

## Press Release

*[For Immediate Release]*

# KWIH Announces 2016 Annual Results Underlying Profit Surged 113% to HK\$2.8 billion

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## Attributable Contracted Sales Exceeded HK\$10 Billion for Two Consecutive Years Underpin Future Profit

### Financial Highlights

	For the Year Ended 31 December		
	2016	2015	Change
Revenue (HK\$ million)	<b>9,620</b>	4,720	104%
Attributable revenue <sup>1</sup> (HK\$ million)	<b>12,570</b>	6,436	95%
Profit attributable to equity holders of the Company (HK\$ million)	<b>3,182</b>	1,367	133%
Underlying profit (HK\$ million)	<b>2,808</b>	1,317	113%
Basic earnings per share (HK cents)	<b>107.62</b>	48.13	124%
Dividend per share (HK cents)			
Final	<b>13</b>	12	8%
Total	<b>18</b>	17	6%

(Hong Kong – 21 March 2017) **K. Wah International Holdings Limited** (“KWIH” or “the Group”) (stock code: 0173) today announced its annual results for the year ended 31 December 2016.

### **A harvest period with underlying profit surging more than 100%**

The Group’s attributable revenue<sup>1</sup> increased by 95% to HK\$12,570 million during the year under review. Profit attributable to equity holders of the Company grew 133% to HK\$3,182 million. Underlying profit rose by 113% year-on-year to HK\$2,808 million. Our Board recommended a final dividend of 13 HK cents per share. Together with the interim dividend of 5 HK cents per share, total dividend for the year amounted to 18 HK cents per share, in line with KWIH’s commitment to sharing its results with shareholders.

Attributable revenue<sup>1</sup> grew substantially, sales of Twin Peaks and Corinthia By The Sea in Hong Kong, Grand Summit in Shanghai, J Metropolis and J Wings in Guangzhou, and Silver Cove in Dongguan accounted for the majority. Following the Group’s effort to expand its investment property portfolio, the income from J SENSES in Hong Kong, Shanghai K. Wah Centre and Stanford Residences Jing An, Crowne Plaza Guangzhou Huadu hotel and office also grew by 8% to over HK\$490 million.

<sup>1</sup> Including joint ventures and associated companies

**Dr Lui Che-woo, Chairman of KWIH**, said, “2016 was another year of harvest for KWIH, following our solid performance in 2015. Strong sales were recorded for the key projects launched in Hong Kong and Mainland China with our sound and shrewd strategies, as well as our persistence in excellence and quality. Backed by our proven experience and solid financial strengths, KWIH is committed to creating quality space. We will continue to launch new projects in Hong Kong and Mainland China, with a view to driving our sustainable, long-term business development.”

### **Attributable contracted sales exceeded HK\$10 billion for two consecutive years to underpin future earnings**

In 2016, KWIH achieved remarkable sales with a number of projects launched in Hong Kong and Mainland China. The Group is assured of a strong cash flow with attributable contracted sales<sup>1</sup> of approximately HK\$13 billion, among which approximately HK\$6.3 billion was recognized in the accounts for the year. The remaining amount of approximately HK\$6.7 billion is expected to be recognized in the next two years to underpin future profit. In Hong Kong, the Group’s timely launch of The Spectra, a premium West Rail Line project, received enthusiastic response. As at the end of last year, close to 90% of the units had been sold.

In the Yangtze River Delta, Grand Summit in Jingan District and The Palace II in Xuhui District, two luxury residential projects built on prime sites at the centre of Shanghai, ranked high in terms of sales amount among high-end properties in Shanghai. Meanwhile, satisfactory sales have also been reported for The Peak, the Group’s first project in Nanjing, since its first batch was launched. In the Pearl River Delta, J Wings and J Metropolis Phase III in Guangzhou have also been well received by buyers, while strong sales have also been reported for Silver Cove Phase I and II in Dongguan. Such positive results evidenced market recognition for the “K. Wah” brand and the quality associated with it.

### **Launching 7 new projects to meet market demand**

#### ***Hong Kong: K. City at Kai Tak***

The project is at the centre of the Kai Tak Development Area in East Kowloon with the benefit of comprehensive ancillary and infrastructure facilities in the pipeline, including Kai Tak Station of the MTR Shatin to Central Link, Kai Tak Sports Park and Metro Park, an area designated by the government as the alternative core business district of Hong Kong. Kai Tak is set to become a vibrant neighbourhood in Hong Kong with spectacular features that holds out strong potential for development. Offering a total of 900 units, K. City has received an overwhelming market response since its launch in February 2017. Up to 18 March, more than 600 units were sold and generated more than HK\$6 billion sales proceeds.

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

Riding on the strong sales from two luxury residential projects in Shanghai, The Palace II and Grand Summit, in 2016, The Palace III, Windermere, a low density residential project in Zhujiajiao, and Azure, a quality residential project in Jinqiao, Pudong District, are planned to launch in 2017 to cater to market demand for luxury residences.

***Pearl River Delta: Huadu Jiahua Plaza Phase III, J Metropolis Phase IV in Guangzhou, and Silver Cove Phase III in Dongguan***

In Guangzhou, J Wings, a city centre project, and J Metropolis, a large-scale integrated project, in Huadu District have met enthusiastic response from buyers. The Group plans to launch the Huadu Jiahua Plaza Phase III and J Metropolis Phase IV in 2017. Furthermore, Silver Cove Phase III in Dongguan is expected to be launched to meet buyers' demand given the outstanding sales record from Silver Cove Phase I and II in 2016.

**Expanding investment property portfolio to increase recurring income**

The Group continues to expand its investment property portfolio to boost its recurring income and cash flow. While Shanghai K. Wah Centre maintained almost full occupancy, Stanford Residences Jing An in Grand Summit, Shanghai, reported a 85% occupancy rate as at the end of 2016, evidencing market recognition on the back of its prime location and premium services. In Shanghai, Stanford Residences Xu Hui in The Palace and Stanford Residences Jin Qiao in Azure, will become operational in the second and fourth quarter of the year, respectively, and J Town, the commercial portion of Silver Cove in Dongguan is expected to become operational in the second quarter of the year, upon which the GFA of the Group's investment properties will be increased from 130,000 sqm to 180,000 sqm.

**Strong liquidity with gearing ratio at 14%**

During the year under review, KWIH has maintained a sound financial position. As at 31 December 2016, the Group's gearing ratio decreased to 14% and its average borrowing cost remained low at 2.7%. Coupled with a HK\$8 billion 5-year revolving credit and term loan facility with a consortium of 15 banks in January this year, the Group maintains sound financial resources to support the stable development of the business. We will continue in selecting premium sites on a highly selective basis, with a view to fuelling its future business development.

**Three premium plots added in prudent yet progressive manner**

In Hong Kong, the Group acquired Kai Tak Area 1K Site 2 in East Kowloon in December 2016. The project is situated at the centre of Kai Tak Development Area with the benefit of various developments in the area. It holds out strong potential for development. The Group has also acquired a prime land and participated in another premium site in Nanjing, in last December and earlier this year respectively. The first one is a residential / commercial site at G89 Jiangning District sitting next to the Nanjing South Railway Station, a traffic hub which provides convenience in transport. The second one is a residential site at G87 Pukou District, an area designated for hi-tech companies and innovative ventures. The site has an access to strong education resources.

**Dr Lui** concluded, "The Group will continue to adopt a prudently progressive approach in landbanking in Hong Kong, the Yangtze River Delta and Pearl River Delta regions on a highly selective basis. Meanwhile, the Group will expand its investment property portfolio to achieve the goal of 200,000 sqm in GFA for investment properties, with a view of fuelling the sustainable, long-term development of our two core businesses in property development and investment."

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## Photo caption

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



**Photo 2:** Dr Lui Che-woo, Chairman of KWIH



**Photo 3:** Oliver Lam, Chief Financial Officer of KWIH



**About K. Wah International Holdings Limited (stock code: 0173)**

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 China Small Cap Index. KWIH held a 3.8% stake in Galaxy Entertainment Group Limited (stock code: 0027) as of 31 December 2016.

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