嘉華國際集團有限公司
K. WAH INTERNATIONAL HOLDINGS LIMITED
嘉華集團成員 A member of K. Wah Group

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Press Release
[For Immediate Release]

KWIH Announces 2018 Interim Results
Record Attributable Contracted Sales To Be Recognised of HK$18.5 Billion
Providing Solid Base for Future Profitability

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Increased 20% in Interim Dividend to 6 HK Cents Per Share
Showing Confidence in Business Development

(Hong Kong — 22 August 2018) **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 2018.

During the first half of the year, KWIH recorded satisfactory sales as a result of its sound and shrewd strategies deployed in Hong Kong and Mainland China project launches. As of 30 June 2018, unrecognised attributable contracted sales exceeded HK$18.5 billion, mainly accounted for by K. City and Solaria in Hong Kong, The Palace in Shanghai, The Peak and Royal Creek in Nanjing, J Metropolis and Le Palais in Guangzhou and Silver Cove in Dongguan. Upon delivery of possession of the pre-sold units to buyers for these projects after completion expected to be in the next 24 months, the contracted sales will be recognised, thereby underpinning the Group's future profits. In particular, the occupation permit for K. City in Hong Kong was obtained in August. The Group has filed the application for its certificate of compliance and aim for completing the delivery of possession within the year. The project's contracted sales of HK$9.2 billion can then be recognised.

Given that less contracted sales were recognised and the Hong Kong Financial Reporting Standards 15 became effective this year, the attributable revenue and the underlying profit dropped to HK$679 million and HK$32 million respectively. Profit attributable to equity holders amounted to HK$578 million. Considering the total amount of unrecognised attributable contracted sales and the good progress of our project development, the Board of Directors increased the interim dividend to 6 HK cents per share, up 20% year-on-year, showing the strong confidence it had in the Group's stable development and its ongoing efforts to provide shareholders stable returns.

Dr Lui Che-woo, Chairman of KWIH, said, "In the first half of 2018, despite all the challenges in the global and domestic markets, Hong Kong's residential property market remained buoyant due to its strong economic fundamentals and market demands. In Mainland China, the Group believes that the Central Government will continue to aim for stabilizing its property market. With the experience gained from developing our business in the Mainland China market over the years, in addition to the competitive advantages from our commitment to quality and excellence, the Group will adopt a flexible development approach amid market changes."

Sales remained strong, laying solid foundations

Despite the property tightening measures that continued in Hong Kong and Mainland China in the period under review, the Group successfully launched its high-quality projects in a timely manner: In Hong Kong, Solaria, a residential project in Pak Shek Kok, Tai Po received an overwhelming response when first launched in early June. Until mid-August, the project sold nearly 700 units, equivalent to approximately 90% of the total units launched, for the sales amount of HK$6,000 million. In Guangzhou, units of J Metropolis phase 4 – UpTown launched were well received with around 75% of the total units sold since April, benefitted from the outstanding sales of the previous phases. The Group will also continue to market existing projects in Shanghai, Nanjing, Guangzhou and Dongguan.

On track with expansion plan through flexible development strategy

The Group focuses on developing property projects in Hong Kong and major cities in the Yangtze River and Pearl River Deltas while also exploring opportunities in adjacent cities. Following the success in 2017 of land replenishment in Hong Kong and several cities in Mainland China, the Group adopted a flexible development strategy in 2018 and participated in a JV project in Kunshan in early 2018 and subsequently two further JV projects in July in Suzhou and Jiangmen respectively. Furthermore, a 100% interest in a new land site in Dongguan was acquired in early August to further expand KWIH's business presence. The four new projects together contributed to the Group an attributable GFA of around 250,000 sqm.

New development projects to be rolled out to fuel future growth

Hong Kong:

The second project in Kai Tak

The foundation works of the Group's second project in Kai Tak are underway and preparation work for pre-sale consent application is also in progress.

Yangtze River Delta:

Windermere, Azure and The Palace III – Le Haut in Shanghai

Windermere, located in Zhujiajiao in Shanghai's Qingpu District, is pending the official approval for its selling prices while the Group is also working on the sales arrangement. The project boasts spectacular lake views and enjoys convenient transport links between the city centre and Qingpu District, following the opening of the Shanghai Metro Line 17 at the end of last year. Furthermore, the Group plans to launch, subject to market conditions, Azure in Pudong District and The Palace III – Le Haut, a luxury residence in Shanghai's city centre Xu Hui District.

JV Projects in Kunshan and Suzhou

Government approvals for the construction of the JV projects located in the Kunshan Economic & Technological Development Zone and National High-Tech District, Suzhou had been obtained. Pre-sales are expected later this year.

Expanding recurrent income property portfolio is set to increase overall rental income

KWIH strives to increase recurring rental income and cash flow. During the period under review, rental income (including hotel income) grew significantly, by 25% year-on-year to HK$325 million. The key growth came from the two towers of Stanford Residences Xu Hui, a high-end serviced apartment opened in mid-2017, as well as additional investment properties put to lease.

As for serviced apartments, two new towers at Stanford Residences Xu Hui in The Palace, Shanghai, received an occupation permit in the first quarter of 2018. One tower launched in April achieved occupancy rate of around 90%, while leasing of the other tower has also just started. Stanford Residences Jing An in Grand Summit, another premium luxury residence in Shanghai, maintained a high occupancy rate at an average of 85%.

As for commercial facilities, as at the end of June 2018, J SENESES, a specialty retail and dining complex in Hong Kong, recorded an occupancy rate of 100%. Palace Lane in The Palace, Shanghai was fully opened with occupancy rate currently 75%. J Town in Silver Cove, Dongguan was also fully opened in the first half of the year, with an occupancy rate of approximately 80%. Each of these projects delivered decent performance and provided satisfactory rental income.

In addition, Shanghai K. Wah Centre, a Grade-A office tower, recorded an average occupancy rate of 95%. Both occupancy and room rate at the Crowne Plaza Guangzhou Huadu achieved modest growth.

Stable and healthy financials to sustain development

KWIH has continued to maintain a sound financial position. As of 30 June 2018, the Group's total assets increased by HK$1,740 million to HK$74,250 million. Cash and bank deposits amounted to HK$6,180 million. In a rising interest-rate environment, KWIH managed to maintain the average interest rate at 2.3% during the period, slightly up by 0.3 percentage point compared to the 2017 annual average. As at June end, the net gearing ratio rose to 40% compared to 34% at the end of 2017, after the Group paid the outstanding land premium balances for the projects in Suzhou and Jiangmen acquired last year of around HK$1,000 million as well as tax payments for certain projects upon tax clearance in Mainland China.

Dr Lui concluded, "Looking ahead to the second half of the year, headwinds are strengthening on external factors such as the ongoing China-US trade tensions, the volatility of the Renminbi and the Turkish currency crisis. KWIH will keep a close eye on global political and economic changes and deal with the opportunities and challenges that may arise. In the meantime, we will keep our development plan on track and replenish land reserves with a robust strategy to drive business development and provide our shareholders with satisfactory returns."

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K. WAH INTERNATIONAL HOLDINGS LIMITED
嘉華集團成員 A member of K. Wah Group
於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability

Photo caption

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

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

Photo 4: Paddy Lui, Executive Director of KWIH

Photo 5: Alexander Lui, Executive Director of KWIH

Photo 6: Oliver Lam, Chief Financial Officer of KWIH

Photo 7: Oliver Lam, Chief Financial Officer (right) and Tony Wan, General Manager – Sales & Marketing (Hong Kong Properties) (left) of KWIH

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 30 June 2018.

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