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嘉華國際集團有限公司
K. WAH INTERNATIONAL HOLDINGS LIMITED
於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability

(Stock Code: 00173)

Resilience Amid Challenges: Preserving Distinctive Quality and Value

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

INTERIM RESULTS HIGHLIGHTS

The board of directors ("***Board***") of K. Wah International Holdings Limited ("***Company***") is pleased to announce the unaudited interim results of the Company and its subsidiaries (together the "***Group***") as follows:

- Revenue of the Group was HK$4,932 million and taking into account joint ventures and associated companies, total attributable revenue of the Group was HK$7,471 million.
- Underlying profit was HK$97 million while profit attributable to equity holders of the Company was HK$79 million.
- Attributable contracted sales of the Group for the Period amounted to HK$6.1 billion.
- As of 30 June 2026, the Group had attributable contracted sales of HK$5.6 billion in total yet to be recognised.
- Earnings per share was 2.51 HK cents and an interim dividend per share of 2 HK cents was declared.
- As of 30 June 2026, net asset value attributable to equity holders was HK$39.6 billion.
- The gearing ratio of the Group decreased from 17% as of last year end to 9% as of 30 June 2026. Driven by disciplined capital management and continuous deleveraging, the Group's financial position has further strengthened and the total borrowings substantially decreased by HK$2.5 billion to HK$11.2 billion as of 30 June 2026, highlighting the Group's robust liquidity and commitment to maintain sound financial position.
- The Group, with its financial resources, will continue to assess any opportunities, where appropriate, to replenish its landbank in Hong Kong, and The Pearl River and Yangtze River Deltas, on a disciplined basis and in a cautious manner.

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT (unaudited)
For the six months ended 30 June 2026

	Note	**2026**	2025
		HK$'000	*HK$'000*
Revenue	3	**4,932,375**	1,052,049
Cost of sales		**(4,089,405)**	(686,046)
Gross profit		**842,970**	366,003
Other operating income		**283,030**	277,231
Other net gains		**6,598**	27,184
Change in fair value of investment properties		**(30,254)**	(3,611)
Other operating expenses		**(153,221)**	(126,952)
Administrative expenses		**(233,794)**	(230,631)
Finance costs		**(259,482)**	(198,320)
Share of profits of joint ventures		**68**	134,388
Share of profits/(losses) of associated companies		**39,225**	(23,036)
Profit before taxation	4	**495,140**	222,256
Taxation charge	5	**(194,785)**	(109,811)
Profit for the period		**300,355**	112,445
Attributable to:			
Equity holders of the Company		**78,985**	113,898
Non-controlling interests		**221,370**	(1,453)
		300,355	112,445
		HK cents	*HK cents*
Earnings per share	6		
Basic		**2.51**	3.61
Diluted		**2.51**	3.61

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
For the six months ended 30 June 2026

	2026	2025
	HK$'000	*HK$'000*
Profit for the period	**300,355**	112,445
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit and loss:		
Change in fair value of financial assets at fair value through other comprehensive income	**(1,446,108)**	300,595
Exchange differences arising from translation		
- non-controlling interests	**80,432**	29,112
Items that may be reclassified to profit and loss:		
Exchange differences arising from translation		
- subsidiaries	**987,423**	362,551
- joint ventures and associated companies	**2,364**	1,456
Losses on net investment hedges	**(96,364)**	(225,615)
Other comprehensive (loss)/income for the period	**(472,253)**	468,099
Total comprehensive (loss)/income for the period	**(171,898)**	580,544
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(473,700)**	552,885
Non-controlling interests	**301,802**	27,659
	(171,898)	580,544

CONDENSED CONSOLIDATED BALANCE SHEET
As at 30 June 2026

	Note	**(unaudited) 30 June 2026** *HK$'000*	(audited) 31 December 2025 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**315,430**	316,306
Investment properties		**18,440,698**	17,852,928
Right-of-use assets		**75,880**	74,599
Joint ventures		**8,179,958**	10,769,795
Associated companies		**3,821,294**	3,990,443
Financial assets at fair value through other comprehensive income		**4,780,281**	6,226,389
Deferred taxation assets		**249,375**	288,851
Other non-current assets		**567,196**	653,197
		36,430,112	40,172,508
Current assets			
Development properties		**14,494,197**	17,920,236
Inventories		**1,510**	970
Amounts due from joint ventures		**73,615**	74,260
Debtors and prepayments	8	**635,776**	608,801
Financial assets at fair value through profit or loss		**246,985**	1,274
Taxes recoverable		**721,515**	840,685
Cash and cash equivalents and bank deposits		**7,289,483**	6,473,137
		23,463,081	25,919,363
Total assets		**59,893,193**	66,091,871
EQUITY			
Share capital		**315,273**	315,273
Reserves		**39,313,052**	39,786,752
Shareholders' funds		**39,628,325**	40,102,025
Non-controlling interests		**2,199,471**	1,898,669
Total equity		**41,827,796**	42,000,694
LIABILITIES			
Non-current liabilities			
Borrowings		**7,724,544**	10,379,475
Lease liabilities		**2,623**	3,052
Deferred taxation liabilities		**2,826,482**	2,807,007
		10,553,649	13,189,534
Current liabilities			
Amounts due to joint ventures		**857,768**	826,999
Amounts due to associated companies		**71,475**	83,856
Creditors, accruals and other liabilities	9	**1,259,229**	1,660,137
Pre-sales deposits		**1,292,691**	4,355,968
Current portion of borrowings		**3,483,508**	3,358,853
Derivative financial instruments		**-**	103,360
Taxes payable		**547,077**	512,470
		7,511,748	10,901,643
Total liabilities		**18,065,397**	24,091,177
Total equity and liabilities		**59,893,193**	66,091,871
Net current assets		**15,951,333**	15,017,720
Total assets less current liabilities		**52,381,445**	55,190,228

NOTES

1. Basis of preparation

The interim financial information for the six months ended 30 June 2026 has been prepared under the historical cost convention, as modified by the revaluation of investment properties, certain financial assets and financial instruments, which are carried at fair values, and in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2025 which have been prepared in accordance with HKFRS Accounting Standards. HKFRS Accounting Standards comprise the following authoritative literature: Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, and Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2025, except as stated below.

The adoption of amendments and improvements to standards

In 2026, the Group adopted the following amendments and improvements to standards, which are relevant to its operations.

HKFRS 9 and HKFRS 7 (Amendments)	Contracts Referencing Nature-dependent Electricity
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments
HKAS 7, HKFRS 1, HKFRS 7, HKFRS 9 and HKFRS 10	Annual Improvements to HKFRS Accounting Standards – Volume 11
HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 (Amendments)	Disclosure about Uncertainties in the Financial Statements

The above amendments and improvements to standards did not have significant impact on the Group’s accounting policies and did not require retrospective adjustments.

New standards, amendments to standards and interpretation that are not yet effective

		Effective for accounting periods beginning on or after
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKAS 21 (Amendments)	Translation to Hyperinflationary Presentation Currency	1 January 2027
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 19 (Amendments)	Amendments to HKFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Hong Kong Interpretation 5 (Amendment)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027

1. Basis of preparation (Cont'd)

The Group will adopt the above new standards, amendments to standards and interpretation as and when they become effective. The Group has performed a preliminary assessment of the likely impact and anticipates that the application of these new standards, amendments to standards and interpretation will have no material impact on the results and the financial position of the Group, except for the application of HKFRS 18 which is expected to primarily affect the presentation and disclosures in the consolidated financial statements. The Group will continue to assess the impact in more details.

2. Segment information

The Group is principally engaged in property development and investment in Hong Kong and the Mainland. In accordance with the internal financial reporting of the Group provided to the chief operating decision-maker for the purposes of allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are property development and property investment. The Group regards the Board as the chief operating decision-maker.

The results of the operating segments represent the adjusted earnings before interest, tax, depreciation, amortisation and certain items (the "***Adjusted EBITDA***"). Certain items include other operating income/expenses, other net gains/losses and change in fair value of investment properties. The Adjusted EBITDA excludes the share of results of joint ventures and associated companies. There are no sales or trading transactions between the operating segments. Others represent corporate level activities including central treasury management, hotel operation and administrative function.

Segment assets represent total assets excluding joint ventures, associated companies and other assets. Other assets mainly include financial assets at fair value through other comprehensive income, hotel building, inventories and other non-operating assets held by the corporate office.

	Property development		**Property investment**	**Others**	**Total**
	Hong Kong ***HK$'000***	**Mainland** ***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Six months ended 30 June 2026					
Revenue from contracts with customers					
- Recognised at a point in time	**222,768**	**4,358,460**	**-**	**-**	**4,581,228**
- Recognised over time	**-**	**-**	**-**	**41,955**	**41,955**
Revenue from other sources					
- Rental income	**-**	**-**	**309,192**	**-**	**309,192**
Revenue	**222,768**	**4,358,460**	**309,192**	**41,955**	**4,932,375**
Adjusted EBITDA	**3,226**	**492,366**	**226,701**	**(95,398)**	**626,895**
Other income and expenses/gains, net					**136,407**
Depreciation and amortisation					**(17,719)**
Change in fair value of investment properties			**(30,254)**		**(30,254)**
Finance costs					**(259,482)**
Share of profits/(losses) of joint ventures	**524**	**(456)**			**68**
Share of profits/(losses) of associated companies	**39,304**	**(79)**			**39,225**
Profit before taxation					**495,140**
Taxation charge					**(194,785)**
Profit for the period					**300,355**

2. Segment information (Cont'd)

	Property development		Property investment	Others	Total
	Hong Kong *HK$'000*	**Mainland** *HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 30 June 2026					
Segment assets	**5,005,893**	**17,764,266**	**18,941,178**	**-**	**41,711,337**
Other assets	**-**	**-**	**-**	**6,106,989**	**6,106,989**
Joint ventures	**7,196,718**	**1,056,855**	**-**	**-**	**8,253,573**
Associated companies	**3,805,631**	**15,663**	**-**	**-**	**3,821,294**
Total assets	**16,008,242**	**18,836,784**	**18,941,178**	**6,106,989**	**59,893,193**
Total liabilities	**5,198,384**	**9,842,644**	**2,935,246**	**89,123**	**18,065,397**
Six months ended 30 June 2025					
Revenue from contracts with customers					
- Recognised at a point in time	222,530	487,592	-	-	710,122
- Recognised over time	-	-	-	39,472	39,472
Revenue from other sources					
- Rental income	-	-	302,455	-	302,455
Revenue	222,530	487,592	302,455	39,472	1,052,049
Adjusted EBITDA	73,305	(40,429)	211,015	(91,288)	152,603
Other income and expenses/gains, net					177,463
Depreciation and amortisation					(17,231)
Change in fair value of investment properties			(3,611)		(3,611)
Finance costs					(198,320)
Share of profits/(losses) of joint ventures	150,086	(15,698)			134,388
Share of losses of associated companies	(23,018)	(18)			(23,036)
Profit before taxation					222,256
Taxation charge					(109,811)
Profit for the period					112,445
As at 31 December 2025					
Segment assets	4,541,924	21,427,745	18,428,372	-	44,398,041
Other assets	-	-	-	6,859,332	6,859,332
Joint ventures	9,827,242	1,016,813	-	-	10,844,055
Associated companies	3,961,851	28,592	-	-	3,990,443
Total assets	18,331,017	22,473,150	18,428,372	6,859,332	66,091,871
Total liabilities	5,785,747	15,307,315	2,845,999	152,116	24,091,177
Additions to non-current assets					
Six months ended 30 June 2026	**-**	**1,537**	**13,607**	**148**	**15,292**
Six months ended 30 June 2025	-	1,045	5,946	76	7,067

Geographical segment information

The Group operates in two (2025: two) main geographical areas: Hong Kong and the Mainland.

The revenue for the six months ended 30 June 2026 and 2025 and total non-current assets (other than joint ventures, associated companies, financial assets at fair value through other comprehensive income, deferred taxation assets and other non-current assets) as at 30 June 2026 and 31 December 2025 by geographical area are as follows:

2. Segment information (Cont'd)

Revenue	**2026**	2025
	HK$'000	*HK$'000*
Hong Kong	**261,634**	265,223
Mainland	**4,670,741**	786,826
	4,932,375	1,052,049

Non-current assets	**30 June 2026**	31 December 2025
	HK$'000	*HK$'000*
Hong Kong	**2,643,828**	2,643,637
Mainland	**16,188,180**	15,600,196
	18,832,008	18,243,833

3. Revenue

	2026	2025
	HK$'000	*HK$'000*
Sales of properties	**4,581,228**	710,122
Rental income	**309,192**	302,455
Hotel operations	**41,955**	39,472
	4,932,375	1,052,049

4. Profit before taxation

	2026	2025
	HK$'000	*HK$'000*
Profit before taxation is stated after crediting:		
Interest income	**79,849**	112,431
Dividend income from financial assets at fair value through other comprehensive income	**129,987**	81,242
Gain on disposal of property, plant and equipment	**124**	-
Net gains on settlement of derivative financial instruments	**4,499**	30,045
Net fair value gains on financial assets at fair value through profit or loss	**1,571**	3,479
Net exchange gains	**404**	12,169
and after charging:		
Cost of properties sold	**4,024,553**	629,630
Selling and marketing expenses	**84,625**	67,562
Depreciation for property, plant and equipment (net of capitalisation)	**16,048**	14,890
Depreciation for right-of-use assets	**1,671**	2,341
Loss on disposal of property, plant and equipment	**-**	21
Lease expenses	**951**	2,817
Net fair value losses on derivative financial instruments	**-**	18,488

5. Taxation charge

	2026	2025
	HK$'000	*HK$'000*
Current		
Hong Kong profits tax	**739**	11,664
Mainland		
- Income tax	**187,835**	46,135
- Land appreciation tax	**34,441**	8,872
Under/(over)-provision in previous years	**6,091**	(152)
Deferred	**(34,321)**	43,292
	194,785	109,811

Hong Kong profits tax has been provided at the rate of 16.5% (2025: 16.5%) on the estimated assessable profits for the period after setting off available tax losses brought forward. Taxation assessable on profits generated for the period in the Mainland has been provided at the rate of 25% (2025: 25%). There is no income tax provided on other comprehensive income.

Land appreciation tax in the Mainland is normally provided at statutory progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, and is included in the profit and loss statement as taxation charge.

The Group is within the scope of the Pillar Two Rules promulgated by the Organisation for Economic Co-operation and Development (the "***Rules***"). Under the Rules, the Group is liable to pay a top-up tax in jurisdictions where its effective tax rate falls below 15%. The Group has assessed its exposure to the Rules. Based on the assessment for the period ended 30 June 2026, the Group does not expect a material impact on its income tax position resulting from the Rules.

6. Earnings per share

The calculation of basic and diluted earnings per share for the period is based on the following:

	2026	2025
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**78,985**	113,898

	Number of shares	
	2026	2025
Weighted average number of shares for calculating basic earnings per share	**3,152,728,607**	3,152,728,607
Effect of dilutive potential ordinary shares – Share options	**-**	-
Weighted average number of shares for calculating diluted earnings per share	**3,152,728,607**	3,152,728,607

7. Dividend

The Board has declared an interim cash dividend of HK$63,055,000 (being 2 HK cents per share) (2025: 2 HK cents per share, totaling HK$63,055,000). This dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2026.

8. Debtors and prepayments

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
Trade debtors	**11,163**	7,227
Other debtors	**153,115**	144,894
Tender deposits	**-**	50,000
Prepayments and other deposits	**104,716**	85,805
Sales commissions	**19,674**	11,483
Prepaid sales taxes	**347,108**	309,392
	635,776	608,801

Trade debtors mainly comprise rental receivables. Rental from tenants is due and payable in advance.

The aging analysis of the trade debtors of the Group based on the date of invoices and net of provision for bad and doubtful debts is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
Within one month	**5,302**	5,818
Two to three months	**2,426**	1,409
Four to six months	**2,344**	-
Over six months	**1,091**	-
	11,163	7,227

9. Creditors, accruals and other liabilities

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
Trade creditors	**717,822**	939,185
Other creditors	**81,678**	81,253
Accrued operating expenses	**218,018**	412,605
Rental and other deposits received	**240,649**	226,110
Lease liabilities – current portion	**1,062**	984
	1,259,229	1,660,137

Trade creditors mainly comprise construction cost payables and accrued operating expenses mainly comprise accrued sales commissions, sales taxes and other operating expenses.

The aging analysis of the trade creditors of the Group based on the date of invoices is as follows:

	30 June 2026	31 December 2025
	HK$'000	*HK$'000*
Within one month	**716,643**	938,206
Two to three months	**122**	11
Four to six months	**91**	124
Over six months	**966**	844
	717,822	939,185

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Operating Results

The revenue of the Group for the six months ended 30 June 2026 ("***Period***") was HK$4,932 million, primarily derived from the property sales of Avenir in Shanghai, and the rental income from Shanghai K. Wah Centre. The attributable revenue of the Group (comprising the revenue of the Group and attributable revenue from joint ventures and associated companies of HK$2,539 million) was HK$7,471 million for the Period.

Profit attributable to equity holders of the Company was HK$79 million, while underlying profit of the Group (before the net of tax fair value change of investment properties) was HK$97 million for the Period. The Group maintains strong liquidity, a low gearing and ample financial resources, including the cash and bank deposits amounted to HK$7,289 million and available undrawn banking facilities amounted to HK$18,660 million held as of 30 June 2026.

The total comprehensive loss attributable to equity holders of the Company for the Period was HK$172 million after primarily accounting for the fair value change on the non-current investment of an interest in Galaxy Entertainment Group Limited ("***GEG***") and exchange differences arising from translation of the Group's RMB denominated net assets as of the Period end.

Attributable contracted sales of the Group (comprised of contracted sales of the Group and attributable contracted sales from joint ventures and associated companies) for the Period amounted to approximately HK$6.1 billion, mainly derived from La Mirabelle, KT Marina and Kabitat•Tin Hau in Hong Kong.

As of 30 June 2026, the Group had unrecognised attributable contracted sales amounted to approximately HK$5.6 billion, expected to be accounted for from the second half of 2026 onwards.

Hong Kong Operation

Driven by a relative lower interest rate environment and active mainland buyer participation, the Hong Kong property market showed a cautious recovery in the first half of 2026. During the Period, the Group launched for sale of a wholly-owned project, Kabitat•Tin Hau in January, with overwhelming market response and now only one special unit is still available. In March, a joint venture project, La Mirabelle, MTR LOHAS Park Station in Tseung Kwan O, was first launched for sale and has been well received by the market. Together with other launched projects, the Group recorded attributable contracted sales of approximately HK$5.6 billion for the Period.

More batches of units will be put up for sale in the second half of 2026, subject to market conditions. Construction work of other projects under development has progressed as scheduled.

Occupancy of the Group's investment properties remained stable during the Period and they continue to deliver steady recurrent income. Our premium dining and shopping arcade J SENSES achieved an average occupancy of around 95% for the Period while the commercial complex at Twin Peaks and the shops at K. Summit were all leased out.

Mainland Operation

The Mainland property market remained in a phase of adjustment and divergence, while the overall recovery was limited in the first half of 2026. During the Period, the Group continued to market the remaining units of its various launched projects, such as Cosmo in Guangzhou and J City in Jiangmen, generating total contracted sales of approximately RMB0.5 billion for the Group.

The handover of pre-sold units to buyers at Avenir in Shanghai commenced in January and was executed smoothly, with the corresponding sales revenue of approximately HK$3.9 billion recognised for the Period. Development of the projects under construction is progressing on schedule and according to plan. The Group will also continue to market the remaining units of its various completed projects.

The Group's leasing performance continued to be satisfactory during the Period. Our prime office building, Shanghai K. Wah Centre, maintained an average occupancy of over 80% while our Shanghai serviced apartments in Jing An and Xu Hui achieved an overall occupancy of over 90%. WYSH in Shanghai and Cosmo Avenue in Guangzhou achieved around 90% occupancy as of the Period. Commercial facilities in other regions continued to maintain stable occupancy.

Land Bank Replenishment

The Group remains vigilant in monitoring the land markets of both Hong Kong and the Mainland, exercising discipline and sound judgment in evaluating opportunities for land replenishment. The aim is to maximise earning potential while exploring diverse avenues for new investment prospects.

Investment in GEG

The Group maintains an investment of 162 million shares in GEG, an approximate 3.71% interest, carried at fair market value. As of the Period end, the share price of GEG was HK$29.42, as compared with HK$38.32 as of 31 December 2025. The change in fair value of approximately HK$1.4 billion was directly recorded in reserve. A final dividend of HK$0.8 per share was declared in March, and an interim dividend of HK$0.9 per share was just declared in August.

MARKET REVIEW AND OUTLOOK

Global, Mainland and Hong Kong

The global economy continued to navigate a subdued growth trajectory in the first half of 2026. While central bank monetary policies remained under close scrutiny, local interest rates fluctuated slightly, with the benchmark 1-Month HIBOR in Hong Kong rising from 2.2% in late March to 2.9% by 30 June 2026.

The Mainland's economy entered 2026 confirming a cyclical bottom in its real estate sector. A structural transition toward the "New Development Model" is underway. Policymakers have increasingly tolerated market-driven adjustments in volume and price, shifting the focus toward deleveraging traditional developers, expanding affordable housing, and speeding up urban renewal initiatives.

Hong Kong's economy maintained its post-pandemic recovery. Retail sales saw steady growth, expanding by 8.6% year-on-year in April and 7.9% in May, supported by a 9.1% year-on-year rise in visitor arrivals. Grade A office space also saw a turnaround, as net absorption reached 945,000 square feet in the first half of 2026, dropping the overall vacancy rate down to 16.2%.

Hong Kong Property Market

Hong Kong's primary residential sector registered a seven-year high in transaction volume during the first half of 2026, with 12,549 new-home deals completed to mark the fourth consecutive year of first-half growth. Up to May, home prices had risen for 12 consecutive months, driven by robust primary market activity which recorded an around 46.9% year-on-year transaction surge in the first five months.

The residential sales market and rental market remained strong, supported by talent admission schemes, such as the expanded Top Talent Pass Scheme and non-local student demand.

Mainland Property Market

The Mainland residential market is experiencing a highly polarised and localised recovery. In the first half of 2026, nationwide new home sales fell by around 12.4% year-on-year by floor area, while property investment fell by around 17.8%. A core structural shift is occurring as second-hand (resale) home markets and primary markets now run in parallel, evidenced by an around 10.2% year-on-year rise in first-half resale transaction volume.

Among key cities, Shanghai demonstrated the strongest tier-one resiliency, leading the national recovery with new-home prices rising around 3.1% year-on-year in June, supported by strong demand for high-end, prime-located projects, while second-hand listings saw deep discounts to clear excess inventory and drive transaction volumes.

Guangzhou faced steeper price corrections than Shanghai, with second-hand home prices down around 6.1% year-on-year in June due to its larger land supply pipeline, though new home prices began showing signs of consecutive monthly stabilisation by mid-year.

Nanjing also experienced a steep second-hand price decline among the ten largest cities, dropping around 5.9% year-on-year in June, though the new-home pricing segment successfully turned from decline to a modest increase by July.

Outlook for the Second Half of 2026

Looking globally, external factors such as geopolitical dynamics, energy prices, and the trajectory of US interest rates continue to bring uncertainties to the macroeconomic outlook. For the remainder of 2026, we project a stable consolidation period for the Hong Kong residential market, keeping our forecast of modest price growth for the full year.

In addition, there has been growing market attention surrounding the Mainland’s strengthened enforcement of existing offshore tax rules. However, these arrangements do not apply to residential properties, and subsequent developments will need to be further monitored.

A broad national recovery in the Mainland remains unlikely for the rest of 2026, and the performance gap between premier tier-one districts and lower-tier cities is expected to widen. The core tier-one cities, like Shanghai, are expected to bottom out and stabilise first as policies continue to focus on destocking existing inventory and facilitating the "Guaranteed Delivery" of pre-sold homes.

The rapid advancement of technology and artificial intelligence presents both challenges and opportunities for the real estate sector and various industries. The Group will continue to explore their applications and benefits to our business, leveraging technology to enhance operational efficiency.

The Group will continue to avoid indiscriminate expansion, and focus on high-quality improved housing products in core locations. We will emphasise rigorous cash-flow discipline, selective land acquisitions in resilient hubs like Hong Kong and Shanghai, and active asset management to safeguard long-term value.

REVIEW OF FINANCE

Financial Position

The financial position of the Group remained satisfactory. As of 30 June 2026, total funds employed (being total equity and total borrowings) were HK$53 billion (31 December 2025: HK$56 billion). The number of issued shares of the Company was 3,152,728,607 as of 30 June 2026, without any movement during the Period.

Group Liquidity, Financial Resources and Gearing Ratio

The Group monitors its liquidity requirements on a short-to-medium-term rolling basis and arranges refinancing of the Group's borrowings when appropriate. As of 30 June 2026, the Group's borrowings were HK$11,208 million (31 December 2025: HK$13,738 million) and 31% will be repayable within one year. The maturity profile of the borrowings is spread over a period of up to five years except for an amount of HK$870 million which is due after five years. The average interest rate for the Group during the Period mildly increased to 3.2% from last year's average of 3.1%.

As of 30 June 2026, the Group had available undrawn banking facilities totaling HK$18,660 million (31 December 2025: HK$15,878 million), comprising HK$15,905 million (31 December 2025: HK$12,999 million) for working capital and HK$2,755 million (31 December 2025: HK$2,879 million) for project facility purposes.

As of 30 June 2026, the Group's cash and bank deposits amounted to HK$7,289 million (31 December 2025: HK$6,473 million), with approximately 68% held in Renminbi. The gearing ratio, defined as the ratio of total borrowings less cash and bank deposits to total equity, dropped to 9% as of the Period end from 17% as of last year end.

Two 4-year revolving credit facilities of total approximately HK$1.1 billion was executed in January, for refinancing at favourable cost and enhancing the Group's funding capability. The ample financial resources will provide adequate funding for the Group's operational and capital expenditure requirements.

Treasury Policies

In order to minimise risk, the Group continues to adopt a prudent approach regarding foreign exchange exposure. Forward foreign exchange contracts are utilised when considered appropriate and when attractive pricing opportunities arise to mitigate foreign exchange exposures. Interest rate swap contracts are also utilised as appropriate to mitigate the impact of any undue interest rate fluctuations on the Group's operations in the medium and longer term. As of 30 June 2026, no interest rate swap contract is outstanding.

In addition, the Group entered into cross currency swap contracts to hedge a portion of its net investment in the Mainland's operations, which are designated as net investment hedges. The net investment hedges offset the risk of changes in the value of the investment in the Mainland due to the fluctuation of the Renminbi exchange rate. The cross currency swap contracts were fully ceased during the Period and no outstanding amount as of the Period end.

The Group do not utilise derivative financial instruments for speculative purpose and the use of derivative financial instruments is strictly monitored and controlled. The derivative financial instruments entered into by the Group were solely used for management of the Group's interest rate and foreign exchange exposures.

Of the Group's bank loans of HK$11,208 million as of 30 June 2026, approximately 76% was denominated in Hong Kong dollars, with the remainder in Renminbi. Approximately 92% of such borrowings were on a floating rate basis, with the remainder on a fixed rate basis.

Charges on Group Assets

As of 30 June 2026, certain subsidiaries of the Group pledged assets (comprising investment properties and development properties) with aggregate carrying values of HK$4,362 million (31 December 2025: HK$4,171 million) to banks in order to secure the Group's borrowing facilities.

Guarantees

As of 30 June 2026, the Group has executed guarantees in favour of banks in respect of facilities granted to certain joint ventures and associated companies, amounting to HK$237 million (31 December 2025: HK$242 million) and HK$1,565 million (31 December 2025: HK$1,684 million) respectively, of which facilities totaling HK$237 million (31 December 2025: HK$242 million) and HK$1,486 million (31 December 2025: HK$1,399 million) respectively have been utilised. In addition, the Group provided guarantees amounting to HK$73 million (31 December 2025: HK$1,281 million) in respect of mortgage facilities granted by banks relating to mortgage loans arranged for purchasers of the Group's properties.

As of 30 June 2026, the Company has executed guarantees in favour of banks in respect of facilities granted to certain subsidiaries, joint ventures and associated companies, amounting to HK$25,464 million (31 December 2025: HK$25,335 million), HK$237 million (31 December 2025: HK$242 million) and HK$1,565 million (31 December 2025: HK$1,684 million) respectively. Of these, facilities totaling HK$9,559 million (31 December 2025: HK$12,335 million), HK$237 million (31 December 2025: HK$242 million) and HK$1,486 million (31 December 2025: HK$1,399 million) respectively have been utilised.

EMPLOYEES AND REMUNERATION POLICY

The Group believes its long-term growth and success depend upon the quality, performance and commitment of its employees. The Group's remuneration policy aims to offer competitive remuneration packages to attract, retain and motivate talents. With result-driven incentive programmes which are built upon our established performance management framework, the Group believes the remuneration packages of its employees are fair, reasonable and competitive in relation to comparable organisations with similar business interests.

The Group has put in place a share option scheme for its executives and employees since 1989 for the purposes of providing competitive remuneration package as well as retaining talents in the long term. The Group puts emphasis on employees' training and development opportunities which form an important component of the Group's human resources strategy. Training and development programmes are provided through internal and external resources in each year to address the needs of our employees for the sustainable development of our businesses.

CORPORATE GOVERNANCE

The Board and the management of the Company are committed to observing good corporate governance, consistent with prudent management and the enhancement of shareholders' value. The full Board is entrusted with the overall responsibility of developing, overseeing and ensuring adherence to the Company's Corporate Governance Policy and the Shareholders Communication Policy. The Company is also committed to maintaining high standards of corporate governance and to enhancing corporate transparency and accountability.

During the period of six months ended 30 June 2026, the Company had complied with the code provisions ("***CPs***") set out in the Corporate Governance Code in Appendix C1 to the Rules Governing the Listing of Securities ("***Listing Rules***") on The Stock Exchange of Hong Kong Limited, except that the gender diversity requirement for the Nomination Committee has not been met.

CP B.3.5 requires at least one member of the Nomination Committee to be of a different gender. The Board recognises that gender diversity within the Nomination Committee can broaden perspectives and widen the pool of potential board candidates. While the Company is presently unable to appoint a director of a different gender to the Nomination Committee, it is actively identifying suitable candidate(s) of a different gender and will broaden its search channels to reach a more diverse talent pool as soon as practicable, with a view to ensuring compliance with the relevant CP.

AUDIT COMMITTEE

The Audit Committee of the Company met on 24 August 2026 to review the Company's accounting principles and practices and to discuss audit strategy, risk management and internal control and financial reporting matters. The Group's unaudited interim results for the six months ended 30 June 2026 have been reviewed by the Audit Committee of the Company and by the Company's Independent Auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information by the Auditor will be included in the 2026 Interim Report to the shareholders of the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the period of six months ended 30 June 2026. The Company did not hold any treasury shares as at 30 June 2026.

INTERIM DIVIDEND

The Board has declared an interim cash dividend for the six months ended 30 June 2026 of 2 HK cents per share, totaling HK$63,055,000, payable on 28 October 2026 to the shareholders (except for the holders of treasury shares, if any) whose names appear on the registers of members of the Company at the close of business on 17 September 2026, being the record date for determining shareholders' entitlement for the interim dividend (2025: an interim cash dividend of 2 HK cents per share, totaling HK$63,055,000). It is expected that the dividend warrants will be posted to those entitled on 28 October 2026.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members of the Company will be closed from 14 September 2026 to 17 September 2026, both dates inclusive, during which period no transfer of shares will be registered in order to ascertain shareholders' entitlement for the interim dividend. All transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 11 September 2026.

PUBLICATION OF FURTHER INFORMATION ON WEBSITE

This announcement is published on the websites of the Company (*www.kwih.com*) and the Hong Kong Exchanges and Clearing Limited ("***HKEx***") (*www.hkexnews.hk*). The Company's 2026 Interim Report containing all the relevant information as required by the Listing Rules will be available on the respective websites of the Company and HKEx and dispatched to the shareholders as per the Company's corporate communications arrangements in late September 2026.

DIRECTORS

As at the date of this announcement, the Executive Directors are Mr. Francis Lui Yiu Tung (Chairman), Mrs. Paddy Tang Lui Wai Yu (Co-Managing Director) and Mr. Alexander Lui Yiu Wah (Co-Managing Director); the Non-executive Director is Dr. Moses Cheng Mo Chi; and the Independent Non-executive Directors are Mr. Wong Kwai Lam, Mr. Nip Yun Wing and Mr. Cheung Kin Sang.

By Order of the Board of
K. Wah International Holdings Limited
Miranda Tse
Company Secretary

Hong Kong, 27 August 2026