

Press Release
[For Immediate Release]

KWIH Announces 2020 Annual Results
Underlying Profit Increased by 12% to HK\$3.5 billion
Dividend for the Year Increased by 5%

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Total Attributable Contracted Sales to be Recognised
Reaches HK\$10.5 billion
Laying a Solid Foundation for Future Profit

Financial highlights

	For the year ended 31 December		
	2020	2019	Change
Underlying profit (HK\$ million)	3,542	3,156	+12%
Profit attributable to equity holders of the Company (HK\$ million)	3,268	3,150	+4%
Revenue (HK\$ million)	11,732	10,652	+10%
Attributable revenue (HK\$ million)	12,454	11,714	+6%
Basic earnings per share (HK cents)	104.55	100.79	+4%
Dividend per share (HK cents)			
Final	14	14	-
Total	21	20	+5%

(Hong Kong, 23 March 2021) **K. Wah International Holdings Limited** (“KWIH” or “the Company” or “the Group”) (stock code: 00173) today announced its annual results for the year ended 31 December 2020.

Backed by its prudent strategy and persistence in the delivery of exquisite quality projects, KWIH accurately assessed market sentiments during the year under review. The premium projects launched in Hong Kong and Mainland China reported satisfactory sales. Revenue recognised was mainly from Solaria in Hong Kong, The Palace III - Le Haut and Windermere in Shanghai and Silver Cove in Dongguan. As of 31 December 2020, the total attributable contracted sales yet to be recognised amounted to HK\$10.5 billion, and they are expected to be accounted for in 2021 or 2022, underpinning the Group’s future profitability. During the year under review, the Group’s underlying profit amounted to approximately HK\$3.5 billion, while profit attributable to equity holders amounted to about HK\$3.3 billion. The Board of Directors has recommended a final dividend of 14 HK cents per share. Total dividend for the year amounted to 21 HK cents per share, representing a year-on-year increase of 5%.

Dr Lui Che-woo, Chairman of KWIH, said, “2020 was a year full of challenges. The COVID-19 adversely affected the global political and economic landscape. The Hong Kong economy was also subject to severe interruption. Benefited from its sound and prudent development strategy, KWIH secured satisfactory sales results as it continued to launch timely its premium projects in Hong Kong, the Yangtze River Delta and Pearl River Delta regions.”

Sales performance remained stable

The handover of the sold units to buyers of Solaria in Tai Po, Hong Kong started from February 2020. As of December 2020, approximately 85% of its units had been sold. Majority of the contracted sales were recognised during the year upon handover of the sold units. K.SUMMIT in Kai Tak reported satisfactory sales performance during the year under review. As of December 2020, more than 650 units of the project were sold, generating contracted sales of approximately HK\$7.2 billion.

In the Yangtze River Delta region, The Palace III - Le Haut and Windermere in Shanghai as well as the joint venture project in Suzhou achieved satisfactory sales results in general. In the Pearl River Delta region, Bayview, located at Dongguan's Songshan Lake District, was launched in the fourth quarter of 2020 with overwhelming results. J City and the joint venture project in Jiangmen recorded stable sales performance during the year under review.

Premium projects to be rolled out in 2021

Hong Kong: Grampian Road project in Kowloon Tong, Grand Victoria, a harbourfront project in South West Kowloon and Kam Sheung Road Station Package 1 in Yuen Long

The Grampian Road project, located in a traditionally prestigious residential area of Kowloon, was granted occupation permit. The project offers five premium house units of over 4,000 sq. ft. each. The project is expected to be launched for sale as completed units during 2021. On the other hand, the construction of Grand Victoria, a harbourfront project to be developed in three phases in South West Kowloon, is progressing well. The pre-sale consent applications had already been issued in February 2021 and Phase 1 was launched for sale in mid-March of 2021 with satisfactory response. In addition, the property development project, Kam Sheung Road West Rail Station Package 1 in Yuen Long, is scheduled to be launched for sale in the second half of 2021.

Mainland China: Azure in Shanghai, Xiangcheng District project in Suzhou, Jiangning District project in Nanjing and Cosmo in Guangzhou

In the Yangtze River Delta region, Azure in Pudong New District is expected to be launched for sale in 2021. The construction of the project at Lot 2019-WG-29, Gaotixincheng, Xiangcheng District, Suzhou is making good progress. The first batch of its units is expected to be launched to the market in the second half of 2021. Meanwhile, the project at Site G89, Jiangning District, Nanjing is expected to be launched by the end of 2021. In the Pearl River Delta region, Phase 1 of Cosmo in Huadu District, Guangzhou has a GFA of approximately 180,000 sq. m. and the first block of units has just been launched to the market in mid-March of 2021.

The Group will closely monitor market changes and put the remaining units of our launched projects, including K.SUMMIT and Solaria in Hong Kong, The Palace III and Windermere in Shanghai, Bayview in Dongguan and J City in Jiangmen, etc. to the market. The Group is also developing its joint venture projects as scheduled and will continue to launch its projects in a timely manner.

Sound investment property portfolio

KWIH has a comprehensive portfolio of properties for investment, comprising Grade-A office towers, commercial facilities, serviced apartments and hotel, generating recurring rental income and cashflow. As of the end of 2020, 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) dropped by 9% year-on-year to approximately HK\$630 million amid the impact of COVID-19. KWIH offered short-term rent concessions to certain tenants in Hong Kong and in Mainland China to alleviate their operational and cashflow pressure.

As for commercial facilities, the average occupancy at K. Wah Centre in Shanghai was about 95% during the year. The occupancy at J SENSES, the speciality retail and dining complex in Hong Kong, reached 100% as of December end 2020. EDGE located in Suzhou Creek, Jingan District, Shanghai, was ready for occupancy at the beginning of 2020, and leasing campaign progressed well. The property has been fully let after the execution of the tenancy with a world renowned biopharmaceutical company in March 2021. The urban renewal project at Wuyi Road in Shanghai is scheduled to be completed and will be put up for leasing in 2022. As for hotel and serviced apartments operations, Stanford Residences Jing An and Stanford Residences Xu Hui maintained a high occupancy rate of over 80% on average. The travel restrictions since the outbreak of the pandemic have inevitably affected the occupancy rate of Crowne Plaza Guangzhou Huadu during the period under review.

Land bank replenishment

Capitalizing on its solid financial status and prudent development strategies, KWIH replenished quality land parcels. In October 2020, the Group acquired the MTR LOHAS Park Station Package 13, with a total GFA of approximately 144,000 sq. m., through a joint venture. The Group also solely acquired a mega comprehensive development project in Hexi New Town, Nanjing. The project has a total GFA of approximately 477,000 sq. m. With its premium location in the Hexi CBD, it has strong development potential. The Group currently has a land bank for a total attributable GFA of approximately 1.85 million sq. m. in Hong Kong and Mainland China for property development.

Solid financial strength

KWIH has been upholding a prudent financial strategy and maintained a sound financial position. As at 31 December 2020, the Group's net gearing ratio was 39% and had cash on hand of approximately HK\$7.7 billion. Together with the available undrawn banking facilities of approximately HK\$12.1 billion, the Group has sufficient funds to enable it undertake suitable investment opportunities.

Dr Lui concluded, "Governments around the world have rolled out COVID-19 vaccination campaigns for their citizens, global economic recovery will be back on track. The business environment remains tough for some of the business sectors and given that the Hong Kong economy is subject to external factors and high local unemployment rate, some property investors may prefer to stand sidelined amidst cautious sentiment. But the global interest rate remains low and the unyielding demand for residential properties remains. Thus, KWIH remains cautiously optimistic for the stable and healthy

development of the local and Mainland property markets in the medium to long term. In the meantime, we will take great care to continuously develop our business by pursuing business opportunities in Hong Kong, the Yangtze River Delta and the Greater Bay Area. ”

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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 3.74% stake in Galaxy Entertainment Group Limited (stock code: 00027) as of 31 December 2020.

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