of HK1 cent per share.

Dr. Che-woo Lui, Chairman of KWIH, is very encouraged by the remarkable pre-sale results of the Group’s three major residential projects in the first six months. He said, “Subject to the new accounting standards, related revenue could not be booked in the first half of 2006. However, the Group would be able to fully reflect its performance in 2007 following the completion of all projects.”

“In fact, the Group has already accomplished over half of its sales target for the next year and has brought in record high proceeds of HK\$3.5 billion. We expect 2007 to be a fruitful year for KWIH and to bring satisfactory return to its shareholders,” he added.

## **Remarkable performance in property development and investment**

### **Property Projects in Hong Kong**

The Group launched first round pre-sale of its luxurious residential project, **The Great Hill** in mid-level, Shatin South, in March 2006. All the 65 apartment units were sold out in three weeks. The amount will be recognized as revenue when the entire project is completed in 2007. Plan is underway to roll out second round pre-sale of the remaining apartment units and houses in the second half of the year.

The Group's latest residential project, **J Residence**, located in the heart of Wanchai, was put on market in July 2006. The 381-unit boutique-hotel-style apartment was almost all sold out in two weeks during its pre-sale launch. The project will be completed in 2007.

### **Property Projects in Mainland China**

On the other hand, the Group's large scale residential property project in Shanghai, the **Shanghai Westwood** Phase IA, recorded excellent sales. As at 10 September 2006, a total of 594 units with a total area of approximately 61,000 sq.m. were sold. That made up approximately 94% of the total units available for sale in this early phase.

**Shanghai Westwood** Phase IB, which comprises over 600 units of total area of approximately 69,000 sq.m., will be launched in the second half of the year. It was well-received by the market since its first pre-sale in mid-August. Out of the 128 units, 127 were either sold or reserved, representing approximately 12,850 sq.m. The entire Phase I of the project will be completed in 2007.

For the commercial property market in Shanghai, both the rental and market value of Grade A offices registered accelerating growth as a result of strong demand from foreign and local companies. The 100%-occupied **Shanghai K. Wah Centre** brought in significant rental income of about HK\$200 million per annum to the Group. This investment has also resulted in appreciation of the Group's assets.

**Build on successful track record to pursue potential laden property projects**

On the back of the satisfactory sales results of the Shanghai Westwood, the Group is planning to launch the second phase of this project in 2008. The relocation progress of the Group's Urumqibei Road project in Jingan District and the Jianguoxi Road project in Xuhui District proceeded smoothly during the period. Related construction is expected to commence within the next 6 months.

**Boasts sufficient capital in hand for acquiring quality land**

Presented with many premium projects with great development potential, the Group has been actively enhancing its capital strength to support business expansion in Hong Kong and China. On 6 September 2006, the Group sealed a HK\$1.8 billion transferable and unsecured revolving credit / term loan facility agreement with a consortium of 14 international and local banks. The overwhelming response and oversubscription of loan was a strong vote of confidence of the banking community in the Group's excellent reputation and business potentials.

Dr. Lui concluded, "With the unfailing support and dedication of staff and the management, we have achieved extraordinary results in recent years as seen by all. We have made strides this year, in particular, in property development, investment and corporate financing. Our quality property projects and magnificent reputation have won us acclaims not only from home buyers and tenants, but also a clear vote of confidence from investors and the banking community.

"Looking ahead, we will continue our two-pronged strategy to develop our property business in Hong Kong and Mainland China. With the China market gradually absorbing the impact of government economic austerity measures and interest rate in Hong Kong peaking out, we believe both markets will grow steadily in future."

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

Listed on the Stock Exchange of Hong Kong in 1987, the Group is principally engaged in high quality property development and investment in Hong Kong and Mainland China. The Group's vision is to become a market leader in the Greater China region. Dedicated to providing high quality properties and services, the Group won Business Superbrands Awards in 2006. It is now developing 3 residential projects and holding one superbly-located Grade A office building in Shanghai city with aggregate floor area of approx. 8,000,000 square feet. The Company has recently recorded remarkable sales of its three residential projects, namely The Great Hill in mid-level of Shatin south, J Residence on Johnston Road in Wanchai as well as Shanghai Westwood. These three developments were well received by the market. The company holds 18.7% interest in Galaxy Entertainment Group (stock code: 27).

Company website: <http://www.kwih.com>

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