

Press Release

[For Immediate Release]

KWIH Announces 2017 Annual Results Profit Attributable to Shareholders Grew 23% to HK\$3.9 billion

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**Attributable Contracted Sales Exceeded HK\$10 billion for Three Consecutive Years
Underpinning Solid Future Profitability**

Financial Highlights

	For the Year Ended 31 December		
	2017	2016	Change
Revenue (HK\$ million)	11,294	9,620	+17%
Attributable revenue ¹ (HK\$ million)	11,737	12,570	-7%
Profit attributable to equity holders of the Company (HK\$ million)	3,906	3,182	+23%
Basic earnings per share (HK cents)	128.18	107.62	+19%
Dividend per share (HK cents)			
Final	13	13	-
Total	18	18	-

(Hong Kong – 20 March 2018) **K. Wah International Holdings Limited** (“KWIH” or “the Group”) (stock code: 00173) today announced its annual results for the year ended 31 December 2017.

During the year under review, KWIH’s attributable contracted sales reached HK\$12.6 billion, exceeding the HK\$10 billion benchmark for the third consecutive year, out of which, approximately HK\$2.9 billion was recognised in the accounts for the year while the remaining of approximately HK\$9.7 billion is expected to be recognised in 2018 or 2019, underpinning the Group’s future profitability. The Group’s attributable revenue¹ for the year amounted to HK\$11,737 million. Profit attributable to equity holders amounted to HK\$3,906 million while the underlying profit amounted to HK\$2,517 million. The Board of Directors has recommended a final dividend of 13 HK cents per share. The total dividend for the year amounted to 18 HK cents per share, continuing to provide shareholders with stable returns.

Sales of The Spectra in Hong Kong, The Palace II and Grand Summit in Shanghai, J Metropolis and Le Palais in Guangzhou, and Silver Cove in Dongguan accounted for the majority of the attributable revenue¹ of the year. Furthermore, following the Group’s effort to expand its property portfolio for investment, the recurring rental income from J SENSES in Hong Kong, Shanghai K. Wah Centre and Stanford Residences Jing An in Shanghai, Crowne Plaza Guangzhou and office grew by 15% year-on-year to HK\$570 million.

¹ Including joint ventures and associated companies

Dr Lui Che-woo, Chairman of KWIH, said, “In 2017, the market remained challenging as the austerity measures in Hong Kong and Mainland China property markets were prevailing. With the comparative advantage gained in penetrating both Hong Kong and Mainland markets over the years, a number of our quality projects were launched in a timely manner. Strong sales were reported which exceeded the benchmark of HK\$10 billion for the third consecutive year. Moreover, the Group successfully replenished its land bank with six prime sites in Hong Kong, the Yangtze River Delta and Pearl River Delta regions to continue our asset turnover strategy and to provide more quality projects in the market.”

Core business remained solid with strong sales

In Hong Kong, K. City in the Kai Tak area and The Spectra along the MTR West Rail Line were well received by the market. K. City, in particular, with more than 95% of its units sold since its launch in February 2017, generating sales revenue of close to HK\$9,000 million.

In Mainland China, the Group reported satisfactory sales from its premium projects, including: The Palace and Grand Summit, the two top-tier luxury residences in Shanghai, as well as The Peak and Royal Creek in Nanjing, J Metropolis and Le Palais in Guangzhou and Silver Cove in Dongguan, confirming the strong recognition of the “K. Wah” brand for its quality properties.

Projects earmarked for launch in 2018/2019

Hong Kong: Pak Shek Kok project “Solaria” in Tai Po and the second project in Kai Tak area

Located strategically adjacent to the Hong Kong Science Park and various developed projects in the area, “Solaria” enjoys the benefit of comprehensive ancillary facilities in the proximity. Offering a total of 1,122 units, the project, with application for pre-sale consent already submitted, is expected to be put on the market soon. In addition, the Group is working on the preparation for the pre-sale consent application of its second project in the Kai Tak area.

Yangtze River Delta: Windermere, The Palace III, and Azure in Shanghai

In Shanghai, the Group plans to market Windermere, a low density residential project in Zhujiajiao; and to launch The Palace III – Le Haut, a luxury residence at the city centre, and Azure, a quality residential project in Pudong New District, subject to market conditions.

Pearl River Delta: J Metropolis Phase IV in Guangzhou

J Metropolis, a large-scale integrated project in Huadu District of Guangzhou, has been popular for buyers. The Group, subject to market conditions, plans to launch J Metropolis Phase IV – Uptown to meet the market demand.

Investment property portfolio continuously expanded for a steady increase in recurring rental income

KWIH continued to expand its investment property portfolio for enhancing its recurring rental income and cash flow. As of the end of 2017, the Group's investment property portfolio reached a total GFA of approximately 190,000 sqm. In addition to J SENSES in Hong Kong which reported an occupancy rate of 100% as of 2017 year-end, Shanghai K. Wah Centre was 95% leased on the average for the year. Satisfactory occupancy rates were also registered for Stanford Residences Xu Hui and Stanford Residences Jin Qiao, the Group's two high-end serviced apartments opened last year in Shanghai under the prime "Stanford Residences" brand. As for commercial facilities, Palace Lane in The Palace with 95% leased for the portion opened while part of J Town in Silver Cove in Dongguan, has been more than 80% leased since opening in November 2017.

Furthermore, construction of the Suhe Creek office project with a GFA of approximately 20,000 sqm in Jingan District, Shanghai, commenced during the first half of the year.

Robust financials underpinning stable development

KWIH has maintained a sound financial position. As of 31 December 2017, the Group's cash and bank deposits amounted to HK\$5,849 million and gearing ratio was 34%. Meanwhile, the Group continued to enjoy low borrowing cost at an average interest rate of 2.0%, down 0.7 percentage points year-on-year. Moreover, in January 2018, the Group closed a HK\$7,000 million 5-year revolving credit and term loan facility with 11 banks. The facility will enable the Group to save its interest costs and further extend the overall maturity profile of its loan portfolio while raising the Group's available credit facilities and thus enhancing its financial flexibility and funding capabilities.

Acquiring six prime residential sites to further expand business presence

In 2017, KWIH acquired six prime sites in Hong Kong, the Yangtze River Delta and Pearl River Delta regions with a total attributable GFA of over 420,000 sqm, a further expansion of its business presence. Last May and November respectively, in Hong Kong, the Group won the bid for West Rail Kam Sheung Road Station (Phase 1) development project and a harbourfront residential site in Cheung Sha Wan, Kowloon, both in joint venture with its business partners. In January 2017, in the Yangtze River Delta region, the Group participated in Royal Creek, a joint venture project in Nanjing. Last November, the Group debuted in Suzhou as it successfully bid for a residential site in the Suzhou National Hi-Tech District. In the Pearl River Delta region, the Group acquired two adjacent sites in Jianghai District, Jiangmen, in last August and October respectively, a timely move to capitalise on investment opportunities presented by the initiative of the "Guangdong-Hong Kong-Macau Greater Bay Area".

Dr Lui concluded, “Looking ahead, KWIH will address any challenges and seize any opportunities through ongoing implementation of its prudent yet progressive strategy. Thanks to its clearly-defined development plan, the Group has been able to continuously shorten the development cycle for its property projects. In the meantime, we are replenishing land reserves to drive our long-term business development and provide our shareholders with satisfactory returns.”

- End -

Photo caption

Photo 1: Dr Lui Che-woo, Chairman (2nd from left); Paddy Lui, Executive Director (1st from left); Alexander Lui, Executive Director (2nd from right); and Oliver Lam, Chief Financial Officer (1st from right) of KWIH



Photo 2: Dr Lui Che-woo, Chairman (2nd from right); Paddy Lui, Executive Director (2nd from left); Alexander Lui, Executive Director (1st from right); and Oliver Lam, Chief Financial Officer (1st from left) of KWIH



Photo 3, 4 and 5: Dr Lui Che-woo, Chairman of KWIH





Photo 6: Paddy Lui, Executive Director of KWIH



Photo 7: Alexander Lui, Executive Director of KWIH



Photo 8: Oliver Lam, Chief Financial Officer of KWIH



Photo 9: Oliver Lam, Chief Financial Officer (middle); Francis Yeung, General Manager – Sales & Marketing (Shanghai/ Nanjing) (left) of KWIH and Mike Wang, Deputy General Manager – Sales & Marketing (Guangzhou/Dongguan) (right)



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. 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 and MSCI Hong Kong Small Cap Index as well as an eligible stock under the Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect programmes. KWIH held a 3.8% stake in Galaxy Entertainment Group Limited (stock code: 00027) as of 31 December 2017.

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