



2017 Interim Results

23 August 2017

Sustaining Success through Excellence and Quality

嘉華集團成員 A member of K. Wah Group

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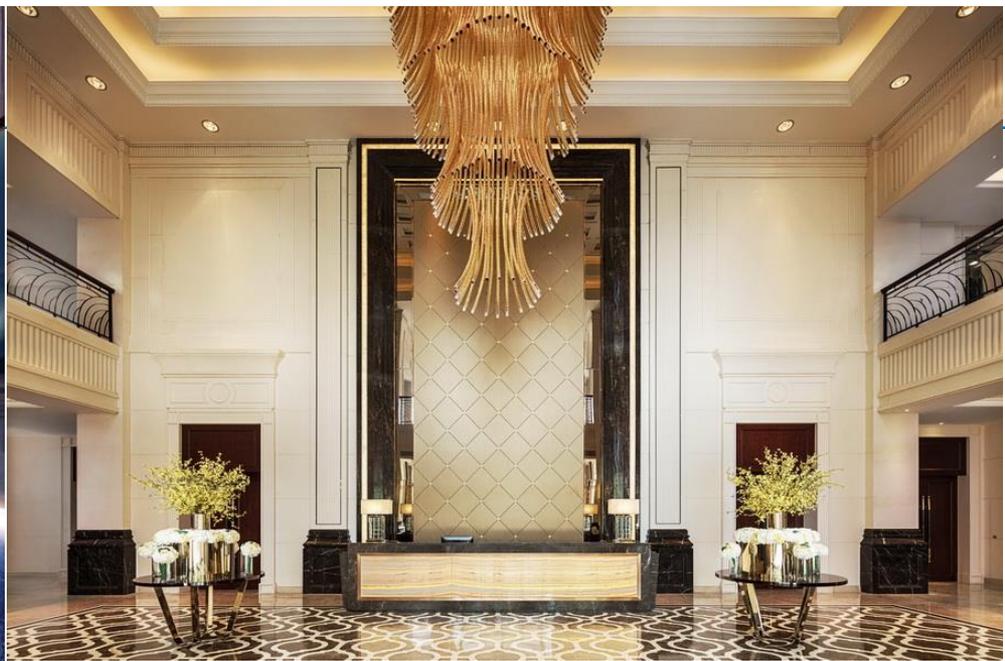
The Palace III, Shanghai



K. City, Hong Kong



The Spectra, Hong Kong



The Palace, Shanghai

Results highlights

Financial Highlights

(HK\$ million)	<i>For the six months ended 30 Jun</i>		Change
	2017	2016	
Revenue	4,918	5,536	-11%
Attributable Revenue*	5,207	7,911	-34%
Profit Attributable to Equity Holders	2,162	1,897	14%
Underlying Profit	1,293	1,813	-29%
Basic EPS (HK cents)	73.06	66.82	9%
Interim Dividend per Share (HK cents)	5	5	-

* Attributable Revenue comprises the revenue of the Group and contributions from jointly controlled entities as well as associated companies

Solid Financial Position

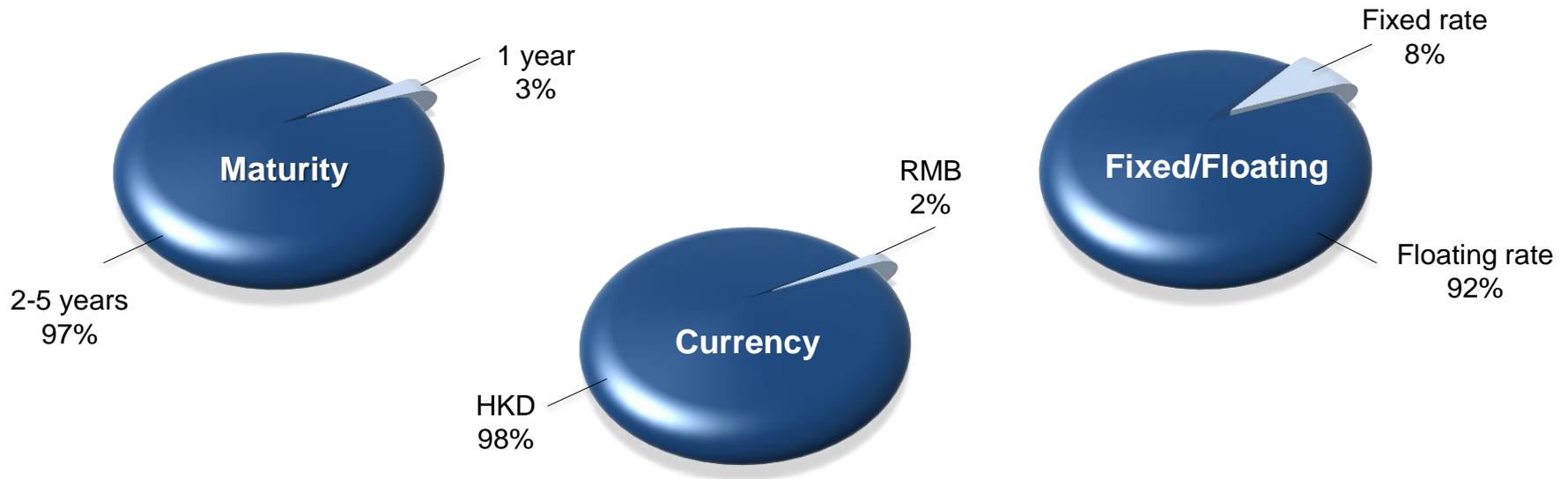
(HK\$ million)	As at 30 Jun 2017	As at 31 Dec 2016
Total Assets	62,212	50,473
Cash and Cash Equivalents⁽¹⁾	8,943	7,248
Total Debts	13,984	11,013
Shareholders' Funds	30,238	25,360
NAV per Share (HK\$)	10.2	8.6
Gearing Ratio⁽²⁾	16%	14%
EBITDA / Interest⁽³⁾	13x	9x

Remarks:

- 1) Includes bank balances as well as short-term and structured bank deposits
- 2) Gearing ratio = net debt / total equity
- 3) Interest being net interest before capitalization for the period under review

Sound Debt Profile with Low Borrowing Cost

- A HK\$8 billion 5-year revolving credit and term loan facility closed in Jan 2017, partly for refinancing HK\$4 billion syndicated loans then outstanding, saving interest
- US\$200 million guaranteed notes were redeemed in May 2017
- Managed to lower further the average interest rate to 2.1% in 1H 2017 (2.7% in 2016)
- Total debts as at 30 Jun 2017: HK\$14 billion



Quality Projects Engender Strong Performance

- Attributable revenue* from sales of properties of mainly the below projects amounted to HK\$4.9 billion in 1H 2017, and that for The Spectra will be recognized in Q3 2017

Yangtze River Delta



The Palace II, SH
上海嘉御庭二期

Grand Summit, SH
上海嘉天匯



Pearl River Delta



J Metropolis, GZ
廣州嘉匯城



Le Palais, GZ
廣州嘉爵園



Silver Cove, DG
東莞星際灣

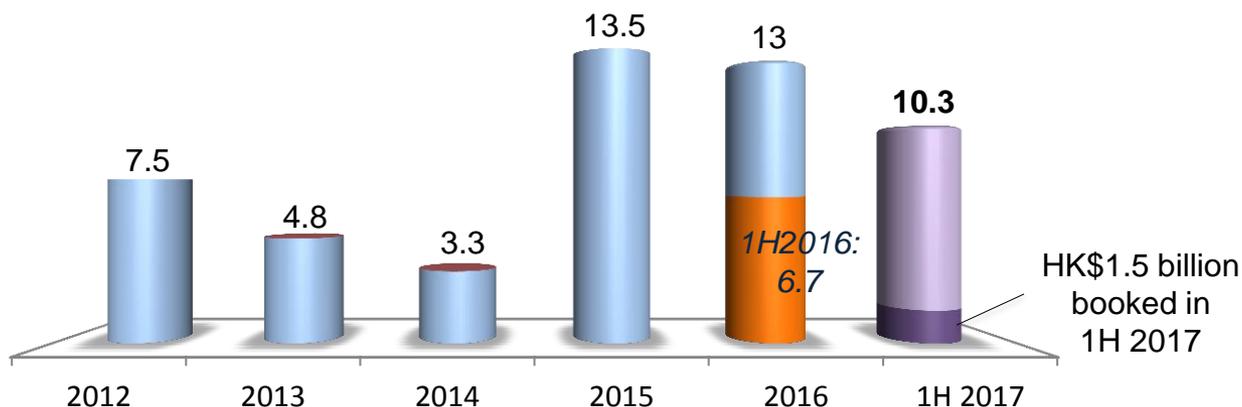
* Attributable revenue comprises the revenue of the Group and contributions from joint ventures as well as associated companies

High Visibility Drives Business Momentum

- In 1H 2017, attributable contracted sales* increased 54% year-on-year to HK\$10.3 billion despite various austerity measures



Attributable contracted sales (HK\$ billion)



* Attributable contracted sales comprises the sales of the Group and contributions from joint ventures as well as associated companies

High Visibility Drives Business Momentum

- Major projects with contracted sales to be recognized in 2017/18:
The Spectra and K. City in Hong Kong, The Peak in Nanjing

Hong Kong



The Spectra
朗屏8號



K. City
嘉匯

Nanjing



The Peak
嘉譽山

Recurring Income from Diversified Portfolio

- Rental income up 10% to over HK\$250 million in 1H 2017
- 1st batch of Stanford Residences Xu Hui, Shanghai with 14,000 sqm GFA added to the portfolio in June 2017 for rental



Stanford Residences Jing An,
Shanghai
上海尚臻靜安服務式公寓

Stanford Residences Xu Hui,
Shanghai
上海尚臻徐匯服務式公寓





The Palace, Shanghai



The Peak, Nanjing

Strategy and Outlook

Prime Assets in First-tier Cities

- Continue to focus on Hong Kong and prime cities in Mainland China, especially in the Yangtze River Delta and Pearl River Delta regions while proactively exploring opportunities in the nearby cities where the Group is yet to have presence



Replenishment of landbank in disciplined manner

- Proven track record in landbanking, particularly in Hong Kong, the Yangtze River Delta and Pearl River Delta regions and exploring various alternatives to replenish landbank
- Participated in joint venture projects for a residential site in Nanjing (Jan 2017) (under development as Royal Creek) and Hong Kong (May 2017) respectively



- | | | | | | |
|---|---|--|---|---|--|
| <ul style="list-style-type: none"> • Hong Kong <ul style="list-style-type: none"> ➢ Twin Peaks (100%) ➢ The Spectra (60%) ➢ Corinthia By The Sea (40%) • YRD region <ul style="list-style-type: none"> ➢ Azure, Shanghai (100%) • PRD region <ul style="list-style-type: none"> ➢ Silver Cove, Dongguan (100%) | <ul style="list-style-type: none"> • YRD region <ul style="list-style-type: none"> ➢ Weifang Village Street Project, Shanghai (100%) ➢ The Peak, Nanjing (100%) | <ul style="list-style-type: none"> • Hong Kong <ul style="list-style-type: none"> ➢ K. City (100%) • PRD region <ul style="list-style-type: none"> ➢ Silver Cove Ph III, Dongguan (100%) | <ul style="list-style-type: none"> • Hong Kong <ul style="list-style-type: none"> ➢ Tai Po Town Lot No. 226 (100%) | <ul style="list-style-type: none"> • Hong Kong <ul style="list-style-type: none"> ➢ Kai Tak Area 1K Site 2 (100%) (GFA: 53k sqm) • YRD region <ul style="list-style-type: none"> ➢ G89 in Jiangning District, Nanjing (100%) (GFA: 50k sqm) | <ul style="list-style-type: none"> • Hong Kong <ul style="list-style-type: none"> ➢ Kam Sheung Road Station Development Project (33$\frac{1}{3}$%) (GFA: 115k sqm) • YRD region <ul style="list-style-type: none"> ➢ Site G87 in Pukou District, Nanjing (Royal Creek) (33%) (GFA: 99k sqm) |
|---|---|--|---|---|--|

Sustainable Pipeline in Hong Kong and Mainland China

- HK\$14.2 billion to be booked from the pre-sales in 1H 2017 or before
- Pre-sale for K. City in Hong Kong in Feb 2017 received an overwhelming response with over 820 units sold for more than HK\$8 billion (up to 15 August 2017)



K. City (嘉匯)

- Located in Kai Tak Development Area
- Near future Kai Tak MTR Station of the Shatin to Central Link

Sustainable Pipeline in Hong Kong and Mainland China

- New projects ready to be launched in 2017/2018

Location	Project	Attri. GFA (sqm)	Units (approx.)
Hong Kong	Tai Po Town Lot No. 226 ^	61,000	1,000
Shanghai	The Palace III (嘉御庭三期)	43,000	106
	Azure (嘉瀧匯)	16,000	129
	Windermere (嘉濤灣)	71,000	256
Nanjing	Royal Creek (御瀾府)	33,000	869
Guangzhou	J Metropolis Phase IV (嘉匯城四期)	34,000	348
Dongguan	Silver Cove Phase III (星際灣三期)	34,000	320

^ Application for pre-sale consent pending approval

- Plus sales momentum of the launched projects in Hong Kong and Mainland China

New projects ready to be launched in 2017/2018

Hong Kong



Tai Po Town Lot No. 226
(大埔市地段第226號)

- Application submitted for pre-sale consent
- Located next to the previous developments in Pak Shek Kok

Shanghai



The Palace III
(嘉御庭三期), SH

- Located in an affluent, traditional residential area of Xuhui District



Azure (嘉瀨匯),
SH

- Within well-developed residential area with good transportation links to the Pudong CBD

New projects ready to be launched in 2017/2018

Yangtze River Delta



Windermere (嘉濤灣), SH

- Located in Zhujiajiao Town in Qingpu District
- Low-rise residential buildings with ancillary commercial facilities



Royal Creek (御瀾府), NJ

- Located in an innovative high-tech zone in Pukou District with two operating subway lines in the neighbourhood

Pearl River Delta



J Metropolis Phase IV (嘉匯城四期), GZ

- Close to Baiyun District and poised to be benefitted from the build up of new transportation network



Silver Cove Ph III (星際灣三期), DG

- Located in Shilong Town, Dongguan
- Enjoy an expansive river frontage and close to the new Dongguan station

Sustainable Pipeline in Hong Kong and Mainland China

- Projects to be launched beyond 2018

Hong Kong

- Kai Tak Area 1K Site 2
- 2 Grampian Road, Kowloon



Shanghai

- Weifang Village Street project, Pudong District



Nanjing

- Lot G89, Jiangning District



Building up Investment Portfolio

- 1st batch of Stanford Residences Xu Hui with GFA 14,000 sqm started the operation in June 2017
- J Town (Silver Cove commercial portion) with GFA 9,600 sqm will be soft opened in Q3 2017; Stanford Residences Jin Qiao with GFA 13,000 sqm and 2nd batch of Stanford Residences Xu Hui with GFA 11,000 sqm will be launched to market in Q4 2017 and Q1 2018

Stanford Residences
Xu Hui



Stanford Residences
Jin Qiao



J Town (Silver Cove commercial portion)

Building up Investment Portfolio

- Construction of an office building at Suhe Creek, Jingan District, Shanghai, with GFA 20,000 sqm, commenced in 1H 2017

Office project at Suhe Creek,
Jingan District



- Investment portion in various development projects will be added to our portfolio upon completion in the coming few years

Solid Foundation for Long-term Sustainability

1

Encouraging sales underpins results ahead

2

High visibility of project pipeline with enhanced asset turn

3

Expansion in recurring income portfolio to generate stable income and cash inflow

4

Quality projects primarily in first-tier cities of Hong Kong, Yangtze River Delta and Pearl River Delta

6

Solid financial position fuels future growth

5

Disciplined land replenishment at opportune time to drive long-term sustainability

RW 嘉華國際
K. WAH INTERNATIONAL
香港股份代號 Hong Kong Stock Code 0173



K. City, Hong Kong

Appendix: Projects Summary

Projects in Hong Kong



* No warranty on accuracy and distance. Location shown on an approximate basis only.

Projects in Hong Kong

KWIH's Property Portfolio		Year of launch			GFA# (sqm) (approx.)	% Sold as of Jun 2017	Group's Interest	Target completion
		2H 2017*	2018	2019 or beyond				
HK	Marinella 深灣9號	Launched			69,000	> 95%	35%	Completed
	Chantilly 肇輝臺6號	Launched			8,000	> 35%^	100%	Completed
	Providence Bay 天賦海灣	Launched			78,000	> 95%	15%	Completed
	Providence Peak 溢玥·天賦海灣	Launched			84,000	> 99%	25%	Completed
	Mayfair by the Sea I 逸瓏灣 I	Launched			67,000	> 99%	15%	Completed
	The Spectra 朗屏8號	Launched			49,000	> 95%	60%	2017
	K. City 嘉匯	Launched			51,000	> 90%	100%	2018
	Tai Po Town Lot No. 226 大埔市地段第226號	NEW	✓		61,000	-	100%	2019
	2 Grampian Road 嘉林邊道2號			✓	2,000	-	100%	2019
	Kai Tak Area 1K Site 2 啟德發展區第1K區2號			✓	53,000	-	100%	2021
Kam Sheung Road Station Development Project 錦上路站發展項目			✓	114,800	-	33 $\frac{1}{3}$ %	TBC	

* For the projects that are marked as "Launched", it was launched in or before 2H 2017

GFA includes covered area of all saleable units and their respective share of common area as referred to or to be referred to in sales brochures

^ Certain units were leased out

Projects in Yangtze River Delta



- — — 外環線
Outer Ring Road
- - - 中環線
Middle Ring Road
- - - 市中心商業區
CBD

- | | | |
|--|--|---|
| <p>1 The Palace, Xuhui District
徐匯區嘉御庭</p> <p>2 Shanghai K. Wah Centre, Xuhui District
上海嘉華中心</p> <p>3 Grand Summit, Jingan District
靜安區嘉天匯</p> <p>4 Office project, Suhe Creek, Jingan District
靜安區蘇河灣寫字樓項目</p> | <p>5 Windermere, Qingpu District
青浦區嘉濤灣</p> <p>6 Weifang Village Street project, Pudong District
浦東區維坊新村街道項目</p> <p>7 Azure, Pudong District
浦東區嘉瀾匯</p> | <p>8 The Peak, Qixia District, Nanjing
南京棲霞區嘉譽山</p> <p>9 Lot G89 in Jiangning District, Nanjing
南京江寧區G89地塊</p> <p>10 Royal Creek, Pukou District, Nanjing
南京浦口區御瀾府</p> |
|--|--|---|

Projects in Yangtze River Delta region

KWIH's Property Portfolio			Year of launch			GFA (sqm) (approximately)	% Sold as of Jun 2017	Group's Interest	Target completion
			2H 2017*	2018	2019 or beyond				
Yangtze River Delta	Grand Summit, Jingan District, SH 上海靜安區嘉天匯	Sale Serviced Apart.	Launched Operational			100,000 (Sale: 68,000) (SA: 32,000)	> 95%	100%	Completed
	The Palace, Xuhui District, SH 上海徐匯區嘉御庭	Phase I Phase II Phase III NEW	Launched Launched Operational		✓	140,000 (Ph I: 36,000) (Ph II: 35,000) (SA: 25,000) (Ph III: 44,000)	> 95% > 85% -	100%	Ph I & II: Completed SA: 2017 Ph III: 2017
	Windermere, Qingpu District, SH 上海青浦區嘉濤灣	NEW	✓			71,000	-	100%	Completed
	Azure, Pudong District, SH 上海浦東區嘉瀧匯	Sale Serviced Apart. NEW	✓ ✓			29,000 (Sale: 16,000) (SA: 13,000)	-	100%	2017
	Weifang Village Street project, Pudong District, SH 上海浦東區滌坊新村街道項目				✓	14,000	-	100%	2020
	Office project, Suhe Creek, Jingan District, SH 上海靜安區蘇河灣寫字樓項目				✓	20,000		53.61%	2020
	The Peak, Qixia District, NJ 南京棲霞區嘉譽山		Launched			132,000	~ 20%	100%	2018
	Lot G89 in Jiangning District, NJ 南京江寧區G89地塊				✓	50,000	-	100%	2020
	Royal Creek, Pukou District, NJ 南京浦口區御瀾府	NEW	✓			99,000	-	33%	2019

* For the projects that are marked as "Launched", it was launched in or before 2H 2017

Projects in Pearl River Delta



- 1** Le Palais, Huadu
花都嘉爵園
- 2** Huadu Jiahua Plaza
花都嘉華廣場
- 3** J Metropolis, Huadu Mega Integrated Project
嘉匯城 (花都超大型國際社區)
- 4** Silver Cove, Shilong Town, Dongguan
東莞石龍鎮星際灣

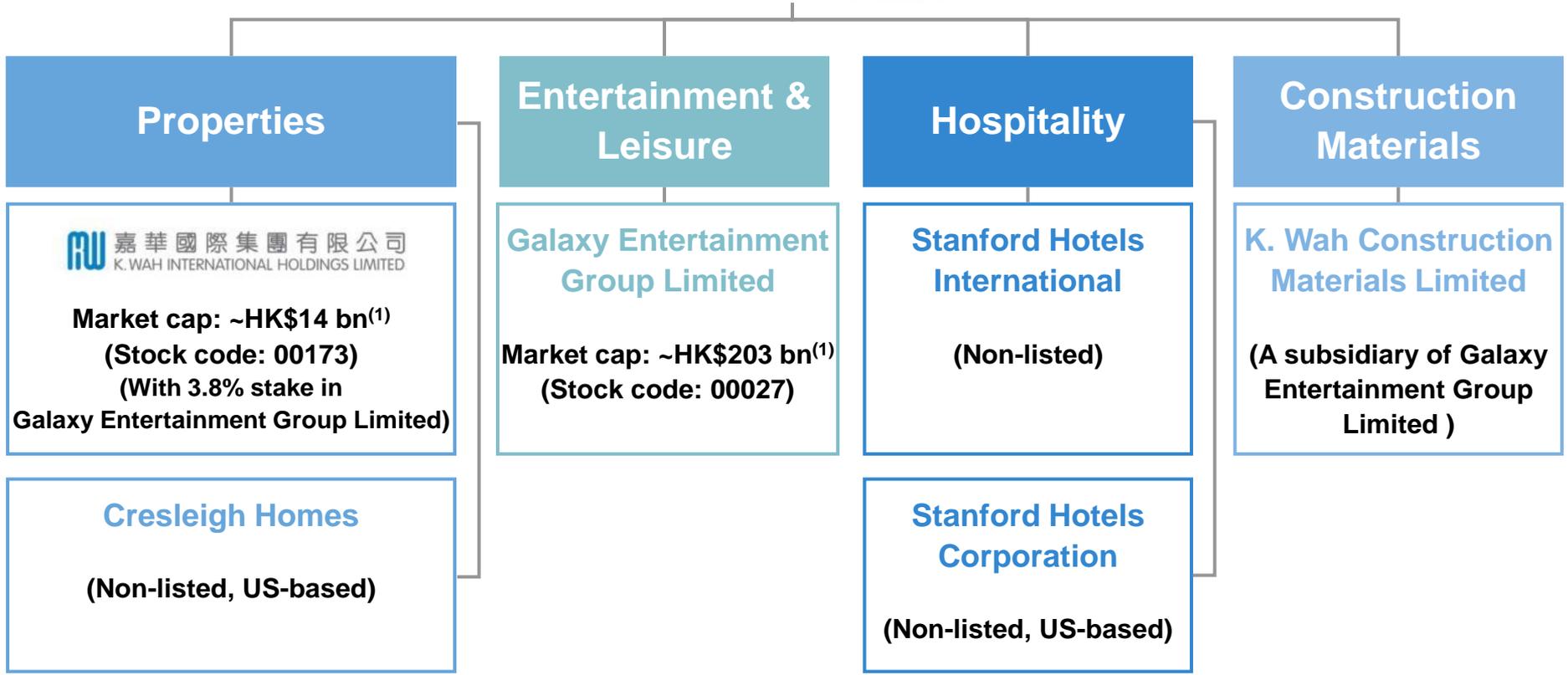
- 廣東線直通車
Guangdong Line Through Train
- 廣州地鐵九號線
(施工中)
Guangzhou Metro Line 9
(under construction)
- 廣深港高速鐵路內地段
The Guangzhou-Shenzhen-Hong Kong Express
Rail Link (Mainland Section)
- 武廣高鐵
Wuhan-Guangzhou
High-Speed Railway
- 花都區市中心
Huadu District CBD
- 東莞地鐵二號線
Dongguan Rail Transit
Line 2
- 東莞地鐵二號線第三期
(施工中)
Dongguan Rail Transit
Line 2 Phase 3
(under construction)
- 深圳地鐵二十號線
(施工中)
Shenzhen Metro Line 20
(under construction)

Projects in Pearl River Delta region

KWIH's Property Portfolio			Year of launch			GFA (sqm) (approximately)	% Sold as of Jun 2017	Group's Interest	Target completion
			2H 2017*	2018	2019 or beyond				
Pearl River Delta	J Metropolis, Huadu Mega Integrated Project, GZ 廣州嘉匯城 (花都新華鎮超大型國際社區)	Phase I	Launched			793,000	> 95%	99.9%	Ph I, II & III: Completed Ph IV: 2017
		Phase II	Launched			(Ph I: 77,000)	> 90%		
		Phase III	Launched			(Ph II: 75,000)	> 95%		
		Phase IV <i>NEW</i>	✓			(Ph III: 40,000)	-		
		Others		✓		(Ph IV: 34,000)	-		
						(Others: 567,000)	-		
	Huadu Jiahua Plaza, GZ 廣州花都嘉華廣場 ● Phase I: Crowne Plaza Guangzhou Huadu and office 第一期：廣州花都皇冠假日酒店及寫字樓 ● Phase II: J Wings 第二期：嘉都匯 ● Phase III & IV - rental	Phase I	Operational			231,000		100%	Ph I & II: Completed Ph III & IV: TBC
	Phase II	Launched		✓	(Ph I: 45,000)	> 95%			
						(Ph II: 100,000)			
						(Ph III & IV: 86,000)			
	Le Palais, Huadu District, GZ 廣州花都嘉爵園		Launched			46,000	> 85%	100%	Completed
	Silver Cove, Shilong Town, DG 東莞石龍鎮星際灣	Phases I & II	Launched			236,000	> 80%	100%	Ph I & II: Completed Ph III: 2017
		Phase III <i>NEW</i>	✓			(Ph I&II: 202,000) (Sales:192,400) (Rental:9,600) (Ph III: 34,000)	-		

* For the projects that are marked as "Launched", it was launched in or before 2H 2017

About K. Wah Group



(1) As of 30 June 2017



The Spectra, Hong Kong

Thank You!

