

KWIH Announces 2012 Interim Results Profit Attributable to Equity Holders Surges By 605% to HK\$2,899 Million

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Shrewd Strategy Generates Strong Sales Performance Active Land Bank Expansion Facilitates Sustainable Growth

Financial Highlights

	For the Six Months Ended 30 June		
	2012	2011	Change
Revenue (HK\$ million)	2,838	864	228%
Gross Profit (HK\$ million)	1,823	573	218%
Profit Attributable to Equity Holders (HK\$ million)	2,899	411	605%
Total Comprehensive Income Attributable to Shareholders (HK\$ million)	3,648	1,862	96%
Basic Earnings per Share (HK cents)	112.51	16.10	599%
Interim Dividend (HK cents)	5	2	150%
NAV per Share	6.3	4.9*	29%

*As at 31 December 2011

(Hong Kong—28 August 2012)—**K. Wah International Holdings Limited** (“KWIH” or the “Group”) (stock code: 173) today announced its interim results for the six months ended 30 June 2012.

During the review period, KWIH recorded revenue of HK\$2,838 million, a surge of 228%, which was mainly derived from the property sales of Shanghai Westwood III, Chantilly on Stubbs Road in Hong Kong, Le Palais at Jianshebei Road in Guangzhou as well as from the rental income of Shanghai K. Wah Centre.

Profit attributable to equity holders jumped substantially by 605% to HK\$2,899 million, which was due to handsome profit contributions generated from strong sales of Marinella in Hong Kong, in which the Group has a 35% interest, and Shanghai Westwood III, as well as gain on the disposal of a 41.5% stake in Shanghai Baoland and the increase in fair value of investment properties held by the Group. Meanwhile, total comprehensive income attributable to equity holders increased by 96% to HK\$3,648 million.

Basic earnings per share were 112.51 HK cents (2011: 16.10 HK cents per share), an increase of nearly six folds year-on-year. The Board of Directors recommended payment of an interim dividend of 5 HK cents per share (2011: 2 HK cents per share).

Dr Lui Che-woo, Chairman of KWIH, said, “The Group is pleased to report remarkable results in the first half of the year. Despite ongoing challenges facing the global economy, the Group captured exceptional sales by launching several quality residential projects in Hong Kong and the Mainland at opportune time, and with our incisive marketing strategy. Among the projects, Marinella in Hong Kong and Shanghai Westwood III have brought strong profit contributions to the Group. With a pipeline of premium projects in Hong Kong and Mainland China set for launch and completion in this year and the next, we are optimistic about our future prospects.”

Encouraging sales results achieved by launching quality residential projects in Hong Kong and Mainland China tapping strong demand

During the period under review, the Group successfully tapped huge demand for quality residential properties and achieved satisfactory sales by launching mid-to-high end projects in Hong Kong, Shanghai and Guangzhou at appropriate timing. In the future, the Group will continue to adopt versatile strategy of introducing quality projects at the most opportune time so as to address market demand and sustain business growth.

Hong Kong: Continue selling a number of large-scale residential projects, including Marinella, Providence Bay and Providence Peak in the second half year to meet huge demand for luxurious residences; premium projects such as Chantilly will be put on the market at the most opportune time

The Group has collaborated with leading property developers to create a number of luxury residential projects including Marinella, The Coronation, Providence Bay and Providence Peak, all of which have enjoyed positive response from the market.

Marinella, which the Group has a 35% interest, recorded accumulated sales of more than 90% of units, with penthouses, exquisite garden units and a handful of typical units remaining for launch in the second half year. Boasting splendid setting and magnificent views, these rare prestigious units are expected to fetch good prices and hence promising profit contributions to the Group in the remaining year. The Coronation (Group interest: 15%) in West Kowloon also achieved overwhelming response with over 99% of the units being sold. A few remaining special units will be put on the market in the second half year. The two low-density luxurious oceanfront residential developments in Pak Shek Kok, Tai Po, Providence Bay (Group interest: 15%) and Providence Peak (Group interest: 25%), the latter being launched for pre-sale in June, have been well received by the market. Completions of all of the aforementioned projects are scheduled in 2012. During the period under review, the Group’s two ultra-luxurious residential projects, Chantilly and The Great Hill, have also recorded multiple transactions. The Group will launch more units from these two projects as opportunity dictates.

Mainland China: Shanghai Westwood III continued to deliver handsome gains and profits to the Group while the newly launched Upstream Park in Shanghai saw encouraging results; favourable sales response to Le Palais in Guangzhou

Underlying demand for quality residential properties remains strong in Mainland China. Benefiting from interest rate cuts by the People's Bank of China and favourable monetary policy, part of the pent-up demand has been released. In Shanghai, units from the first four residential buildings at Shanghai Westwood III, which targets buyers of mid-to-high end properties, have been nearly sold out, and starting handover of units since the end of last year. Subsequent to the review period, the Group launched Upstream Park in the wake of interest rate reductions by the People's Bank of China in July, with close to 90% of the units sold thus far. The keen response underscored the appeal of KWIH's premier brand and product quality in fulfilling the demand for quality residences. The Group is actively planning the launch of the second phase of Upstream Park and the last block of Shanghai Westwood III in order to capture the opportune time. Meanwhile, the Group continues the sales of The Palace, a prestigious project located in Xuhui District, Shanghai. Another two projects are expected to be placed on the market in 2013, namely Grand Summit, a rare premium residential development in Jingan District, and a low density Qingpu District Project.

In Guangzhou, Le Palais at Jianshebei Road, Huadu District, has received encouraging response since its launch in July 2011. Fifty percent of the units have been sold thus far, with project completion expected in 2012. J Metropolis, the first phase of Huadu Mega Integrated Project in Xinhua Town, is scheduled for launch at an appropriate time in 2013.

Strong financial position with sufficient liquidity to drive long-term growth

The Group continued to adopt a prudent financial strategy and leveraged the low-interest environment to enhance its financial strength. The successful issue of US\$200 million guaranteed notes in May 2012 has provided the Group with greater financial flexibility and funding capability for future development. As at 30 June 2012, the Group had cash on hand exceeding HK\$5.5 billion and maintained a healthy gearing ratio of 22%. To further bolster its working capital, the Group has just concluded on 27 August 2012 a syndicated loan of HK\$2.8 billion with 17 international and local banks. This, coupled with a pipeline of quality projects in Hong Kong and Mainland China set for launch and completion in these two years, will further enhance the Group's liquidity for future development.

Secured a land parcel in Tseung Kwan O and continues to acquire quality land for development

While launching various projects, the Group also capitalized on market opportunities to expand its project portfolio. In early August this year, the Group successfully secured the 66D1 land lot with a GFA of nearly 300,000 sq ft in Tseung Kwan O, for approximately HK\$1,170 million. Aligning with the Government's "Energizing Kowloon East" development strategy, the Group will infuse innovative concepts into the development in creating stylish and quality residences. Currently, the Group has a total GFA of 1.7 million sqm under development and planning, which should suffice for years of development.

Dr Lui concluded, “Despite uncertainties in the external economies prevail, we believe the demand for quality properties will remain strong in Hong Kong and Mainland China. With the HKSAR Government actively increasing land supply and Mainland China’s austerity measures being conducive to the healthy development of the property market, we are confident that both property markets will present more opportunities. Leveraging on our expertise and strengths in developing niche and premium projects, the Group will adopt a prudently progressive strategy to capture investment opportunities in Hong Kong, the Yangtze River Delta and the Pearl River Delta, with the aim of creating a quality living environment for consumers while delivering promising returns to shareholders.”

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Photo 1: Management from KWIH (From left to right) - Alexander Lui, Executive Director; Dr. Lui Che-woo, Chairman; Paddy Lui, Executive Director; Herbert Hui, Chief Financial Officer



Photo 2: Dr. Lui Che-woo, Chairman

About K. Wah International Holdings Limited (stock code: 173)

K. Wah International Holdings Limited, listed in Hong Kong in 1987, is the property flagship of K. Wah Group. KWIH aims at establishing a position of large-scale integrated property developer and investor in the Greater China region. With a property portfolio encompassing premium residential developments, Grade-A office towers, retail spaces, hotels and serviced apartments, KWIH has a presence in Hong Kong, Shanghai, Guangzhou and Southeast Asia. Driven by a keen market sense and a versatile strategy, and backed by strong financial capability, KWIH has built up a sizeable and prime land reserve in major cities of China, and thus a strong foothold for future growth. KWIH has received several international accolades for its outstanding quality and service. Awarded Business Superbrands in the property development sector in 2006, KWIH was selected as the High-Flyer Outstanding Enterprises in two consecutive years, and was awarded the Top 10 Developers Award by BCI Asia in 2011.

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