

## KWIH Announces 2008 Annual Results

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### Core Business Remains Solid

#### Highlights

- Revenue was HK\$1,153 million
- Loss was HK\$572 million
- Operating profit excluding the change in fair value of investment properties and impairment loss of non-current investment was HK\$398 million
- Gearing ratio stayed at a healthy level of 25%
- NAV per share was HK\$3.12
- Final dividend: 1 HK cent per share; Total dividends for the year: 2 HK cents per share

(Hong Kong, 7 April 2009) – **K. Wah International Holdings Limited** (“KWIH” or “the Group”) (stock code: 173) today announced its annual results for the year ended 31 December 2008.

For the year ended 31 December 2008, revenue amounted to HK\$1,153 million, (2007 : HK\$4,800 million), mainly attributed to sales from The Great Hill in Hong Kong and rental income from Shanghai K. Wah Centre and J SENSES in Wanchai, Hong Kong. Property sales amounted to HK\$744 million in 2008, compared with HK\$4,383 million in 2007. The reduction was attributed to ancillary projects completed during the year and property sales that were weaker than expected in the wake of the global financial crisis.

The Group has had a loss of HK\$572 million (2007: profit of HK\$2,630 million), mainly due to the HK\$667 million impairment loss charged to the consolidated profit and loss statement of the Group for the year 2008 with respect to the diminution in value of the 162.5 million shares of Galaxy Entertainment Group Limited (“GEG”). Despite this, the Group’s core business and operations remain solid. Its operating profit excluding the change in fair value of investment properties and impairment loss of non-current investment was HK\$398 million.

Basic loss per share was 25.03 HK cents (2007: basic earnings per share of 100.27 HK cents). The Board has recommended the payment of a final dividend of 1 HK cent per share. Together with the interim dividend of 1 HK cent per share already paid, the total dividends for the year will be 2 HK cents (2007: 30.5 HK cents) per share.

#### **Solid core business contributed to a healthy financial position**

During the review period, the Group maintained its healthy financial position by the sales from the Great Hill in Hong Kong and rental income from Shanghai K. Wah Centre and J SENSES in Wanchai, Hong Kong. The core business of the Group remained solid, underscoring the Group’s ability to execute effective sales strategies and implement stringent risk management and quality controls.

#### **Mainland market set to be key growth driver**

The Group opportunely timed the pre-sale launch of **Shanghai Westwood II** following the introduction of a series of economic stimuli by the Central Government at the end of 2008. Shanghai Westwood II garnered enthusiastic response following its launch, with over 80% of units sold as of the reporting date, representing total sales proceeds of RMB 1.8 billion to be recognized in 2009. In fact, since its launch, Shanghai Westwood II has attained the highest transaction volume, highest revenue and largest GFA sold in Shanghai.

In light of the strong sales achieved by Shanghai Westwood II, the Group accelerated the development of **Shanghai Westwood III** of about 100,000 sqm GFA.

The two prime projects in the Xuhui and Jingan Districts are currently progressing as scheduled. The Group plans to develop the **Xuhui District Project** into an integrated development with luxury residential apartments, high-class commercial facilities and suite-hotel styled serviced apartments. Certain residential units in this project are tentatively scheduled for pre-sale depending on the market conditions in Shanghai. The **Jingan District Project**, which is close to the vibrant central business district, is expected to reach completion in 2011.

The first phase of the **Huadu Airport CBD Project** in Guangzhou – comprising hotel and offices – is currently under construction. It is expected to reach completion in 2010 to capitalise on the opportunities presented by the 2010 Asian Games in Guangzhou. In addition, one of the plots of the 1,147,000 sqm **Huadu Mega Integrated Project** will become a residential-cum-commercial retail development, while the rest of the land in the project is planned mainly for residential development. The Group has started the process of clearing the occupants on the land for Phase I development to begin in 2009.

### **Premium projects in Hong Kong on schedule**

Over half of the apartment units of The Great Hill have been sold since its launch. The Group will time the best market opportunity to sell the remaining 33 units and seven houses.

Riding on the success of The Great Hill, construction is underway for another luxury residential project — 6 Shiu Fai Terrace. The property is expected to be completed and placed on the market by 2010.

Foundation work has already commenced for the four prime land plots at Pak Shek Kok in Tai Po, Welfare Road in Aberdeen and Hoi Wang Road in West Kowloon, which were jointly acquired with other developers in 2007. The launch of these properties will be carefully planned to generate maximum returns.

Dr Che-woo Lui, Chairman of KWIH, concluded, “We have built our business on strong foundations and our strategy remains intact. We will continue to build our business from a position of operational strength with prudence.”

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

K. Wah International Holdings Limited, listed in Hong Kong in 1987, is the property flagship of K. Wah Group. KWIH aims at establishing a position of large-scale integrated property developer and investor in the Greater China region. With a property portfolio encompassing premium residential developments, Grade-A office towers, retail spaces, hotels and serviced apartments, KWIH has a presence in Hong Kong, Shanghai, Guangzhou and Southeast Asia. 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. Awarded Business Superbrands in the property development sector in 2006, KWIH was also the only winner in the Hong Kong Property Developer category of the High-Flyer Outstanding Enterprises consecutively in 2006 and 2007.

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

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