

Press Release

[For Immediate Release]

KWIH Announces 2018 Annual Results Underlying Profit Grew 19% to HK\$3.0 billion

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

Financial Highlights

	For the Year Ended 31 December		
	2018	2017	Change
Underlying profit (HK\$ million)	3,005	2,517	+19%
Profit attributable to equity holders of the Company (HK\$ million)	4,046	3,906	+4%
Revenue (HK\$ million)	10,760	11,294	-5%
Attributable revenue ¹ (HK\$ million)	10,918	11,737	-7%
Basic earnings per share (HK cents)	129.51	128.18	+1%
Dividend per share (HK cents)			
Final	14	13	+8%
Total	20	18	+11%

(Hong Kong – 20 March 2019) **K. Wah International Holdings Limited** (“KWIH” or “the Group”) (stock code: 00173) today announced its annual results for the year ended 31 December 2018.

During the year under review, KWIH’s attributable contracted sales reached HK\$12.1 billion, exceeding the HK\$10 billion benchmark for the fourth consecutive year. Together with the attributable contracted sales yet to be recognised before 2018, sales of approximately HK\$12.2 billion are expected to be recognised in 2019 or 2020, underpinning the Group’s future profitability. **The Group’s underlying profit for the year amounted to HK\$3 billion, increased by 19% year-on-year. Profit attributable to equity holders amounted to HK\$4 billion.** The Board of Directors has recommended a final dividend of 14 HK cents per share. The total dividend for the year amounted to 20 HK cents per share, up 11% year-on-year, continuing to provide shareholders with stable returns.

Sales of K. City and The Spectra in Hong Kong, The Peak in Nanjing, The Palace in Shanghai, J Metropolis in Guangzhou and Silver Cove in Dongguan accounted for the majority of the attributable revenue¹ of the Group for the year. Furthermore, following the Group’s effort to expand its property portfolio for investment, the recurring rental income, mainly from J SENSES in Hong Kong, Shanghai K. Wah Centre and high-end “Stanford Residences” serviced apartments in Shanghai, Guangzhou Huadu Crowne Plaza and office premises, grew by 14% year-on-year to HK\$651 million.

¹ Including joint ventures and associated companies

Dr Lui Che-woo, Chairman of KWIH, said, “2018 was a fruitful year for KWIH with outstanding operating results. With all the political and economic developments, both in Hong Kong and globally, the market was full of challenges. Adhering to its prudent yet precise strategic approach, the Group launched its premium projects timely, outstanding sales resulted. Strong contracted sales were reported which exceeded the benchmark of HK\$10 billion for the fourth consecutive year. Moreover, with our long-established presence in the Mainland China market and the recognition of our projects’ quality, KWIH affirmed its flexible development strategy and acquired projects on its own and also through joint ventures last year. The projects are located in the Pearl River Delta and Yangtze River Delta regions which further expanded our business footprint.”

Outstanding sales performance of development projects

In Hong Kong, Solaria in Pak Shek Kok, Tai Po was launched for sale in June 2018 and approximately 700 units were sold in just a two-month period. At the same time, a unit at K. City, Kai Tak was sold for HK\$109 million at an average price of more than HK\$50,000 per square foot, an amount that set a record price per square foot for the project and the Kai Tak area.

In Mainland China, Phase IV of J Metropolis, UpTown, in Guangzhou was launched for sale in the second quarter of 2018, and the apartments of K. Wah Plaza in Huadu, Guangzhou and Windermere in Shanghai were launched for sale in the last quarter. They all received encouraging market responses. The Group also continued to market the remaining units of The Palace in Shanghai, The Peak and Royal Creek in Nanjing, J Metropolis and J Wings in Guangzhou, Silver Cove in Dongguan, all with good responses due to their prime locations and high quality level.

Projects earmarked for launch in 2019

Hong Kong: 2nd project in Kai Tak area and Grampian Road project in Kowloon Tong

The Group’s second project in Kai Tak is located in the heart of the Kai Tak Development Area, providing more than 1,000 units. Application for pre-sale consent was submitted in November 2018. Sales launched is expected in mid 2019. In addition, the Grampian Road project is located in a prime residential area in Kowloon. This development comprises of 5 quality house units and is expected to be completed in late 2019 or early 2020. Sales will then be launched.

Mainland China: Windermere, The Palace III, and Azure in Shanghai

Windermere, located in Qingpu District, Shanghai, provides 256 house units. The project is completed and the first batch of 56 units was launched in December 2018 with overwhelming responses. The Group is preparing for the launch of Phase III of The Palace, Le Haut, a luxury residence in the city centre of Shanghai, next Thursday; and plans to launch Azure, a quality residential project in Pudong New District, subject to market conditions.

Moreover, the pre-sale of the new joint venture projects in Suzhou, Kunshan and Jiaying commenced by the end of 2018. The Group will continue to market the remaining units of J Metropolis in Guangzhou and Silver Cove in Dongguan, and the joint venture projects.

Steady increase in recurring rental income

KWIH continued to expand its recurrent income property portfolio for enhancing its recurring rental income and cash flows. As of the end of 2018, the portfolio increased to a total attributable GFA of approximately 260,000 sqm. In addition to J SENSES in Hong Kong reporting an occupancy rate of 100% as of 2018 year-end, Shanghai K. Wah Centre was 95% leased on average for the year. Satisfactory occupancy rates were also registered for the high-end serviced apartments under “Stanford Residences” brand in Shanghai. As for commercial facilities, Palace Lane in Shanghai became fully operational with over 90% leased as of 2018 year-end while J Town in Dongguan has been more than 80% leased as of 2018 year-end with its full operation since the first half of 2018.

K. Wah Plaza, located in Huadu, Guangzhou, was completed in November 2018, at which office premises, commercial facilities and a hotel, with a total GFA of approximately 52,000 sqm, are available for long-term rentals. The commercial portions of The Peak, Nanjing, will start operation in 2019. Furthermore, construction of the Suhe Creek office project in Jingan District, Shanghai, was on track and expected to be completed in 2020.

Solid financials underpinning stable development

KWIH has maintained a sound financial position. As of 31 December 2018, the Group’s cash and bank deposits amounted to HK\$7.5 billion and its gearing ratio was 30%. The Group managed to maintain an average interest rate at 2.5% in 2018, up slightly by 0.5 percentage point year-on-year, amid a rising interest-rate environment. In January 2018, the Group executed a HK\$7,000 million 5-year revolving credit and term loan facility with 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.

Expand business presence by flexible development strategy

KWIH affirmed its flexible development strategy and acquired projects on its own and also through joint ventures. Located in the Pearl River Delta and Yangtze River Delta regions, the new projects acquired in the year increased the Group’s land bank by a total attributable GFA of approximately 280,000 sqm at a total attributable land premium of approximately RMB 2.9 billion, further expanding its business footprint.

Dr Lui concluded, “With all the challenges ahead, KWIH will closely monitor the global political and economic developments while adhering to its strategy of “Quality and Excellence”. By providing premium properties and services that exceed customer expectations, our ongoing efforts are set to enhance our overall competitive strengths. The Group continues to apply an appropriately cautious and opportunistic approach to land replenishment that promises satisfactory returns in Hong Kong, the Yangtze River Delta and the Pearl River Delta regions to drive our long-term business development and to provide our shareholders with satisfactory returns.”

- End -

Photo caption

Photo 1 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 2: Dr Lui Che-woo, Chairman of KWIH



Photo 3: Paddy Lui, Executive Director of KWIH



Photo 4: Alexander Lui, Executive Director of KWIH



Photo 5: Oliver Lam, Chief Financial Officer 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, hotels and serviced apartments. Cresleigh Property, the property management arm of KWIH, delivers exceptional hotel serviced property management services guided by advanced and international standards in general to premium residential buildings, commercial facilities, office towers and real estate complexes. 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, Hang Seng Corporate Sustainability Benchmark 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 2018.

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