

Press Release

For immediate release

KWIH Announces 2024 Interim Results Core Business Remains Solid

(Hong Kong - 21 August 2024) - **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 2024.

During the period under review, the Group continued to execute its sales strategy for premium residential projects, achieving stable results despite volatile market conditions. For the half year ended 30 June 2024, the attributable contracted sales amounted to approximately HK\$5.1 billion. As of 30 June 2024, the Group had unrecognised attributable contracted sales of approximately HK\$16.1 billion, which are expected to be accounted for in the coming one to two years. For the period under review, the Group’s attributable revenue was approximately HK\$1.8 billion, mainly from the property sales of K. Summit and the joint-venture project Grand Victoria in Hong Kong, as well as Cosmo in Guangzhou, along with rental income from Shanghai K. Wah Centre, etc. Profit attributable to equity holders amounted to approximately HK\$150 million. Underlying profit declined year-on-year to approximately HK\$130 million, primarily due to fewer completed projects with attributable contracted sales to be recognised. Having considered the amount of contracted sales yet to be recognised and the development progress of various projects, the Board of Directors remains optimistic about the Group’s steady development. The Group adheres to the principle of prudent financial management in preparation for future opportunities. The Board of Directors recommends an interim dividend of 4 HK cents per share.

In the first half of 2024, the global economy continued to face multiple challenges, including geopolitical tensions and sustained high interest rates. The Central Government implemented a number of measures to boost real estate demand. In late February, the Hong Kong Government cancelled all demand-side management measures for residential properties and suspended the Hong Kong Monetary Authority’s residential mortgage stress test, helping to gradually restore buyer confidence and encouraging developers to adopt more aggressive sales strategies to stimulate primary transactions.

Stable sales performance

In Hong Kong, the remaining four special units of K. Summit in Kai Tak were sold in early 2024, achieving contracted sales of approximately HK\$190 million. Grand Victoria, the joint-venture harbourfront project in South West Kowloon, sold more than 150 units during the period under review. As of the end of June 2024, approximately 85% of the units had been sold. Handover of units at Grand Victoria I, II, and III commenced last year. The first batch of units at Villa Garda III in Tseung Kwan O and KT Marina 1 was launched to the market in the second half of last year, with stable sales during the period under review.

In the Mainland, Avenir, part of a large-scale development project in Huajing Town, Xuhui District, Shanghai, was launched in February this year. The project received a strong market response, with all 440 three-bedroom and four-bedroom units were sold during the period under review, achieving total sales of approximately RMB 3.7 billion. By the end of June 2024, 10 out of the 11 blocks of Sierra, the residential portion of Phase I of the Group's large-scale development project in Jianye District, Nanjing, were launched. More than 95% of the launched units were pre-sold, achieving total sales of approximately RMB 5 billion. As the project is expected to be completed in the second half of the year, the relevant pre-sold units will be delivered and recognised in the second half of the year.

Quality projects to be rolled out

The solely-owned projects located in King's Road, Tin Hau, and Hospital Road, Mid-levels West in Hong Kong are expected to be launched for sale during the year. The joint-venture project in the Kai Tak runway area, Area 4A Site 2, had been granted pre-sale consent and will be launched for sale strategically based on market conditions. LOHAS Park package 13 in Tseung Kwan O is currently applying for pre-sale consent. The Group will closely monitor market dynamics and strategically market the launched projects in Hong Kong and the Mainland, including Solaria in Hong Kong, Cavendish in Nanjing, VETTA and Avanti in Suzhou, Cosmo in Guangzhou, Bayview in Dongguan, J City in Jiangmen and other joint-venture projects. Meanwhile, the Group's projects are progressing as planned.

Landbank replenishment in a prudent yet proactive manner

KWIH has maintained a prudent approach to acquiring quality land parcels, through sole ownership and joint ventures to maximise return potential. In June 2023, the Group solely acquired a project located on King's Road in Tin Hau, Hong Kong Island. The project has a total gross floor area (GFA) of approximately 43,000 sq. ft. and is currently under redevelopment. The Group's

current land bank comprises a total attributable GFA of approximately 1.5 million sq. m. across Hong Kong and the Mainland for development.

Comprehensive investment property portfolio

The Group continues to expand its premium investment property portfolio to enhance its recurring income and cash flow base. As of the end of June 2024, the attributable GFA of the Group's investment property portfolio totalled 310,000 sq. m. During the period under review, rental income (including hotel operations) amounted to approximately HK\$370 million, despite persistent RMB weakness.

In terms of commercial facilities, the average occupancy rate for Shanghai K. Wah Centre and EDGE in Shanghai reached 92% and 100%, respectively. Notably, the occupancy rate for J SENSES, the speciality retail and dining complex in Hong Kong, and other the commercial complex at Twin Peaks, and the shops at K. Summit reached 100%. In addition, WYSH, the urban redevelopment project on Wuyi Road in Shanghai, completed in July last year and more than 70% of the commercial portion was leased. Leasing activities for Cosmo Avenue, the shopping mall at the mega integrated development, Cosmo in Guangzhou, are currently underway, with soft openings of some tenants expected this year.

For serviced apartments and hotels, Stanford Residences Jing An and Xu Hui in Shanghai maintained a high occupancy rate of approximately 90% on average. The occupancy rate and average room rate at Crowne Plaza Guangzhou Huadu also recorded satisfactory growth during the period under review.

Maintained sound financial position

KWIH has maintained a solid financial position. During the period under review, the Group proactively implemented various debt reduction measures and achieved significant results. As of 30 June 2024, the Group's net gearing ratio was 11%, reflecting a year-on-year decrease of 6%. Cash and bank deposits amounted to approximately HK\$9.3 billion, with undrawn bank loans of approximately HK\$18 billion. The Group possesses a healthy balance sheet and sufficient funds to capture investment opportunities in a prudent yet proactive manner once the market recovers.

Outlook

Despite global economic uncertainties, recent macroeconomic indicators from the Mainland suggests signs of improvement. While upcoming U.S. presidential election at the end of the year and various geopolitical risks present challenges

to the global economy, the annual GDP growth forecast for the Mainland remains positive. In Hong Kong, the removal of property market cooling measures and a market trend towards reduced interest rates are expected to have a positive impact on the overall property landscape. At the same time, rising rents will also enhance buyers' investment appetite. KWIH remains cautiously optimistic about the medium-to-long-term property market prospects in Hong Kong and the Mainland. With its strong financial position and extensive experience, the Group is well positioned to adapt its development strategies and will continue to focus on developing premium properties.

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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 large-scale residential communities and comprehensive development undertakings such as premium residential developments, Grade-A office towers, hotel and serviced apartments, and retail premises. 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 held a 3.72% stake in Galaxy Entertainment Group Limited (stock code: 00027) as of 30 June 2024.

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