

## Press Release

*[For Immediate Release]*

# KWIH Announces 2019 Interim Results Underlying Profit Increased to HK\$1.48 billion

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## Total Attributable Contracted Sales of HK\$13.6 billion To Be Recognised Providing Solid Foundation for Future Profitability

### Financial Highlights

	For the Six Months Ended 30 June		
	2019	2018	Change
Underlying profit (HK\$ million)	1,480	32	+4,525%
Profit attributable to equity holders of the Company (HK\$ million)	1,526	578	+164%
Revenue (HK\$ million)	5,124	623	+722%
Attributable revenue (HK\$ million)	5,311	679	+682%
Basic earnings per share (HK cents)	48.82	18.88	+159%
Interim dividend per share (HK cents)	6	6	-

(Hong Kong – 20 August 2019) **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 2019.

During the first half of the year, the Group launched its premium projects in Hong Kong and Mainland China at opportune times and recorded satisfactory sales, resulting in attributable contracted sales of approximately HK\$6.4 billion while attributable revenue amounted to HK\$5.31 billion, mainly from K. City in Hong Kong, The Peak in Nanjing, J Metropolis in Guangzhou, and Silver Cove in Dongguan. As of 30 June 2019, the Group’s unrecognised contracted sales amounted to approximately HK\$13.6 billion, expected to be accounted for in the second half of 2019 and 2020, underpinning its future profitability. The occupation permit for Solaria in Hong Kong was expected to be obtained soon. The Group will then file the application for certificate of compliance, to be followed by handover of the project’s sold units as soon as possible. The underlying profit exceeded HK\$1.48 billion and profit attributable to equity holders amounted to approximately HK\$1.53 billion. Considering the amount of contracted sales to be recognised and the development progress of our project, the Board of Directors remains confident about the Company’s long-term sustainable growth and decided to pay an interim dividend of 6 Hong Kong cents per share.

**Dr Lui Che-woo, Chairman of KWIH**, said, “Political and economic conditions both worldwide and in Hong Kong had brought uncertainties to the property market in the first half of 2019. Nevertheless, adhering to its prudent yet pragmatic strategic approach, KWIH launched its premium projects at the opportune time, and generated satisfactory

sales. In Mainland China, despite the ongoing restrictive measures in the property market, the Group's projects in Shanghai, Nanjing and Guangzhou reported satisfactory sales. Moreover, the Group acquired several new projects in Hong Kong and Shanghai through joint ventures or on its own in order to replenish its land bank. This reflected our confidence in and that we are cautiously optimistic about the prospect of the property market".

### **Sales performance remains strong**

New batches of units of Solaria in Tai Po have been launched for sale since March this year and more than 130 units were sold in the first half of the year. As of mid-August, more than 870 units were sold, accounting for 75% of the total units, with contracted sales of HK\$7.4 billion recorded. At the same time, units for K. City in Kai Tak in the first half of the year were sold at an average price of HK\$35,000 per square foot. Of which, a 1-bedroom unit was sold at an average price of more than HK\$33,000 per square foot which set the record price per square foot for this type of unit for Kai Tak area.

In Mainland China, about 70 units of Windermere in Qingpu District, Shanghai were sold as of mid-August, accounting for 65% of the launched units, resulting in contracted sales of RMB510 million. The Palace III, Le Haut, in Xuhui District reported an outstanding sales performance since its launch in March of this year. As of mid-August, about 60 premium units were sold, with an average selling price of over RMB40 million per unit, generating contracted sales of RMB2.55 billion. Sales of these two projects will be recognised upon delivery of sold units to buyers expected in the second half this year. Quality of the Group's properties in Hong Kong and Mainland China is highly recognized in the market.

### **New development projects to be rolled out**

#### ***Hong Kong: K. Summit in Kai Tak and Grampian Road Project in Kowloon Tong***

The Group's second Kai Tak project, K. Summit, is to offer 1,006 units. The Group is expecting the presale consent for the project to be granted with the project then be launched for sale soon. Furthermore, the Grampian Road Project, located in a prime residential area well recognised for its luxury housing in Kowloon, comprises of five quality house units with construction works well underway. The project is to be launched for sale upon completion expected at the end of 2019.

#### ***Mainland China: Jianghai Site No. 02 and Site No. 12 projects in Jianghai District, Jiangmen; Chashan Project in Dongguan and National Hi-Tech Project in Suzhou***

Construction work is in progress for the two adjacent sites, Site 02 and Site 12, connected to Jiangmen East Station in Jianghai District, Jiangmen. The two projects are to provide more than 1,000 units each and are expected to be launched for sale in mid-2020. Construction works at the Chashan project in Dongguan and National Hi-Tech Project in Suzhou have already commenced. First batch of units of these two projects is also expected to be launched to the market as soon as 2020.

Apart from the abovementioned projects, development of a number of projects is proceeding as scheduled including: the West Rail Kam Sheung Road Station (Phase 1) development project and a harbourfront residential project in Cheung Sha Wan, both in Hong Kong; the land parcel located at Xinhua Zhen West Site, Huadu District,

Guangzhou; the Jiangning District project in Nanjing and the Weifang Village Street project located in Pudong District, Shanghai and the Group's joint-venture projects in Mainland China. The Group will continue to launch its projects in its pipeline timely.

### **Successful landbank replenishment through flexible development strategy**

KWIH focuses on developing property projects in Hong Kong and key cities in the Yangtze River Delta and Pearl River Delta regions while also exploring development opportunities and evaluating new projects in other cities close to those in which the Group has investments, on its own or through joint ventures. Following its successful acquisition of quality land parcels in some cities in Mainland China in 2018, the Group acquired two new residential projects through joint ventures, namely the MTR LOHAS Park Station Package 11 and a Kai Tak project in Hong Kong, in April and July of the year respectively. In Mainland China, the Group acquired a commercial land parcel in Changning District, Shanghai on its own in July. These three new projects added to the Group's landbank a total attributable GFA of approximately 79,000 sq. m.

### **Expanding portfolio of properties for investment which provides satisfactory rental income**

KWIH proactively expands its portfolio of properties for investment to enhance its recurring rental income and cash flows. During the first half of 2019, rental (including hotel) income rose by 7% year-on-year to approximately HK\$350 million.

As for commercial facilities, the average occupancy rate of Shanghai K. Wah Centre was 99% in the first half of 2019, while J SENSES, a specialty retail and dining complex in Hong Kong, reached 99% occupancy rate as of this June end. Palace Lane in Shanghai and Cove Gala in Dongguan were fully operational in the second half of 2018, with an average occupancy rate of around 95% and 80% respectively during the first half of 2019. K. Wah Plaza, a comprehensive development project located in Huadu, Guangzhou, was completed at the end of last year. Leasing of the office tower and commercial portions is underway while some tenants have already moved in and been operating.

As for hotel and serviced apartments, the performance, in terms of occupancy and room rate, of Crowne Plaza in Huadu, Guangzhou, was stable. The serviced apartments in Shanghai, Stanford Residences Jing An and Xu Hui, have maintained a high occupancy rate with more than 90% on average, while the occupancy rate of Stanford Residences Jin Qiao has been gradually increasing during the first half of 2019.

### **Solid financials underpin stable development**

KWIH has maintained a sound financial position. As of 30 June 2019, the Group's cash and bank deposits amounted to approximately HK\$6.2 billion and its net gearing ratio was 28%. The Group has continued with its strict and prudent financial policies. Despite the rising HIBOR, the average interest rate of the Group was at 2.8% in the first half of 2019, up by 0.3 percentage point compared with that of 2018. As of June end, the Group had available undrawn banking facilities totalling approximately HK\$19.3 billion, together with cash on hand, the Group had sufficient resources to seize future investment opportunities on its own or through joint ventures.

In addition, the Group is monitoring the risks brought by the interest rate movement and to raise the proportion of its fixed rate debts appropriately, so as to lock the interest expense of some borrowings and to manage risks.

**Dr Lui** concluded, “As the future business environment will remain challenging, KWIH will closely monitor the latest political and economic events globally and Hong Kong’s uncertainties and latest development, and will prudently and proactively face the opportunities and challenges. Meanwhile, the Group keeps abreast of the market development in order to launch new projects at an opportune time. It also continues to execute its development plans on a disciplined basis, so that it can capture opportunities to replenish its landbank at an appropriate price in a bid to keep driving its business development and to bring satisfactory returns to shareholders”.

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### **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, MSCI Hong Kong Small Cap Index and Hang Seng Stock Connect Greater Bay Area Composite 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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