Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

嘉華國際集團有限公司
K. WAH INTERNATIONAL HOLDINGS LIMITED
於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability

(Stock Code: 00173)

Delivering Value with Distinctive Quality

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2022

ANNUAL RESULTS HIGHLIGHTS

The Board of Directors ("***Board***") of K. Wah International Holdings Limited ("***Company***") is pleased to announce the consolidated annual results of the Company and its subsidiaries (together the "***Group***") as follows:

- Revenue of the Group was HK$8,794 million and taking into account joint ventures and associated companies, total attributable revenue of the Group was HK$9,347 million.
- Underlying profit was HK$1,452 million while profit attributable to equity holders of the Company was HK$1,372 million.
- Earnings per share was 43.81 HK cents and the full year dividend per share (including final dividend per share of 14 HK cents) was 21 HK cents.
- Net asset value per share was HK$14.
- Attributable contracted sales of the Group amounted to a record high of HK$18.8 billion for the year ended 31 December 2022.
- As of 31 December 2022, attributable contracted sales of the Group yet to be recognised amounted to HK$18.6 billion.
- The Group has acquired three pieces of residential/commercial land in Hong Kong and the Mainland on its own or via joint ventures. The Group, with its financial resources, will continue to assess any opportunities, where appropriate, to replenish its landbank in Hong Kong, and the Pearl River and Yangtze River Deltas, on a disciplined basis and in a cautious manner.

CONSOLIDATED PROFIT AND LOSS STATEMENT
For the year ended 31 December 2022

	Note	**2022** *HK$'000*	2021 *HK$'000*
Revenue	3	**8,793,712**	16,217,700
Cost of sales		**(6,125,635)**	(10,656,596)
Gross profit		**2,668,077**	5,561,104
Other operating income		**534,443**	330,804
Other net gains		**149,217**	37,826
Change in fair value of investment properties		**(84,775)**	116,793
Fair value gain on transfer of development properties to investment properties		**-**	102,571
Fair value gain on transfer of investment properties to development properties		**-**	484,571
Other operating expenses		**(505,300)**	(858,898)
Administrative expenses		**(573,685)**	(658,563)
Finance costs	4	**(61,028)**	(36,122)
Share of losses of joint ventures		**(67,054)**	(5,979)
Share of profits of associated companies		**8,151**	16,015
Profit before taxation	5	**2,068,046**	5,090,122
Taxation charge	6	**(641,563)**	(1,650,829)
Profit for the year		**1,426,483**	3,439,293
Attributable to:			
Equity holders of the Company		**1,372,387**	3,354,877
Non-controlling interests		**54,096**	84,416
		1,426,483	3,439,293

		HK cents	*HK cents*
Earnings per share	7		
Basic		**43.81**	107.26
Diluted		**43.81**	107.17

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2022

	2022	2021
	HK$'000	*HK$'000*
Profit for the year	**1,426,483**	3,439,293
Other comprehensive income/(loss):		
Items that will not be reclassified to profit and loss:		
Change in fair value of financial assets at fair value through other comprehensive income	**1,819,822**	(3,225,309)
Exchange differences arising from translation		
- non-controlling interests	**(103,341)**	40,592
Item that may be reclassified to profit and loss:		
Exchange differences arising from translation		
- subsidiaries	**(2,556,182)**	825,624
- joint ventures and associated companies	**(28,414)**	8,952
Other comprehensive loss for the year	**(868,115)**	(2,350,141)
Total comprehensive income for the year	**558,368**	1,089,152
Total comprehensive income attributable to:		
Equity holders of the Company	**607,613**	964,144
Non-controlling interests	**(49,245)**	125,008
	558,368	1,089,152

CONSOLIDATED BALANCE SHEET
As at 31 December 2022

	Note	2022 HK$'000	2021 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**312,569**	356,821
Investment properties		**15,852,360**	16,946,902
Right-of-use assets		**19,426**	23,226
Joint ventures		**11,199,768**	11,225,144
Associated companies		**2,604,180**	3,120,932
Financial assets at fair value through other comprehensive income		**8,384,177**	6,564,355
Deferred taxation assets		**138,360**	146,223
Derivative financial instruments		**109,982**	-
Land deposit	9	**4,175,529**	-
Other non-current assets		**1,770,513**	2,367,954
		44,566,864	40,751,557
Current assets			
Development properties		**21,815,375**	26,835,315
Inventories		**1,383**	1,362
Amounts due from joint ventures		**61,088**	129,003
Debtors and prepayments	10	**482,144**	587,710
Tender deposits		**100,000**	100,000
Derivative financial instruments		**2,843**	-
Financial assets at fair value through profit or loss		**157,837**	1,166,702
Taxes recoverable		**788,011**	789,386
Cash and cash equivalents and restricted cash		**8,660,364**	8,136,563
		32,069,045	37,746,041
Total assets		**76,635,909**	78,497,598
EQUITY			
Share capital		**313,289**	313,023
Reserves		**43,542,869**	43,585,993
Shareholders' funds		**43,856,158**	43,899,016
Non-controlling interests		**2,786,713**	1,316,418
Total equity		**46,642,871**	45,215,434
LIABILITIES			
Non-current liabilities			
Borrowings		**12,244,037**	16,385,011
Derivative financial instruments		**-**	22,743
Lease liabilities		**4,956**	5,455
Deferred taxation liabilities		**2,679,471**	2,860,327
		14,928,464	19,273,536
Current liabilities			
Amounts due to joint ventures		**1,351,276**	773,232
Amounts due to associated companies		**63,873**	142,289
Creditors, accruals and other liabilities	11	**2,422,933**	2,429,360
Pre-sales deposits		**7,496,706**	3,891,367
Current portion of borrowings		**2,694,892**	2,598,955
Derivative financial instruments		**-**	3,338
Taxes payable		**1,034,894**	4,170,087
		15,064,574	14,008,628
Total liabilities		**29,993,038**	33,282,164
Total equity and liabilities		**76,635,909**	78,497,598
Net current assets		**17,004,471**	23,737,413
Total assets less current liabilities		**61,571,335**	64,488,970

NOTES

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("***HKFRSs***") issued by the Hong Kong Institute of Certified Public Accountants under the historical cost convention as modified by the revaluation of investment properties, certain financial assets and financial instruments, which are carried at fair values.

The accounting policies and methods of computation used in the preparation of the consolidated financial statements are consistent with those used in the consolidated financial statements for the year ended 31 December 2021, except as stated below.

The adoption of amendments and improvements to standards

In 2022, the Group adopted the following amendments and improvements to standards, which are relevant to its operations.

HKAS 16 (Amendment)	Property, Plant and Equipment: Proceeds before Intended Use
HKAS 37 (Amendment)	Onerous Contracts - Cost of Fulfilling a Contract
HKFRS 3 (Amendment)	Reference to the Conceptual Framework
HKFRS 9 (Amendment)	Financial Instruments
HKFRS 16 (Amendment)	COVID-19-Related Rent Concessions beyond 30 June 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Annual Improvements to HKFRSs 2018-2020 Cycle	

The above amendments and improvements to standards did not have significant impact on the Group's accounting policies and did not require retrospective adjustments.

New standard, amendments to standards, practice statement and interpretation that are not yet effective

		Effective for accounting periods beginning on or after
HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
HKAS 8 (Amendment)	Definition of Accounting Estimates	1 January 2023
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17 and HKFRS 17 (Amendment)	Insurance Contracts	1 January 2023
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024

The Group will adopt the above new standard, amendments to standards, practice statement and interpretation as and when they become effective. The Group has performed a preliminary assessment of the likely impact and anticipates that the application of these new standard, amendments to standards, practice statement and interpretation will have no material impact on the results and the financial position of the Group. The Group will continue to assess the impact in more details.

2. Segment information

The Group is principally engaged in property development and investment in Hong Kong and the Mainland. In accordance with the internal financial reporting of the Group provided to the chief operating decision-maker for the purposes of allocating resources, assessing performance of the operating segments and making strategic decisions, the reportable operating segments are property development and property investment. The Group regards the Board as the chief operating decision-maker.

The results of the operating segments represent the adjusted earnings before interest, tax, depreciation, amortisation and certain items (the "***Adjusted EBITDA***"). Certain items include other operating income/expenses, other net gains/losses, change in fair value of investment properties and fair value gain on transfer of development properties/investment properties. The Adjusted EBITDA excludes the share of results of joint ventures and associated companies. There are no sales or trading transactions between the operating segments. Others represent corporate level activities including central treasury management, hotel operation and administrative function.

Segment assets represent total assets excluding joint ventures, associated companies and other assets. Other assets mainly include financial assets at fair value through other comprehensive income, hotel building, inventories and other non-operating assets held by the corporate office.

	Property development		**Property investment**	**Others**	**Total**
	Hong Kong	**Mainland**			
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Year ended 31 December 2022					
Revenue from contracts with customers					
- Recognised at a point in time	**3,960,957**	**4,137,076**	**-**	**-**	**8,098,033**
- Recognised over time	-	-	-	**54,570**	**54,570**
Revenue from other sources					
- Rental income	-	-	**641,109**	**-**	**641,109**
Revenue	**3,960,957**	**4,137,076**	**641,109**	**54,570**	**8,793,712**
Adjusted EBITDA	**1,363,994**	**471,541**	**505,094**	**(213,004)**	**2,127,625**
Other income and expenses/gains, net					**178,360**
Depreciation and amortisation					**(33,233)**
Change in fair value of investment properties			**(84,775)**		**(84,775)**
Finance costs					**(61,028)**
Share of losses of joint ventures	**(48,538)**	**(18,516)**			**(67,054)**
Share of (losses)/profits of associated companies	**(14,155)**	**22,306**			**8,151**
Profit before taxation					**2,068,046**
Taxation charge					**(641,563)**
Profit for the year					**1,426,483**
As at 31 December 2022					
Segment assets	**6,070,013**	**31,649,233**	**16,209,817**	**-**	**53,929,063**
Other assets	**-**	**-**	**-**	**8,841,810**	**8,841,810**
Joint ventures	**9,747,344**	**1,513,512**	**-**	**-**	**11,260,856**
Associated companies	**2,575,421**	**28,759**	**-**	**-**	**2,604,180**
Total assets	**18,392,778**	**33,191,504**	**16,209,817**	**8,841,810**	**76,635,909**
Total liabilities	**6,942,195**	**20,042,357**	**2,957,697**	**50,789**	**29,993,038**

2. Segment information (Cont'd)

	Property development		Property investment	Others	Total
	Hong Kong *HK$'000*	Mainland *HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2021					
Revenue from contracts with customers					
- Recognised at a point in time	9,864,379	5,614,643	-	-	15,479,022
- Recognised over time	-	-	-	64,591	64,591
Revenue from other sources					
- Rental income	-	-	674,087	-	674,087
Revenue	9,864,379	5,614,643	674,087	64,591	16,217,700
Adjusted EBITDA	3,246,448	1,434,818	528,836	(275,089)	4,935,013
Other income and expenses/gains, net					(490,268)
Depreciation and amortisation					(32,472)
Change in fair value of investment properties			116,793		116,793
Fair value gain on transfer of development properties to investment properties			102,571		102,571
Fair value gain on transfer of investment properties to development properties			484,571		484,571
Finance costs					(36,122)
Share of (losses)/profits of joint ventures	(29,819)	23,840			(5,979)
Share of profits of associated companies	1,165	14,850			16,015
Profit before taxation					5,090,122
Taxation charge					(1,650,829)
Profit for the year					3,439,293
As at 31 December 2021					
Segment assets	9,342,789	30,072,938	17,612,943	-	57,028,670
Other assets	-	-	-	6,993,849	6,993,849
Joint ventures	9,479,467	1,874,680	-	-	11,354,147
Associated companies	3,113,050	7,882	-	-	3,120,932
Total assets	21,935,306	31,955,500	17,612,943	6,993,849	78,497,598
Total liabilities	10,732,773	18,930,062	3,543,888	75,441	33,282,164
Additions to non-current assets					
Year ended 31 December 2022	**325**	**8,723**	**187,303**	**926**	**197,277**
Year ended 31 December 2021	716	12,149	1,334,881	1,285	1,349,031

2. Segment information (Cont'd)

Geographical segment information

The Group operates in two (2021: two) main geographical areas: Hong Kong and the Mainland.

The revenue for the years ended 31 December 2022 and 2021 and total non-current assets (other than joint ventures, associated companies, financial assets at fair value through other comprehensive income, deferred taxation assets, derivative financial instruments, land deposit and other non-current assets) as at 31 December 2022 and 2021 by geographical area are as follows:

Revenue

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**4,050,934**	9,933,319
Mainland	**4,742,778**	6,284,381
	8,793,712	16,217,700

Non-current assets

	2022	2021
	HK$'000	*HK$'000*
Hong Kong	**2,897,843**	2,978,471
Mainland	**13,286,512**	14,348,478
	16,184,355	17,326,949

3. Revenue

	2022	2021
	HK$'000	*HK$'000*
Sale of properties	**8,098,033**	15,479,022
Rental income	**641,109**	674,087
Hotel operations	**54,570**	64,591
	8,793,712	16,217,700

4. Finance costs

	2022	2021
	HK$'000	*HK$'000*
Interest expenses		
Bank loans, guaranteed notes, overdrafts and others	**491,064**	386,993
Lease liabilities	**890**	729
	491,954	387,722
Capitalised as cost of properties under development	**(430,926)**	(351,600)
	61,028	36,122

5. Profit before taxation

	2022	2021
	HK$'000	*HK$'000*
Profit before taxation is stated after crediting:		
Interest income from banks	**131,481**	73,328
Interest income from joint ventures and associated companies	**141,295**	69,621
Dividend income from financial assets at fair value through other comprehensive income	**48,745**	-
Gain on disposal of investment property	**-**	4,575
Net fair value gains on derivative financial instruments	**138,906**	67,785
Net fair value gains on financial assets at fair value through profit or loss	**10,547**	23,342
Net exchange gains	**10,272**	17,771
and after charging:		
Cost of properties sold	**6,014,050**	10,526,532
Cost of inventories consumed/sold	**10,971**	13,075
Selling and marketing expenses	**375,020**	740,391
Depreciation for property, plant and equipment (net of capitalisation)	**25,541**	26,954
Depreciation for right-of-use assets	**7,692**	5,518
Lease expenses	**7,743**	7,935
Loss on disposal of property, plant and equipment	**96**	1,558
Net losses on settlement of derivative financial instruments	**10,412**	36,861

6. Taxation charge

	2022	2021
	HK$'000	*HK$'000*
Current		
Hong Kong profits tax	**240,973**	382,352
Mainland		
- Income tax	**256,296**	461,731
- Land appreciation tax	**96,543**	705,093
(Over)/under-provision in previous years	**(516)**	65
Deferred	**48,267**	101,588
	641,563	1,650,829

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits for the year after setting off available tax losses brought forward. Taxation assessable on profits generated for the year in the Mainland has been provided at the rate of 25% (2021: 25%). There is no income tax provided on other comprehensive income.

Land appreciation tax in the Mainland is normally provided at statutory progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, and is included in the profit and loss statement as taxation charge.

7. Earnings per share

The calculation of basic and diluted earnings per share for the year is based on the following:

	2022	2021
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**1,372,387**	3,354,877

	Number of shares	
	2022	2021
Weighted average number of shares for calculating basic earnings per share	**3,132,672,948**	3,127,814,615
Effect of dilutive potential ordinary shares - Share options	**4,157**	2,651,500
Weighted average number of shares for calculating diluted earnings per share	**3,132,677,105**	3,130,466,115

8. Dividends

	2022	2021
	HK$'000	*HK$'000*
Interim cash dividend of 7 HK cents (2021: 7 HK cents) per share	**219,303**	218,888
Proposed final cash dividend of 14 HK cents (2021: 14 HK cents) per share	**438,605**	438,605
	657,908	657,493

The Board recommended the payment of a final cash dividend in respect of 2022 of 14 HK cents (2021: 14 HK cents) per share. This dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2023.

9. Land deposit

Balance represents a land deposit for a new project in Huajing Town, Shanghai (2021: nil).

10. Debtors and prepayments

	2022	2021
	HK$'000	*HK$'000*
Trade debtors	**15,362**	4,916
Other debtors	**208,345**	222,314
Prepayments and other deposits	**52,681**	45,264
Sales commissions	**33,450**	34,999
Sales taxes	**172,306**	280,217
	482,144	587,710

Trade debtors mainly comprise rental receivables. Rental from tenants is due and payable in advance.

The aging analysis of the trade debtors of the Group based on the date of invoices and net of provision for bad and doubtful debts is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within one month	**4,926**	2,336
Two to three months	**8,624**	505
Four to six months	**752**	26
Over six months	**1,060**	2,049
	15,362	4,916

11. Creditors, accruals and other liabilities

	2022	2021
	HK$'000	*HK$'000*
Trade creditors	**1,491,086**	1,739,999
Other creditors	**93,094**	103,901
Accrued operating expenses	**615,787**	325,067
Rental and other deposits received	**219,438**	254,699
Lease liabilities - current portion	**3,528**	5,694
	2,422,933	2,429,360

Trade creditors mainly comprise construction cost payables.

The aging analysis of the trade creditors of the Group based on the date of invoices is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within one month	**1,483,228**	1,732,094
Two to three months	**1,904**	3,025
Four to six months	**2,304**	1,718
Over six months	**3,650**	3,162
	1,491,086	1,739,999

12. Guarantees

As at 31 December 2022, the Group has executed the following guarantees in respect of loan facilities granted by banks and financial institutions:

	2022		2021	
	Outstanding	**Utilised**	Outstanding	Utilised
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Joint ventures	**9,096,232**	**5,520,277**	12,736,762	7,670,048
Associated companies	**2,664,050**	**1,347,330**	980,000	683,885
Properties buyers (note)	**1,697,188**	**1,697,188**	1,807,975	1,807,975
	13,457,470	**8,564,795**	15,524,737	10,161,908

Note: The Group has provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties in the Mainland. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. Such guarantees shall terminate upon issuance of the relevant property ownership certificates.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONS REVIEW AND OUTLOOK

Operating Results

The revenue of the Group for the year ended 31 December 2022 was HK$8,794 million, primarily derived from the property sales of K. Summit and Solaria in Hong Kong, Cavendish in Nanjing and Bayview in Donggan, and the rental income of Shanghai K. Wah Centre. The attributable revenue of the Group (comprising the revenue of the Group and attributable revenue from joint ventures and associated companies of HK$553 million) was HK$9,347 million for the year ended 31 December 2022.

Profit attributable to equity holders of the Company was HK$1,372 million while the underlying profit of the Group was HK$1,452 million before the net of tax fair value change of investment properties for the year ended 31 December 2022. Both the revenue and profit attributable to equity holders of the Company were lower than 2021 as less pre-sold projects completed with attributable contracted sales to be recognised in the year.

The total comprehensive income attributable to equity holders of the Company was HK$608 million for the year ended 31 December 2022 after accounting for the fair value change on the non-current investment of an approximately 3.72% interest in Galaxy Entertainment Group Limited ("***GEG***") and exchange differences arising from translation of the Group's RMB denominated net assets at year-end.

Attributable contracted sales of the Group (comprised of contracted sales of the Group and attributable contracted sales from joint ventures and associated companies) in 2022 amounted to approximately HK$18.8 billion, a record high of the Group, mainly derived from Grand Mayfair and Villa Garda in Hong Kong, and Navale and Imperial Mansion in Shanghai as well as Cavendish and Sierra in Nanjing, the Mainland.

As of 31 December 2022, the Group had attributable contracted sales yet to be recognised amounted to approximately HK$18.6 billion, expected to be accounted for from the year of 2023 onwards.

Property Development

(A) Hong Kong

During the year, the Group continued to market the remaining units of various launched projects. In addition, we grasped the market windows to launch for sale the first batch of residential units of two joint venture projects, Grand Mayfair in Yuen Long and Villa Garda in Tseung Kwan O, in April and June respectively. Both the projects received overwhelming responses in the market with encouraging sales, while all the units on offer were sold out on launch day. More batches of units were put up for sale to meet with demand, resulting in attributable contracted sales amounted to approximately HK$5.8 billion.

Handover of pre-sold units for K. Summit continued with corresponding sales revenue of approximately HK$3.1 billion recognised, while contracted sales for the year amounted to approximately HK$0.5 billion.

The Group will continue to market its remaining units in launched projects. In addition, pre-sale consent for a new joint venture project in Kai Tak, KT Marina I, was granted and will be launched for sale soon. More projects in the sales pipeline will be launched for sale in 2023, subject to market conditions.

Construction works of projects under development are in progress as scheduled.

Details of the Group's major development projects are as follows:

K. Summit, Kai Tak (100% owned)

This premium residential development is located in the Kai Tak Development Area near the Kai Tak Station on the MTR Tuen Ma Line. It has a total GFA of approximately 53,000 square metres offering 1,006 units. The development of the project was completed in November 2021. Pre-sales began in late 2019 and have been well received by the market, leaving only a few special units available for sale.

2 Grampian Road, Kowloon (100% owned)

This project has 5 premium house units and is situated in one of Kowloon's prime residential areas with a total GFA of approximately 2,000 square metres. The development of the project has been completed and is ready to be put on market.

Inland Lot No. 8872, Hospital Road, Hong Kong (100% owned)

This prime site, with a total GFA of approximately 4,000 square metres, is located on a hillside, within walking distance to the MTR Sai Ying Pun Station. It enjoys panoramic city views, with a number of historical architectural buildings nearby. Planning and design work is underway.

Grand Victoria, South West Kowloon (22.5% owned)

This project, with a total GFA of approximately 91,800 square metres, is situated in a coveted urban waterfront location with panoramic harbour views, within walking distance to the MTR Nam Cheong Station. Jointly developed with other property developers, this project is being developed into a premium-graded residential property comprising 1,437 units in three phases. Pre-sales began in 2021 and over 60% of the units have been sold. The occupation permits of all three phases were obtained by February 2023. The handover of pre-sold units to buyers will commence after issuing certificate of compliance.

Grand Mayfair, Yuen Long (33⅓% owned)

This project has a total GFA of approximately 114,800 square metres and is next to the MTR Kam Sheung Road Station that connects to other parts of the city and offers convenient access to the Mainland. It is being developed into a premium residential project by a joint venture with other property developers comprising 2,200 units in three phases. Construction works are well underway and the project is targeted to complete in 2024. Pre-sales of Phases I and II were launched in the second quarter of 2022 with overwhelming market responses, 96% of the launched units have been sold. The last phase is expected to be launched for sale in 2023.

Villa Garda, Tseung Kwan O (30% owned)

This site, with a total GFA of approximately 88,800 square metres, is situated on the seafront at Tseung Kwan O and connected to the MTR LOHAS Park Station. The site is being developed into a premium residential project by a joint venture with other property developers offering 1,880 units in three phases. Construction works are well underway and the project is targeted to complete in 2024. Pre-sales of Phase I units were first launched in June 2022, followed by Phase II units in July. The market response was overwhelming with 95% of the launched units sold. The last phase is expected to be launched for sale in 2023.

KT Marina, Kai Tak (40% owned)

This site, with a total GFA of approximately 99,900 square metres, is located in the Kai Tak Development Area close to the Kai Tak Station on the MTR Tuen Ma Line. It is being developed into a premium residential project by a joint venture with other property developers offering 2,138 units in two phases. Construction works are well underway and the project is targeted to complete in 2024. Pre-sale consent for the project was granted with Phase I to be launched soon.

New Kowloon Inland Lot No. 6554, Kai Tak Area 4A Site 2 (10% owned)

This site, with a total GFA of approximately 111,900 square metres, is located in the Kai Tak Development Area opposite KT Marina, with panoramic views of Victoria Harbour. The project is being developed into a premium residential project by a joint venture with other property developers. Construction works are well underway with targeted completion in 2024. Pre-sales are expected to be launched in 2023.

LOHAS Park Package Thirteen Property Development, Tseung Kwan O (25% owned)

This site has a total GFA of approximately 144,000 square metres and is being developed into a premium residential project by a joint venture with other property developers. It is located northwest of the MTR LOHAS Park Station and enjoys views of Junk Bay. Construction works are well underway with targeted completion in 2025/2026. Pre-sales are expected to be launched in 2023.

(B) Mainland

During the year, the Group launched five new projects. They comprised four wholly-owned projects, Navale in Shanghai, Avanti in Suzhou, and Cavendish and Sierra in Nanjing, as well as a 49%-owned project, Imperial Mansion in Shanghai. They were generally well received by the market, generating total attributable contracted sales of around RMB8.2 billion for the Group.

Handover of pre-sold units to buyers at Bayview in Dongguan commenced in June following the completion of construction for the relevant residential blocks, with corresponding sales revenue of approximately HK$1.7 billion recognised for the year. On the other hand, the construction of projects in Shanghai was temporarily suspended amid the implementation of containment measures resulting from the COVID-19 outbreak, but then fully resumed in June. Despite this challenge, project delays are under control.

Following the above successful launches in the year under review, more units, as well as the remaining units of our other residential projects, will be put up for sale to meet market demand.

The development of the Group's projects under construction is progressing on schedule according to plan, and a number of projects in Shanghai and Dongguan are scheduled for completion in 2023.

Details of the Group's major development projects are as follows:

Shanghai, Nanjing and Suzhou

Navale, Pudong New District, Shanghai (100% owned)

This project, with residential buildings for a total GFA of approximately 14,200 square metres, is located by the Huangpu River in Pudong and is situated in the prime location of the Lujiazui Financial Centre. The project provides 106 residential units to the market and pre-sales were launched in June 2022 with overwhelming market responses. Except for a special unit remains available for sale, all the other units were pre-sold on launch day. The development was completed in January 2023.

Imperial Mansion, Hongkou District, Shanghai (49% owned)

This project, with a total GFA of approximately 47,000 square metres, is located in Hongkou District and will provide 215 residential units with commercial facilities. Pre-sales of residential units were launched in January 2022 with overwhelming market responses, all the residential units were pre-sold on launch day. Construction works are in progress with expected completion in 2024.

Site XHPO-0001, D1-2&D5B-1, Huajing Town, Xuhui District, Shanghai (60% owned)

This newly acquired project with a total GFA of approximately 195,800 square metres, located in a core development zone planned for artificial intelligence and life science industries, is in close proximity to a multiple-railway interchange. It is a comprehensive development and will be developed in phases integrating residences, offices, retail and a hotel for sale/long-term investment. Planning and design works are underway. The first phase of construction, including residential and office buildings, will be commenced in 2023.

Cavendish, Jiangning District, Nanjing (100% owned)

This project is located in Jiangning District, close to several railway and transportation networks and within walking distance from Nanjing South Railway Station. It has a total GFA of approximately 49,700 square metres, offering 381 residential units and ancillary commercial facilities. The project was completed in December 2021 with its sales launch in February 2022. Over two-thirds of the units were sold as of year-end.

Site 2020G72, Hexi New Town, Jianye District, Nanjing (100% owned)

This project, located in a core urban district, is in close proximity to the central business district of Hexi and next to Wuhoujie Metro Station with a total GFA of approximately 477,000 square metres. It is a comprehensive development and is being developed in phases integrating residences, apartments, retail, offices and a hotel for sale/long-term investment. The residential portions, Sierra, will consist of 11 towers with 856 units ranging in size from 103 to 211 square metres (three- to five-bedroom). Following the first launch of a residential tower in June with an encouraging market response, eight more towers were put on the market to meet buyer demand and approximately 96% units have been pre-sold. Pre-sales of the remaining two towers will be launched upon obtaining the relevant documents. Construction works are in progress with the residential towers scheduled to be completed in 2024.

VETTA, Xiangcheng District, Suzhou (100% owned)

This project is located in Suzhou Xiangcheng District, next to the Suzhoubei Railway Station and the Suzhou Rail Transit Line 2. It has a total GFA of approximately 70,400 square metres, offering 588 residential units of three- and four-bedrooms. Pre-sales were launched from July 2021 with two-thirds of the units pre-sold as of year-end. The development was completed in late December 2022 and the handover of pre-sold units to buyers is underway.

Avanti, National Hi-Tech District, Suzhou (100% owned)

This project is located in Suzhou National Hi-Tech District, next to the Suzhou Xinqu Railway Station, the Suzhou Rail Transit Line 3 and the Suzhou Rail Transit Line 6 under-construction. It has a total GFA of approximately 59,000 square metres and provides 514 residential units. The development was completed in August 2021 and first launched for sale in June 2022 with two-thirds of the launched units sold as of year-end.

Guangzhou, Dongguan and Jiangmen

Phases III&IV of K. Wah Plaza, Huadu District, Guangzhou (100% owned)

This completed project is close to Baiyun International Airport and has a total GFA of approximately 86,000 square metres, consisting of four buildings including apartments, offices and retail facilities. Over 70% of the apartments have been sold and the offices and retail portions are held for long term investment purposes.

Cosmo, Xinhuazhen West Site, Huadu District, Guangzhou (99.9% owned)

The project is only steps away from Baiyun District and is poised to benefit from enhanced transportation networks. It has a GFA of approximately 579,000 square metres and is being developed in phases for residential units and commercial complexes. The first phase, with residential units for a GFA of approximately 187,000 square metres, provides 1,474 units of two to four-room types in 12 towers and a commercial complex of 23,000 square metres. Presales of the residential units commenced from 2021, with approximately one-third of the launched units sold as of year-end. Construction works are in progress with the development of the first phase just completed in December 2022 and the handover of pre-sold units to buyers is underway.

An urban redevelopment project, Huangpu District, Guangzhou (70% owned)

In February, the Group participated in a joint venture with a local government-owned company for an urban redevelopment project. It is located in Huangpu District, close to Dashadi Station and Yuzhu Station of Metro Line 5, with a site area for redevelopment of approximately 22,000 square metres. Government approval for the project's master layout plan is in progress.

Bayview, Songshan Lake District, Dongguan (100% owned)

This project, situated in a prominent location in Songshan Lake District, Dongguan, is close to the central living area of Chashan Town with panoramic river views and in close proximity to Chashan Station on Dongguan's Rail Transit Line 2. It has a total GFA of approximately 159,000 square metres, providing 1,196 units, mainly of three and four-bedrooms and some special units, and approximately 2,000 square metres of ancillary commercial facilities. Pre-sales began in late 2020, approximately 75% of the units launched were pre-sold/sold as of year-end. The remaining units are expected to be launched in 2023, subject to market conditions. The development was partially completed with expected completion for the entire project in the first half of 2023.

J City, Jianghai District, Jiangmen (100% owned)

This project, located in Jianghai District and next to the Jiangmendong Railway Station of the Guangzhou-Zhuhai Intercity Railway, comprises two adjacent land sites with a total GFA of approximately 278,600 square metres in aggregate, providing 2,261 residential units available for sale with ancillary commercial facilities. The development was completed in phases by 2021 and approximately two-thirds of the launched units were sold as of year-end.

Jiajun Garden, Xinhui District, Jiangmen (50% owned)

This site is located in the area of Jiangmen Avenue, at the heart of transportation networks, schools and commercial districts. It has a total GFA of approximately 100,000 square metres, providing 858 residential units available for sale. The development was completed in phases by January 2022 and approximately 90% of the units were sold as of year-end.

Ziwei Gongguan, Xinhui District, Jiangmen (30% owned)

This project, located in the area of Jiangmen Avenue, is close to various transportation networks, schools and commercial areas. It has a total GFA of approximately 74,100 square metres, providing 642 residential units available for sale with ancillary commercial facilities. Pre-sales began in April 2021 with 40% of the launched units pre-sold as of year-end. The development was completed in late December 2022 and the handover of pre-sold units to buyers is being carried out.

Property Investment

The overall occupancy of our investment properties remained stable and at a high level throughout the year. However, rental income reported a slight drop, mainly due to rent concessions provided to certain tenants whose businesses were affected by the COVID-19 containment measures and the devaluation of RMB in the year under review.

Details of the Group's major investment projects are as follows:

(A) Hong Kong

J SENSES at J Residence, Johnston Road, Wan Chai (100% owned)

With a total GFA of approximately 3,400 square metres, J SENSES is a premium dining and shopping arcade located in a prime location on Hong Kong Island that offers the neighborhood a high-end dining and leisure environment. It was fully leased as of year-end and continues to deliver stable rental income to the Group.

Commercial Complex at Twin Peaks, Tseung Kwan O (100% owned)

With a total GFA of approximately 3,500 square metres, the complex serves the residents of Twin Peaks and the surrounding neighborhood. It was fully leased as of year-end and continues to deliver stable rental income to the Group.

Chantilly, 6 Shiu Fai Terrace, Stubbs Road (100% owned)

Located in a desirable area of Hong Kong Island, Chantilly offers a total GFA of approximately 5,100 square metres and is held for long term investment. Approximately 60% of the available units were leased as of year-end.

Shops at K. Summit, Kai Tak (100% owned)

With a total GFA of approximately 1,200 square metres, this complex serves the residents of K. Summit and the neighborhood. The shops were fully leased as of year-end.

(B) Mainland

Shanghai K. Wah Centre, Shanghai (69.6% effective interest)

This prime investment property is situated on Huaihai Zhong Road of Xuhui District, a central business district of Shanghai, with a total GFA of approximately 72,000 square metres. It continues to be one of the landmark offices in the city and a choice of multinational corporation tenants. The property achieved an average occupancy rate of 96% for the year and provided stable recurrent income for the Group.

Stanford Residences, Shanghai (100% owned)

The Group is dedicated to providing a privileged lifestyle residential environment for tenants in pursuit of high-end modern living. “Stanford Residences” including “Jing An” and “Xu Hui” with a total GFA of approximately 58,000 square metres, offer everything from five-star management services to sophisticated and contemporary interiors that feature stylish furniture and fittings. Throughout the year, they continued to enjoy high occupancy with an overall occupancy rate of approximately 90%, delivering a stable rental income to the Group.

Palace Lane, Shanghai (100% owned)

To serve its prestigious residents at The Palace and Xuhui’s high-end retail market, Palace Lane, with a total GFA of approximately 8,000 square metres, offers consumers a variety of leisure, food and beverage experiences. It has been well received, with full occupancy as of year-end.

EDGE, Shanghai (53.61% owned)

EDGE, located by Suzhou Creek in Jingan District, with a total GFA of approximately 21,000 square metres, is close to various public transportation networks and connected to Qufu Road Station, an interchange station for Line 8 and Line 12 of the Shanghai Metro. The concept of sustainability is integrated into its building design by incorporating green building features and the use of energy-efficient technologies and materials. It has been well received and was fully let as of year-end.

Wuyi Road, Changning District, Shanghai (100% owned)

This site is situated in a historical and cultural heritage area in a well-developed community with good public transport networks. It has a total GFA of approximately 14,300 square metres and is positioned to be an urban oasis integrating commerce, dining, leisure and entertainment with modern and traditional architectural elements. Construction works are in progress with expected completion in 2023. A leasing campaign is being carried out with positive responses received.

Cavendish’s commercial portions, Nanjing (100% owned)

The commercial portion, with a total GFA of approximately 7,300 square metres, was completed in December 2021 and became operational in mid-2022. It has received favourable market responses, with approximately 50% leased as of year-end.

Cove Gala, Dongguan (100% owned)

This commercial complex situated within Silver Cove has a total GFA of approximately 11,600 square metres. It provides daily needs for residents and is a popular destination for the neighborhood by offering consumers a wide variety of entertainment, leisure and dining experiences. It has been well received, with an average occupancy rate of nearly 70%.

K. Wah Plaza, Guangzhou (100% owned)

Situated in a prime location in Huadu District offering convenient access to a number of public transportation networks, this retail space and offices held for rental have a total GFA of approximately 51,000 square metres, with an overall occupancy of 50% as of year-end.

Land bank replenishment

The Group participated in a number of land bids and in July, on a sole basis, successfully acquired a residential site at Hospital Road, Hong Kong, for a total GFA of approximately 4,000 square metres. It also won a land bid, via a joint venture with a local government-owned property developer, for a site situated at Huajing Town, Xuhui District, Shanghai for a comprehensive development with a total GFA of approximately 195,800 square metres. Besides, the Group partnered with a local government-owned company in a joint venture for an urban redevelopment project located in Huangpu District, Guangzhou. We will continue to exercise discipline and sound judgment in evaluating land replenishment opportunities in Hong Kong and the Mainland, taking into account prevailing market situations.

Investment in GEG

The Group has an investment of 162 million shares, or approximately 3.72% (2021: 3.73%) interest, in GEG, measured at fair value and classified as non-current assets. As of 31 December 2022, GEG represented 11% (2021: 8%) of the Group's total assets and its share price increased to HK$51.6 (2021: HK$40.4). The increase in fair value of HK$1,820 million (2021: a decrease of HK$3,225 million) was recorded to reserves. During the year, a dividend of HK$49 million (2021: nil) was received from GEG.

The principal activities of GEG are gaming, the provision of hospitality and the sale, manufacture and distribution of construction materials. The audited consolidated loss attributable to equity holders of GEG for the year ended 31 December 2022 was HK$3,434 million (2021: profit of HK$1,326 million), while the audited consolidated net asset value attributable to equity holders of GEG as at 31 December 2022 was HK$63,914 million (2021: HK$68,425 million).

As stated in its 2022 annual results announcement, Macau has experienced solid demand and associated revenue following the reopening of borders. GEG continues to have great confidence in the future of Macau and is well positioned for future growth with a schedule to progressively open Phase 3 as well as the ongoing development of Phase 4. GEG has also been awarded a new 10-year Gaming Concession commencing on 1 January 2023.

The Board continues to view its investment in GEG as sound and for the long-term.

MARKET REVIEW AND OUTLOOK

Global, Mainland and Hong Kong

With COVID-19 vaccinations widely deployed and the pandemic more under control, global economic activities have gradually resumed through the year. However, abundant money supply resulting from quantitative easing policies implemented in major economies and supply chain disruption brought by the ongoing Russia-Ukraine conflict have pushed up inflation globally, with noticeably soaring energy and food prices. Western economies noted record-high inflation rates, with that in the United Stated ("US") jumped to 9.1%, a four-decade high; United Kingdom hit a 41-year high of 11.1%. Central banks around the world in response raised interest rates aiming to clamp down the rising prices. The US Federal Reserve aggressively raised the fed funds rate by 7 times to 4.25-4.50%. The Bank of England hiked interest rates by 8 times from 0.25% in January to 3.5% in December. Interest rates continued to hike into 2023, causing worry over recession, if hikes become too excessive.

The Mainland was on a different trajectory with its pursuit of a zero-COVID policy. Ongoing outbreaks of COVID-19 variants in the Mainland affected its economic activities severely. The GDP growth for 2022 slowed to 3% while inflation, in contrast to Western economies, remained relatively moderate at 2%. Shrinking demand, disrupted supply and weakened confidence, particularly in the property market, all hindered economic recovery in the year and remain the challenges in 2023.

Hong Kong fell into a recession in the year, the second time in three years, due to the raging fifth wave of COVID-19 infections and the consequential strict quarantine and social distancing measures, rising borrowing costs, cross-border supply chain disruptions as well as external headwinds. Nevertheless, Hong Kong will regain momentum and its GDP will grow by 3.5-5.5% in 2023 as estimated in its 2023 financial budget.

Hong Kong property market

Strict quarantine and social distancing measures were imposed in Hong Kong from early February 2022 to minimise infections during the fifth wave of COVID-19. With the social distancing measures in place and negative sentiments growing, primary and secondary property market transactions dropped by 42% and 39% year-on-year respectively in 2022. A government index tracking live-in home prices sank 15.6% year-on-year, the most significant drop since 1998. Nevertheless, the Group managed to successfully launch the sale of two development projects at MTR stations, Grand Mayfair and Villa Garda, in the year before the market stun amid the impact of the interest rate hikes.

Mainland property market

Slowdown in economic growth, ongoing strict COVID controls and worries over job security dampened buyers' appetite for homes. The debt crisis of financially over-leveraged the Mainland developers and the consequential impacts continued to adversely affect the property market in the year. The risk of Mainland developers being unable to complete their pre-sold projects limited home purchases and also impacted residential mortgages. In 2022, national new home sales volume and value decreased by 27% and 28% year-on-year respectively. Nonetheless, the Group took the opportunity to launch its residential project, Navale, Pudong, and the joint venture, Imperial Mansion, Hongkou, both in Shanghai. The Group also launched Sierra, residential portion of its large comprehensive development in Nanjing for sale from late June 2022 receiving an overwhelming response. Nevertheless, more relaxing measures have been implemented by the Central Government to provide liquidities to developers and potential buyers, stabilizing the market.

Conclusion

In early January 2023, the Central Government pivoted from its zero-COVID policy, removed some of its most stringent travel restriction measures. It certainly will be a significant catalyst to re-activate the Mainland's economic activities, if not globally. However, tensions escalate between China and US. Together with Russia-Ukraine conflict standstill and the fragile global economic outlook, the business environment remains challenging.

Despite all the uncertainties in the Mainland and globally, economic or otherwise, the Mainland's economic growth remains resilient and one of the top globally. The International Monetary Fund projected the Mainland's GDP will grow by 5.2% in 2023, up from 4.4% in its previous estimation last October and the Mainland's economy set to contribute a quarter of global growth while the official growth target is set at approximately 5% by the Central Government. Its productivities will pick up again following the lift-ups of the anti-COVID measures. Property market will also become more stable with all the supportive measures by the Central Government implemented or to be implemented. In Hong Kong, majority of the anti-COVID measures were removed and it opens up again with the Mainland and the rest of the world, all activities are expected to be back to normal. "Hello Hong Kong" campaign was recently launched to tell the world that Hong Kong is "back". On the other hand, interest rates in Hong Kong will likely be more stable in 2023 with US interest rates expected to peak in 2023. Underlying property user demand in Hong Kong and also from overseas investors and users ensures a stable market. Land markets, both in the Mainland and Hong Kong, soften and become less competitive. Regardless, the Group will adhere to our prudent strategy and be cautious in replenishing our land bank, taking into account the strength of market sales rebound. Overall, both economies of the Mainland and Hong Kong are expected to be improving gradually into 2023.

Despite the challenges in 2022, the Group achieved record-high contracted sales. Looking forward, we prudently believe the property markets in Hong Kong and the Mainland will be relatively stable and well supported following "life back to normal". The Group will continue to focus on developing quality projects in Hong Kong and tier-1 or 2 cities in the Mainland targeting upgraders and is well positioned to prudently capture any opportunities in Hong Kong and the Mainland. It is believed the new Central Government leadership will continue to adopt more supportive and stimulus policies and measures to boost its economy. The Hong Kong Government on its new term is also implementing more policies to acquire talents and attract corporates here, promoting its economic growth.

Hong Kong will be able to benefit from One-Country-Two-Systems in the long term as reiterated in the 20th National Congress of the Communist Party of China and with the strong support of the Mainland. Meanwhile, the "Northern Metropolis Development Strategy" will also be conducive to the integrated development of Hong Kong with Shenzhen as well as integration with other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, thereby creating more opportunities. The Group will capitalize on its solid financial strengths and prudent land replenishment strategy to grasp any opportunities for development in Hong Kong, the Yangtze River Delta and Pearl River Delta regions.

REVIEW OF FINANCE

Financial Position

The financial position of the Group remained satisfactory throughout the year. As of 31 December 2022, total funds employed (being total equity and total borrowings) were HK$62 billion (2021: HK$64 billion). The number of issued shares of the Company increased to 3,132,894,615 as of 31 December 2022 (2021: 3,130,234,615) due to the exercise of share options during the year.

Group Liquidity, Financial Resources and Gearing Ratio

The Group monitors its liquidity requirements on a short-to-medium-term rolling basis and arranges refinancing of the Group's borrowings when appropriate. As of 31 December 2022, the Group's borrowings were HK$14,939 million (2021: HK$18,984 million) and 18% is repayable within one year. The maturity profile of the borrowings is spread over a period of up to five years. The average interest rate for the Group during the year increased from 1.6% of last year to 2.6%.

As of 31 December 2022, the Group had available undrawn banking facilities totaling HK$19,074 million (2021: HK$18,132 million) comprising HK$15,804 million (2021: HK$12,686 million) for working capital and HK$3,270 million (2021: HK$5,446 million) for project facility purposes.

As of 31 December 2022, cash and bank deposits stood at HK$8,660 million (2021: HK$8,137 million), and approximately 82% was held in Renminbi. The gearing ratio, defined as the ratio of total borrowings less cash and bank deposits to total equity, decreased from 24% as of 31 December 2021 to 13% as of 31 December 2022, resulting from a net cash inflow.

A 4/5-year syndicated loan of HK$8 billion was executed in October 2022 at favourable cost for refinancing a club loan for the amount of HK$7 billion maturing in January 2023 and enhancing the Group's funding capability.

Treasury Policies

In order to minimise risk, the Group continues to adopt a prudent approach regarding foreign exchange exposure. Forward foreign exchange contracts are utilised when considered appropriate and when attractive pricing opportunities arise to mitigate foreign exchange exposures. Interest rate swap contracts are also utilised as appropriate to avoid the impact of any undue interest rate fluctuations on the Group's operations in the medium and longer term. Accordingly, interest rate swap contracts for 3 years or 5 years were executed, with the total amount of HK$2.5 billion (2021: HK$2.9 billion) as of year-end.

Of the Group's bank loans of HK$14,939 million as of 31 December 2022, approximately 90% was denominated in Hong Kong dollars, with the remainder in Renminbi. Approximately 83% of such borrowings were on a floating rate basis, with the remainder on fixed rate basis.

Charges on Group Assets

As of 31 December 2022, certain subsidiaries of the Group pledged assets (comprising investment properties and development properties) with aggregate carrying values of HK$4,921 million (2021: HK$20,374 million, pledged assets comprising investment properties, development properties, right-of-use assets, and buildings) to banks in order to secure the Group's borrowing facilities.

Guarantees

As of 31 December 2022, the Group has executed guarantees in favour of banks in respect of facilities granted to certain joint ventures and associated companies, amounting to HK$9,096 million (2021: HK$12,737 million) and HK$2,664 million (2021: HK$980 million) respectively, of which facilities totaling HK$5,520 million (2021: HK$7,670 million) and HK$1,347 million (2021: HK$684 million) respectively have been utilised. In addition, the Group provided guarantees amounting to HK$1,697 million (2021: HK$1,808 million) in respect of mortgage facilities granted by banks relating to mortgage loans arranged for purchasers of the Group's properties.

As of 31 December 2022, the Company has executed guarantees in favour of banks in respect of facilities granted to certain subsidiaries, joint ventures and associated companies, amounting to HK$30,698 million (2021: HK$29,943 million), HK$8,411 million (2021: HK$10,089 million) and HK$2,664 million (2021: HK$980 million) respectively. Of these, facilities totaling HK$14,548 million (2021: HK$17,127 million), HK$5,453 million (2021: HK$6,332 million) and HK$1,347 million (2021: HK$684 million) respectively have been utilised.

EMPLOYEES AND REMUNERATION POLICY

The Group believes its long-term growth and success depend upon the quality, performance and commitment of its employees. The Group's remuneration policy aims to offer competitive remuneration packages to attract, retain and motivate talents. With result-driven incentive programmes which are built upon our established performance management framework, the Group believes the remuneration packages of its employees are fair, reasonable and competitive in relation to comparable organisations with similar business interests.

The Group has put in place a share option scheme for its executives and employees since 1989 for the purposes of providing competitive remuneration package as well as retaining talents in the long term. The Group puts emphasis on employees' training and development opportunities which form an important component of the Group's human resources strategy. Training and development programmes are provided through internal and external resources in each year to address the needs of our employees for the sustainable development of our businesses.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

Adhering to its philanthropic spirit of "giving back to the society", the Group takes a holistic approach in taking tangible steps to minimise any negative impacts associated with its operations on the environment and keep abreast of industry best practices as it works to build a sustainable and resilient future.

As an integral part of the Group's operation, engaging its stakeholders in a collaborative manner is essential. To maintain a healthy relationship with employees, customers and suppliers, we constantly communicate with them and understand their needs and expectations. The Group works diligently to provide a safe working environment as well as attractive remuneration packages and self-learning platforms for our staff. To improve our products and customer service quality, we handle complaints in accordance with standard procedures in a timely and consistent manner. For the suppliers, we strictly comply with our standard operating procedures in the communication with them of our expectations on quality, Occupational Health and Safety requirements and regulatory compliance. Our management approach stresses quality control measures and regular audits to ensure our stringent requirements are met.

During the reporting year, the Group did not receive any reported cases of non-compliance with the relevant laws and regulations regarding the environment, labour standards, occupational health and safety, anti-corruption, or data privacy in Hong Kong and the Mainland. The Group has prepared a report for 2022 in compliance with Appendix 27 to the Rules Governing the Listing of Securities ("***Listing Rules***") of The Stock Exchange of Hong Kong Limited on "Environmental, Social and Governance Reporting Guide" (the "***ESG Report***"). A full version of the ESG Report will be available on the websites of the Company at (*www.kwih.com*) and Hong Kong Exchanges and Clearing Limited ("***HKEx***") at (*www.hkexnews.hk*) respectively in late April 2023.

CORPORATE GOVERNANCE

The Board and the management of the Company are committed to the principles of observing good corporate governance consistent with prudent management and enhancement of shareholders' value. The full Board is entrusted with the overall responsibility of developing and ensuring adherence to the Company's Corporate Governance Policy and the Shareholders Communication Policy. The Company is committed to maintaining high standards of corporate governance and enhancing corporate transparency and accountability.

Throughout the year under review, the Company has complied with the code provisions ("***CPs***") set out in Part 2 of the Corporate Governance Code in Appendix 14 to the Listing Rules, apart from the deviations from (i) CP B.2.2 (retirement by rotation of directors); and (ii) CP C.2.1 (roles of chairman and managing director). The chairman and the managing director are not subject to retirement by rotation. The roles of chairman and the managing director have not been separated.

The Board believes that the Company has strong underlying rationale to deal with such deviations as mentioned under the section headed "COMPLIANCE WITH APPENDIX 14 OF THE LISTING RULES" in the Corporate Governance Report of its 2021 Annual Report and as alluded to in the section headed "CORPORATE GOVERNANCE" in its 2022 Interim Report. Detailed information of the Company's corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company's 2022 Annual Report. The Board has taken alternative steps to address such deviations. The Board will continue to review and recommend such steps and actions as appropriate in the circumstances of such deviations.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("***Model Code***") as set out in Appendix 10 of the Listing Rules as code of conduct regarding securities transactions by the Directors. Having made specific enquiries with all Directors, the Company confirmed that all Directors have complied with the required standards as set out in the Model Code during the year ended 31 December 2022.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2022 have been reviewed by the Audit Committee of the Company. The figures in this preliminary announcement of the results of the Group for the year ended 31 December 2022 have been agreed to the amounts set out in the Group's draft consolidated financial statements for the year by the auditor of the Company, PricewaterhouseCoopers. The work of PricewaterhouseCoopers in this respect, did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries have purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

FINAL DIVIDEND

The Board has resolved to recommend at the forthcoming annual general meeting to be held on 7 June 2023 ("***2023 AGM***") a final cash dividend for the year ended 31 December 2022 of 14 HK cents per share, totaling HK$438,605,000, payable on 21 July 2023 to the shareholders whose names appear on the registers of members of the Company at the close of business on 21 June 2023 (2021: a final cash dividend of 14 HK cents per share totaling HK$438,605,000). Together with the interim cash dividend of 7 HK cents per share (2021: interim cash dividend of 7 HK cents per share), total dividends per share for the year ended 31 December 2022 is 21 HK cents (2021 total: 21 HK cents).

CLOSURE OF REGISTERS OF MEMBERS

Entitlement to attend and vote at the 2023 AGM

The registers of members will be closed from 2 June 2023 to 7 June 2023, both dates inclusive, during which period no transfer of shares will be registered in order to ascertain shareholders' eligibility to attend and vote at the 2023 AGM, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 1 June 2023.

Entitlement to Final Dividend

The registers of members will be closed from 16 June 2023 to 21 June 2023, both dates inclusive, during which period no transfer of shares will be registered in order to ascertain shareholders' entitlement to the proposed final dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar and Transfer Office in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 15 June 2023.

PROPOSED ADOPTION OF NEW BYE-LAWS

The Board proposed to make certain amendments to the existing bye-laws of the Company ("***Bye-laws***") in order to (i) bring the Bye-laws in line with the latest legal and regulatory requirements under the applicable laws of Bermuda and the Listing Rules (including the core shareholder protection standards set out in Appendix 3 to the Listing Rules); and (ii) incorporate certain housekeeping changes (collectively, "***Proposed Amendments***"). In view of the Proposed Amendments, the Board proposes to adopt a new set of Bye-laws ("***New Bye-laws***") in substitution for, and to the exclusion of, the existing Bye-laws, which is subject to the approval from the shareholders of the Company by way of a special resolution at the 2023 AGM.

A circular containing, among others, details of the Proposed Amendments, together with a notice convening the 2023 AGM, will be despatched to the shareholders of the Company in due course.

PUBLICATION OF FURTHER INFORMATION

This announcement will be published on the websites of the Company (*www.kwih.com*) and HKEx (*www.hkexnews.hk*). The Company's 2022 Annual Report containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and HKEx in late April 2023.

DIRECTORS

As at the date of this announcement, the Executive Directors are Dr. Lui Che-woo (Chairman & Managing Director), Mr. Francis Lui Yiu Tung, Mrs. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah; the Non-executive Director is Dr. Moses Cheng Mo Chi; and the Independent Non-executive Directors are Dr. William Yip Shue Lam, Mr. Wong Kwai Lam and Mr. Nip Yun Wing.

By Order of the Board of
K. Wah International Holdings Limited
Tse Fung Yee
Company Secretary

Hong Kong, 22 March 2023