

Press Release
[For Immediate Release]

KWIH Announces 2019 Annual Results Underlying Profit Grows 5% to HK\$3.16 billion

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Total Attributable Contracted Sales to Be Booked Exceeds HK\$10 billion Laying a Solid Foundation for its Profit in the Future

Financial highlights

	For the Year Ended 31 December		
	2019	2018	Change
Underlying profit (HK\$ million)	3,156	3,005	+5%
Profit attributable to equity holders of the Company (HK\$ million)	3,150	4,046	-22%
Revenue (HK\$ million)	10,652	10,760	-1%
Attributable revenue (HK\$ million)	11,714	10,918	+7%
Basic earnings per share (HK cents)	100.79	129.51	-22%
Dividend per share (HK cents)			
Final	14	14	-
Total	20	20	-

(Hong Kong – 24 March 2020) **K. Wah International Holdings Limited** (“KWIH” or “the Group”) (stock code: 00173) has today announced its annual results for the year ended 31 December 2019.

Adhering to its commitment to “Quality and Excellence”, the Group launched its premium projects based on its prudent approach during the year under review and recorded satisfactory sales results, mainly from K. City in Hong Kong, The Palace III - Le Haut and Windermere in Shanghai, The Peak in Nanjing and J Metropolis in Guangzhou. As at 31 December 2019, total attributable contracted sales to be booked amounted to HK\$10.8 billion, which are expected to be booked in 2020 or 2021 and laid a solid foundation for the Group’s profit in the future. Although the market was rather volatile in the year, underlying profit for the year 2019 grew 5% year-on-year to HK\$3.16 billion. With fewer investment properties completed for or converted to leasing in 2019, revaluation gain from investment properties was less than 2018, so profit attributable to equity holders of the Group decreased to HK\$3.15 billion. The Board of Directors has recommended a final dividend of 14 HK cents per share. Total dividend for the year amounted to 20 HK cents per share, continuing to provide shareholders with stable returns.

Dr Lui Che-woo, Chairman of KWIH, said, “In the past year, the local economy was badly affected by uncertainties resulting from complicated political and economic conditions, both in Hong Kong and globally. KWIH continued to replenish its landbank in Hong Kong and Mainland China based on a versatile development strategy, providing a solid impetus for its

future development.”

New development projects to be timely launched

Hong Kong: K. Summit in Kai Tak, Grampian Road project in Kowloon Tong, harbourfront project in Cheung Sha Wan

The Group has obtained pre-sale permit for K. Summit, its second project in Kai Tak, at the end of last year. The first batch of units has already been launched. Another batch of units was also just launched for sale. Construction of the Grampian Road project located in a prime residential area in Kowloon is well underway and is expected to be completed in the second quarter this year. This project will be launched for sale after its completion. As for the harbourfront project in Cheung Sha Wan, the pre-sale consent for over 500 units of Phase 1 is being applied.

Mainland China: J City and Jiajun Garden in Jiangmen, National Hi-Tech project in Suzhou and Chashan project in Dongguan

Construction work is in good progress for J City, comprising two adjacent land sites connected to the Jiangmen East Station in Jiangmen, and it is expected to be launched for sale in 2020. The first batch of units of Jiajun Garden, the Group's 50% held Junjingwan Project in Jingmen, were launched for sale in January this year. The construction of Lot 42, National Hi-Tech District project in Suzhou is progressing smoothly and expected to be launched in the second half of this year. Chashan project in Dongguan acquired by the Group in 2018 commenced construction in the second half of last year. The first batch of units will be available for sale in the second half of this year at the earliest.

The Group will closely monitor market changes and launch the remaining units of our projects, including Solaria and K. City in Hong Kong, The Palace III and Windermere in Shanghai, Silver Cove in Dongguan.

Landbank replenishment

Capitalising its solid financial strengths and prudent strategy, KWIH successfully replenished quality land parcels. The Group acquired three new residential land parcels in Hong Kong through joint ventures, the MTR LOHAS Park Station Package 11 and two Kai Tak projects. As for the Yangtze River Delta region, the Group acquired a commercial land parcel in the Changning District, Shanghai and a residential land parcel in Xiangcheng District, Suzhou on its own last year. In the Pearl River Delta region, the Group has participated in the development of a project in Jiangmen through joint venture. These six new projects added to the Group's landbank a total attributable GFA of approximately 180,000 sq. m. during the year under review. Currently, the Group has a landbank boasting an attributable GFA of approximately 1.6 million sq. m. in Hong Kong and Mainland China for property development.

Stable Investment Property Portfolio

KWIH continues to expand its portfolio for investment to increase its recurring rental income and cash flows. As at the end of 2019, attributable GFA of the Group's portfolio of properties for investment was approximately 280,000 sq. m.. During the year under review, rental income (including hotel income) grew by 7% year-on-year to approximately HK\$695 million.

As for commercial facilities, the average occupancy rate of Shanghai K. Wah Centre was 95% during last year, while J SENSES, a specialty retail and dining complex in Hong Kong, reached 100% occupancy rate as of December end. Construction of EDGE, the new office project located at Suzhou Creek, Jingan District in Shanghai, was completed last December, with a GFA of approximately 20,000 sq. m., is expected to be ready for handover in the second quarter this year. However, the commencement date of some of the lease contracts will be slightly deferred due to the COVID-19. The Wuyi Road commercial project located in Changning District in Shanghai will be developed into a special commercial and office complex.

Hotel and serviced apartments, namely Stanford Residences Jing An and Xu Hui in Shanghai, maintained a high occupancy rate of over 90% on average. The occupancy and room rate of Crowne Plaza Hotel Guangzhou Huadu remained stable during the year under review.

Maintained Solid Financial Strength

KWIH has maintained a sound financial position. As at 31 December 2019, the Group's gearing ratio was 37%. In March 2020, the Group executed a 4-year club loan amounting to HK\$4 billion with a number of banks under favourable financing terms. The loan will not only help the Group raise available funding and save interest expenses, but will also help it extend the overall maturity period of loans, hence enhancing its financial flexibility and financing strength.

Dr Lui concluded, "Despite this challenging business environment, KWIH remains cautiously optimistic about the Hong Kong and China property demand. We have witnessed, and steered through, countless difficult periods over decades of its business development in Hong Kong. With a pragmatic mindset backed by solid financial strength and our wealth of experience, I have no doubt that the Group will again overcome any challenges and continue to stably develop its business by seizing opportunities available in a soft market. I hope that the pandemic will be over soon and wish Hong Kong people well."

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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, hotel 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 3.75% stake in Galaxy Entertainment Group Limited (stock code: 00027) as of 31 December 2019.

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