

Press Release
[For Immediate Release]

KWIH Announces 2023 Interim Results

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Core Business Remains Solid Interim Dividend Maintained at 7 HK Cents per Share

(Hong Kong, 23 August 2023) **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 2023.

Despite market volatility, the Group continued to sell its premium projects and achieved satisfactory results during the period under review. For the six months ended 30 June 2023, the attributable contracted sales amounted to HK\$4 billion. As of 30 June 2023, the Group had unrecognised attributable contracted sales amounted to approximately HK\$18.6 billion, which is expected to be accounted for in the coming one to two years. During the period under review, the Group's attributable revenue amounted to approximately HK\$4 billion, mainly from the property sales of K. Summit, Solaria and the joint-venture project, Grand Victoria, in Hong Kong, VETTA in Suzhou, Cosmo in Guangzhou, and the rental income of Shanghai K. Wah Centre, etc. Profit attributable to equity holders amounted to approximately HK\$480 million. Underlying profit declined year-on-year to approximately HK\$460 million, primarily due to fewer completed projects with attributable contracted sales to be recognised. 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 to maintain an interim dividend of 7 HK cents, thus continuing to bring stable returns to shareholders.

In the first half of 2023, the global economy faced multiple challenges, including geopolitical tensions, rising commodity prices, and hiking interest rates, etc. The global supply chain was impacted, further driving up global inflation and hindering post-pandemic economic recovery around the globe. In the high-interest-rate environment, property transaction volume in Hong Kong had declined since May. The Mainland was affected by a lack of consumer confidence. The ripple effect of Mainland developers' debt crisis further added uncertainties to the Mainland property market.

Stable sales performance

In the first half of the year, six special units of K. Summit in Kai Tak, including all four garden houses, were sold with a contract sales amount of over HK\$600 million in total. Currently, only four top-floor special units are available for sale. In addition, Grand Victoria, the joint venture project in South West Kowloon, sold more than 180 units during the period under review. As of June end 2023, approximately 70% of the units had been sold, and the Group's attributable contracted sales amounted to around HK\$3.6 billion. Handover of the sold units for Grand Victoria I commenced in June, while those for Grand Victoria II and III started delivering in July 2023.

In the Mainland, Sierra, the residential portion of Phase I of the Group's large comprehensive development project in Jianye District, Nanjing, was launched for sale in early June 2022. As of June end 2023, ten of the eleven blocks have been launched, with over 95% of the launched units already pre-sold, resulting in a total sales amount of approximately RMB5 billion. The handover of pre-sold units for VETTA in Suzhou and Cosmo in Guangzhou commenced during the period under review, and the relevant contracted sales had been recognized in the first half of 2023.

Quality projects to be rolled out

KT Marina, the joint-venture project located at Kai Tak runway area, had obtained the pre-sale consent, offering over 2,100 units. The project's show flats and sales office are ready, and the sales arrangement will be subject to market conditions. Another joint venture project located in the Kai Tak runway area, Area 4A Site 2, had also been granted a pre-sale consent and will be launched for sale in response to market changes while LOHAS Park package 13 in Tseung Kwan O is currently applying for pre-sale consent. In the Mainland, construction commenced for the residential portion of a large-scale comprehensive development project in Huajing Town, Xuhui District, Shanghai, which was acquired in 2022, and was planned to be launched in mid-2024 at the earliest.

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, Cavendish in Nanjing, VETTA and Avanti in Suzhou, J City in Jiangmen and other joint-venture projects. Meanwhile, the development of the Group's projects are on schedule.

Landbank replenishment in prudent yet proactive manner

KWIH has been upholding a prudent approach to acquiring quality land parcels by sole ownership or in joint ventures. In June 2023, the Group solely acquired a project located on King's Road in Tin Hau, Hong Kong Island. The total GFA of this project is around 43,000 sq. ft., which will be redeveloped for residential use and sale. At present, the Group has a landbank of a total attributable GFA of approximately 1.5 million sq. m. in Hong Kong and the Mainland for development.

Comprehensive investment property portfolio

The Group has been expanding its premium investment property portfolio to enlarge its recurring income and cash flow base. As of June end 2023, the attributable GFA of the Group's portfolio of properties for investment reached 280,000 sq. m. During the period under review, the rental (including hotel) income rose 7% year-on-year to approximately HK\$365 million, despite RMB depreciation.

In respect of commercial facilities, the average occupancy rate at Shanghai K. Wah Centre and EDGE in Shanghai reached 90% and 100% respectively. The average occupancy rate of J SENSES, the speciality retail and dining complex in Hong Kong, reached 100%. On the other hand, WYSH, the Wuyi Road urban redevelopment project in Shanghai, was completed in July 2023 and pre-leasing activities are now underway. Soft opening is expected by this year's end. The leasing activities of Cosmo Avenue, the shopping mall at the mega integrated development, Cosmo in Guangzhou, are also now underway.

For serviced apartments and hotel, Stanford Residences Jing An and Xu Hui in Shanghai maintained a high occupancy rate of around 90% on average. The occupancy rate of Crowne Plaza Guangzhou Huadu also maintained stable during the period under review.

Maintained sound financial position

KWIH maintained a solid financial position. As of 30 June 2023, the Group's net gearing ratio is 14%. Cash and bank deposits amounted to approximately HK\$8.6 billion and undrawn bank loans amounted to approximately HK\$16.4 billion. The Group has sufficient funds to capture investment opportunities in prudent yet a proactive manner, providing solid momentum for future business development.

Outlook

Looking ahead to the second half of this year, uncertain factors such as geopolitical situations, interest rate movement, and inflation continue to pose potential risks to global economic growth. Although interest rates in Hong Kong remain high in near term, it is widely anticipated that the interest rate hike cycle has peaked. Together with loan-to-value relaxations for mid-to-high-priced properties mortgages and the potential additional purchasing power brought by the Top Talent Pass Scheme, it is believed that buyers' confidence in the market will gradually recover. Furthermore, the Central Government continues to introduce measures to support the property market, explicitly stating the need to "adjust and optimize property-related policies in a timely manner." KWIH remains cautiously optimistic about the medium-to-long-term development of the property market in Hong Kong and the Mainland. Despite the aforementioned challenges, the Group is well-positioned to adapt its development strategies with its solid financial position and extensive experience and will continue to develop premium properties.

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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 large-scale residential communities and comprehensive development undertakings such as premium residential developments, Grade-A office towers, hotel and serviced apartments, and retail premises. 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 held a 3.72% stake in Galaxy Entertainment Group Limited (stock code: 00027) as of 30 June 2023.

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



Media Enquiries:

K. Wah International Holdings Limited

Helen Cheung Tel: (852) 2960 3739

Keith Hon Tel: (852) 2960 3314

Andrea Chan Tel: (852) 2960 3359

Fax: (852) 2811 9710

Email: helencheung@kwah.com

Email: keithhon@kwah.com

Email: andreachan@kwah.com