



## 2017 Annual Results

20 March 2018

### Delivering Value with Distinctive Quality



[www.kwih.com](http://www.kwih.com)

嘉華集團成員 A member of K. Wah Group

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*The Palace III , Shanghai*



*K. City, Hong Kong*



*The Spectra, Hong Kong*



*Palace Lane, Shanghai*

## Results highlights

# Financial Highlights

(HK\$ million)	<i>For the year ended 31 Dec</i>		Change
	2017	2016	
<b>Revenue</b>	<b>11,294</b>	9,620	17%
<b>Attributable Revenue*</b>	<b>11,737</b>	12,570	-7%
<b>Profit Attributable to Equity Holders</b>	<b>3,906</b>	3,182	23%
<b>Underlying Profit</b>	<b>2,517</b>	2,808	-10%
<b>Basic EPS (HK cents)</b>	<b>128.18</b>	107.62	19%
<b>Dividend (HK cents)</b>	<b>18</b>	18	-
Final Dividend (HK cents)	13	13	
Interim Dividend (HK cents)	5	5	

\* Attributable Revenue comprises the revenue of the Group and contributions from jointly controlled entities as well as associated companies

# Solid Financial Position

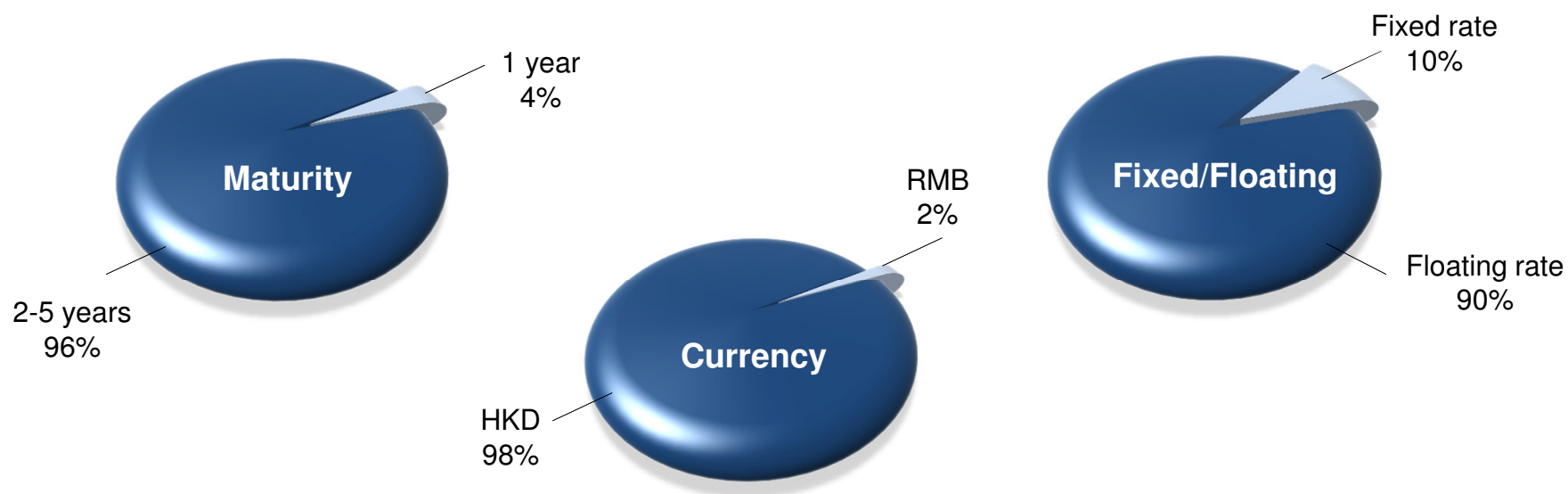
(HK\$ million)	As at 31 Dec 2017	As at 31 Dec 2016
<b>Total Assets</b>	<b>72,507</b>	50,473
<b>Cash and Cash Equivalents<sup>(1)</sup></b>	<b>5,849</b>	7,248
<b>Total Debts</b>	<b>18,479</b>	11,013
<b>Shareholders' Funds</b>	<b>35,003</b>	25,360
<b>NAV per Share (HK\$)</b>	<b>11.5</b>	8.6
<b>Gearing Ratio<sup>(2)</sup></b>	<b>34%</b>	14%
<b>EBITDA / Interest<sup>(3)</sup></b>	<b>12x</b>	9x

*Remarks:*

- 1) Includes bank balances as well as short-term and structured bank deposits
- 2) Gearing ratio = net debt / total equity
- 3) Interest being net interest before capitalization for the period under review

## Sound Debt Profile with Low Borrowing Cost

- US\$200 million guaranteed notes at 5.375% p.a. and HK\$150 million guaranteed notes at H+275bps p.a. were redeemed in 2017
- Managed to lower further the average interest rate to 2.0% in 2017 (2.7% in 2016)
- Total debts as at 31 Dec 2017: HK\$18.5 billion



- Two 5-year revolving credit and term loan facilities of HK\$8 billion and HK\$7 billion closed in Jan 2017 and 2018 respectively, at lower cost, while extending the debt maturity profile, thus enhancing the financing flexibility, and funding capability

# Quality Projects Engender Strong Performance

- Attributable revenue\* from sales of properties amounted to HK\$11.2 billion in 2017, mainly from the below projects:

Hong Kong



The Spectra  
朗屏8號

Shanghai



The Palace II  
嘉御庭二期



Grand Summit  
嘉天匯

Guangzhou



J Metropolis  
嘉匯城



Le Palais  
嘉爵園

Dongguan



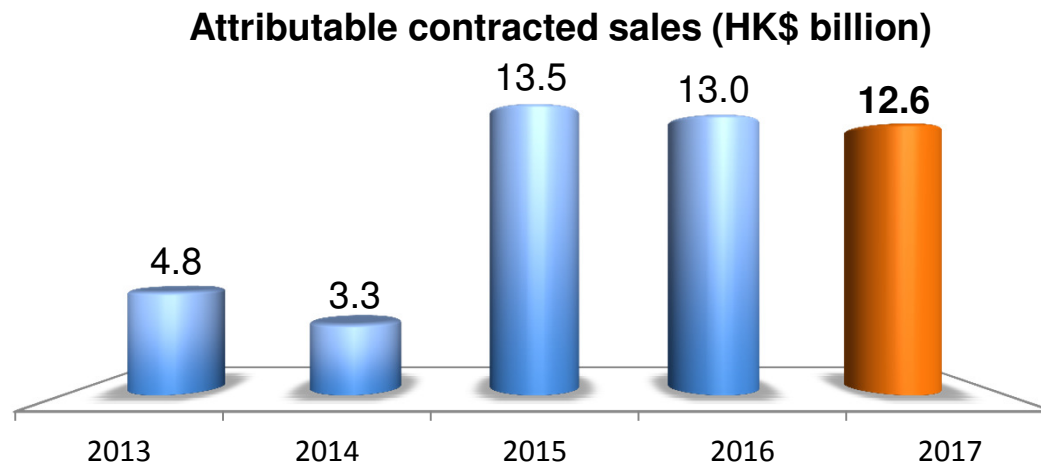
Silver Cove  
星際灣

\* Attributable revenue comprises the revenue of the Group and contributions from joint ventures as well as associated companies



# High Visibility Drives Business Momentum

- In 2017, attributable contracted sales\* amounted to HK\$12.6 billion, exceeding the \$10-billion level for 3 years consecutively



\* Attributable contracted sales comprises the sales of the Group and contributions from joint ventures as well as associated companies

# High Visibility Drives Business Momentum

- Major projects with contracted sales to be recognised in 2018 and beyond:  
K. City in Hong Kong, The Peak and Royal Creek in Nanjing, Silver Cove ph III in Dongguan

Hong Kong



K. City  
嘉匯

2018  
expected

Nanjing



The Peak  
嘉譽山

2018  
expected

Dongguan



Silver Cove ph III  
東莞星際灣三期

2018  
expected



Royal Creek  
御瀾府

2019  
expected

# Recurring Income from Diversified Portfolio

- Rental income up 15% to HK\$570 million in 2017
- Diversified portfolio: office, commercial, serviced apartment and hotel with total attributable GFA ~190,000 sqm

Office



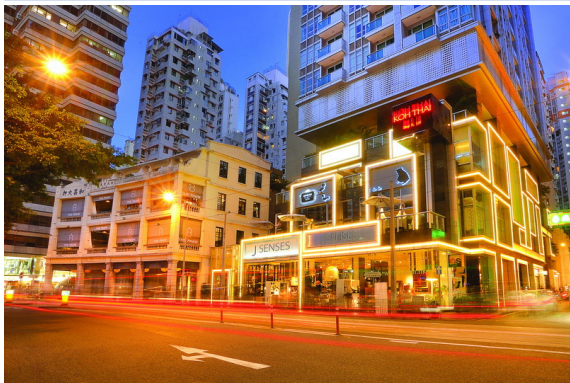
Shanghai K. Wah Centre  
上海嘉華中心

Stanford Residences Jing An,  
Shanghai  
上海尚臻靜安服務式公寓

Serviced apartment



Commercial



J SENSES, Hong Kong  
香港 J SENSES

Crowne Plaza Guangzhou Huadu  
廣州花都皇冠假日酒店

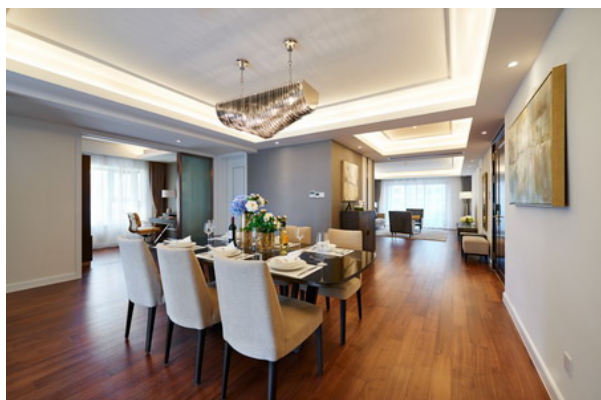
Hotel



# Recurring Income from Diversified Portfolio

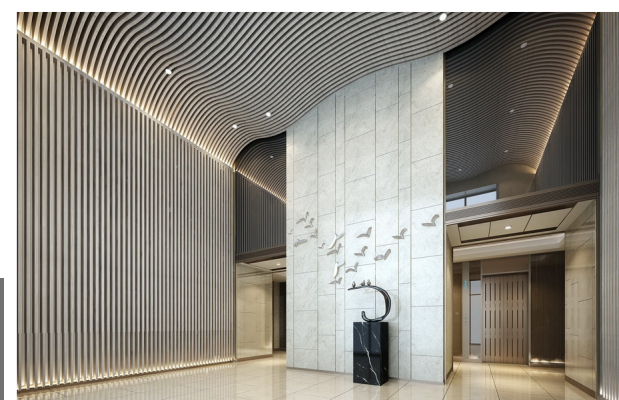
- Launched two new serviced apartment projects, Stanford Residences Xu Hui and Stanford Residences Jin Qiao in Shanghai during 2017
- Palace Lane, in The Palace in Shanghai, with 95% leased for the portion opened
- Portion of J Town in Dongguan opened in Nov 2017 with over 80% occupancy

Serviced apartment



Stanford Residences  
Xu Hui  
尚臻徐滙

Stanford Residences  
Jin Qiao  
尚臻金橋

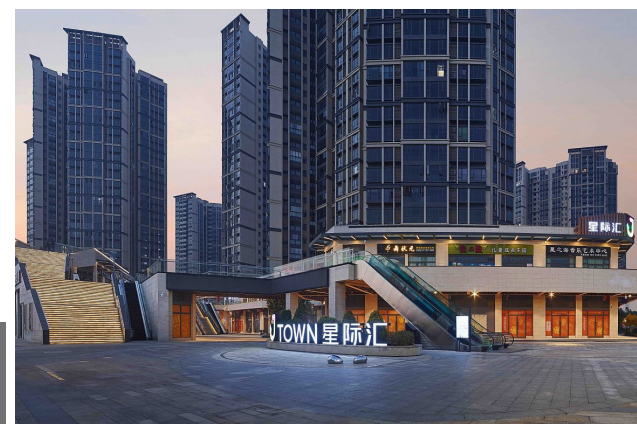


Commercial



Palace Lane  
嘉御里

J Town  
星際匯





*The Palace, Shanghai*



*G89, Nanjing*

## Strategy and Outlook

# Premium Assets in Prime Cities

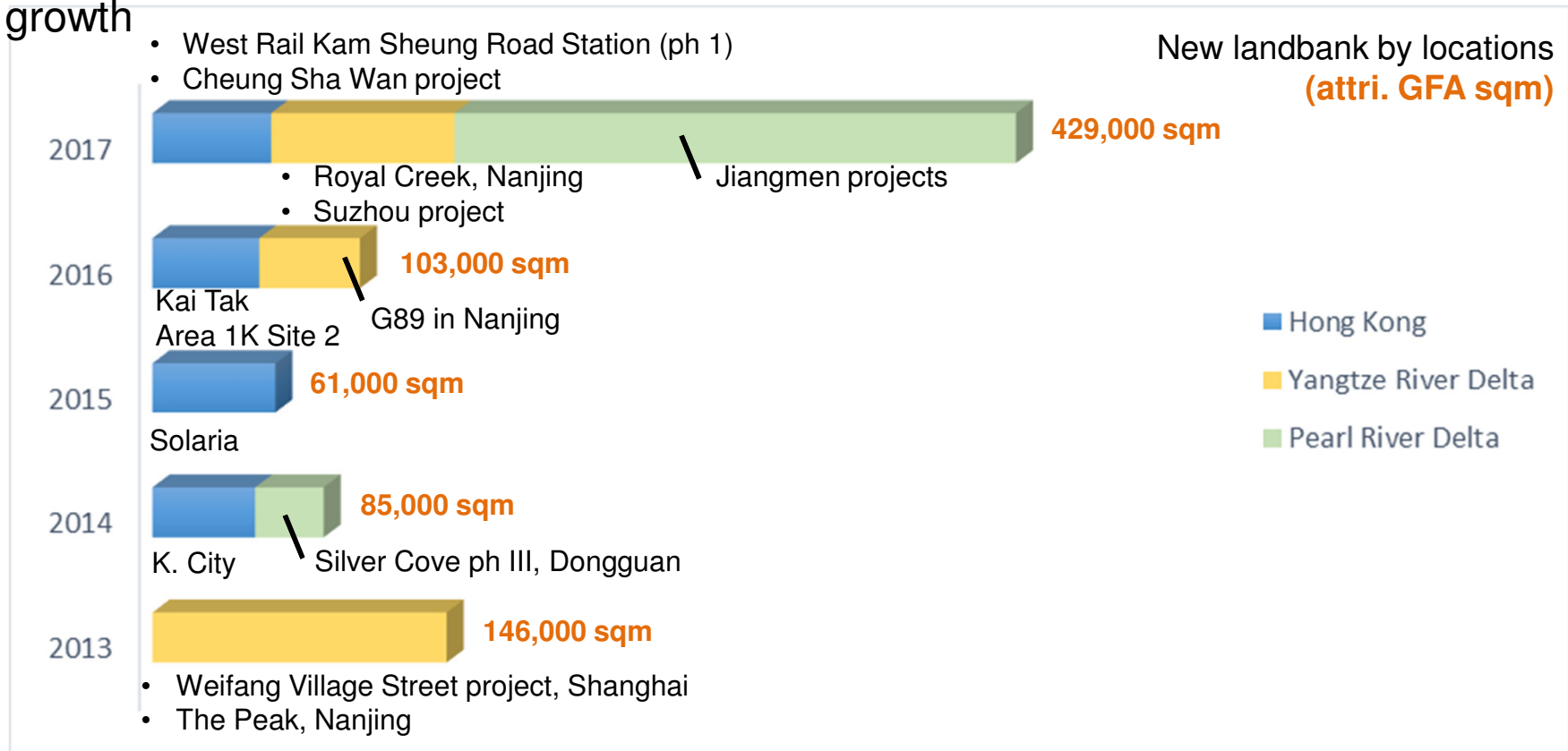
- Continue to focus on Hong Kong and prime cities in Mainland China, especially in the Yangtze River Delta and Pearl River Delta regions while proactively exploring opportunities in the nearby cities where the Group is yet to have presence



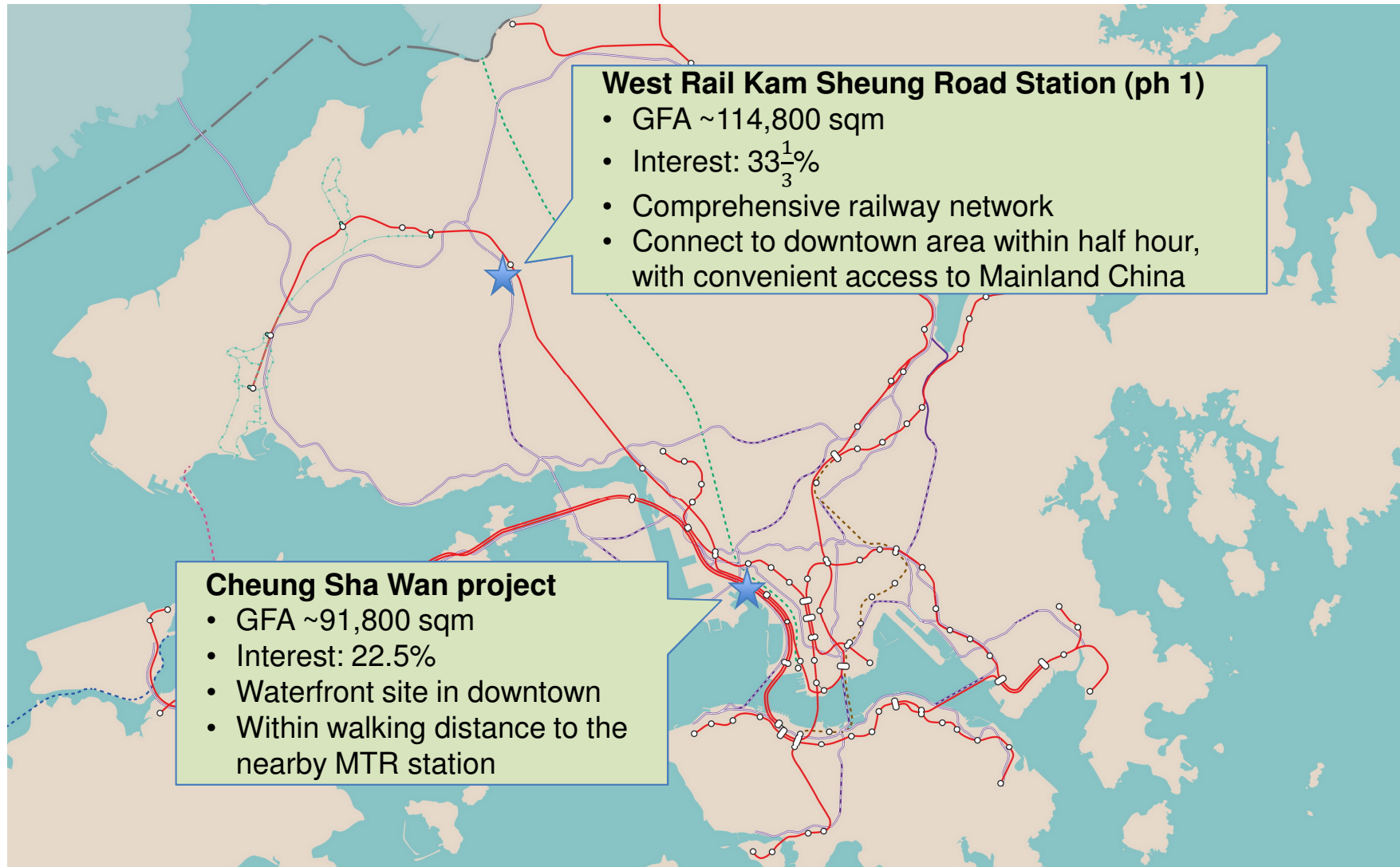
● Obtained new project in 2017

# Foothold expansion in disciplined manner

- Acquired six premium land parcels in Hong Kong, the Yangtze River Delta and Pearl River Delta regions in 2017, expanding also into two cities: Suzhou and Jiangmen
- Stepped up the landbank by 429,000 sqm in 2017, a big step forward for sustainable growth

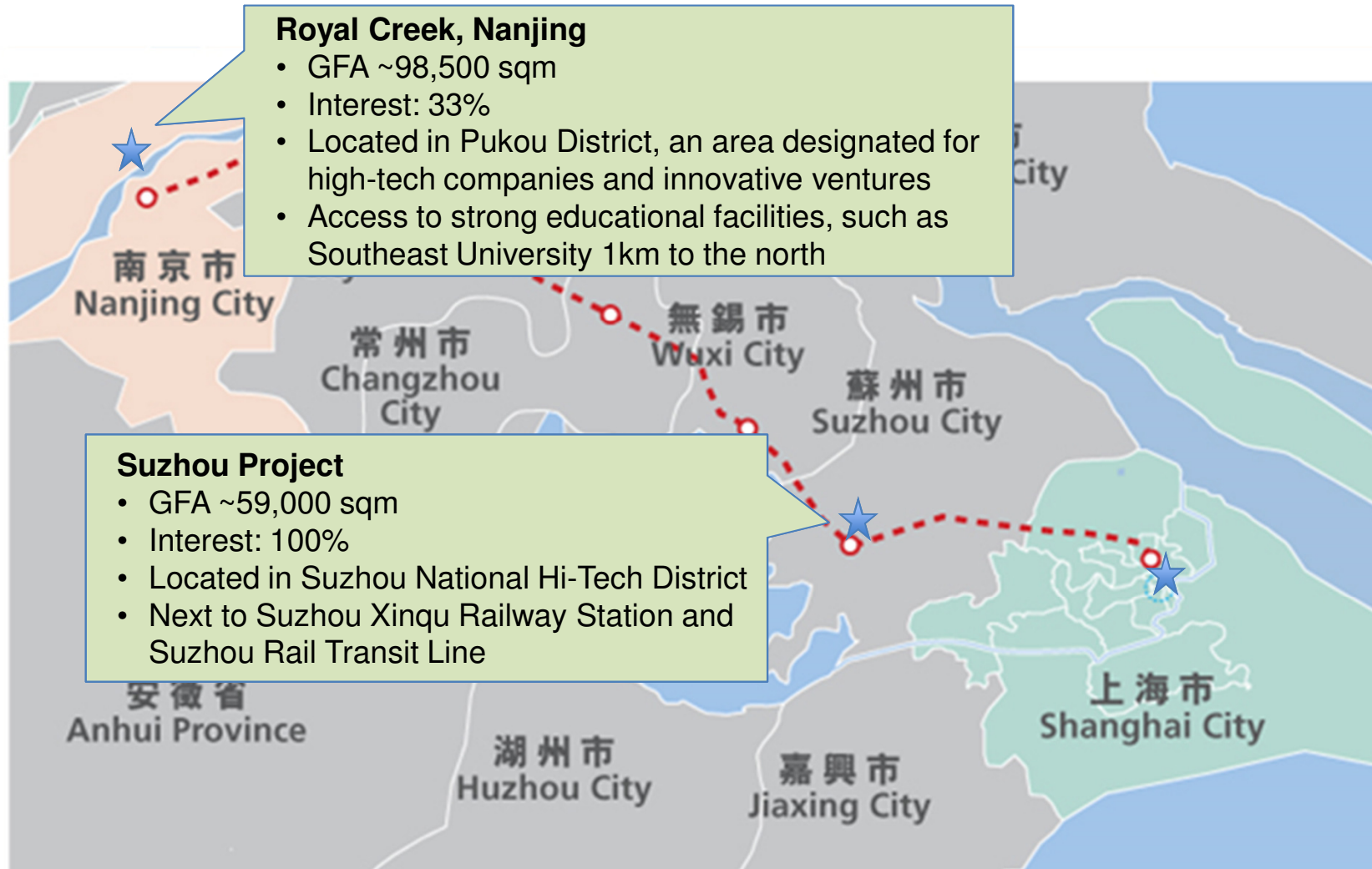


# Eyeing chances in Hong Kong

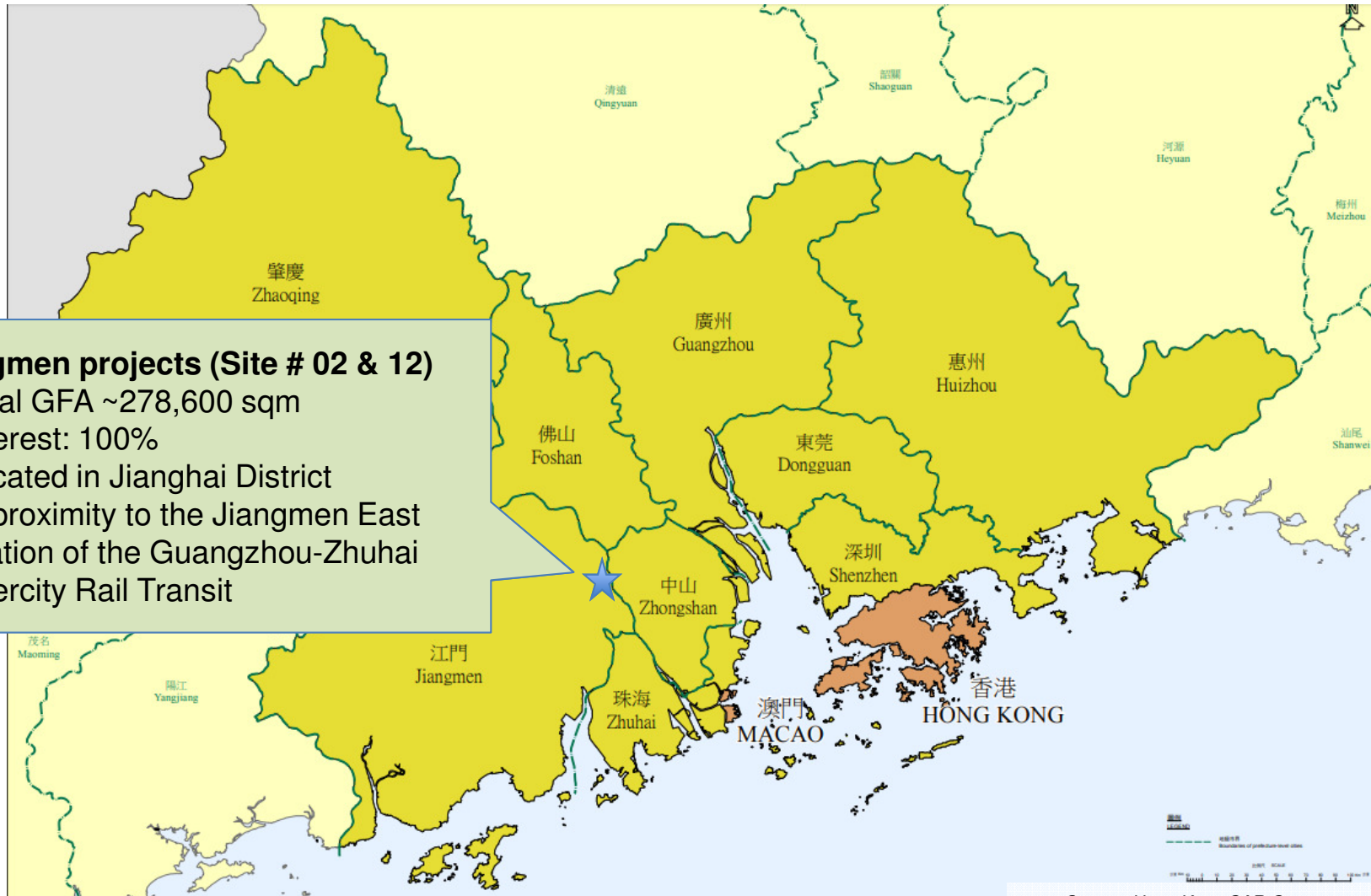




# Strengthening its presence in the Yangtze River Delta



# Capturing opportunities in the Greater Bay Area



**Jiangmen projects (Site # 02 & 12)**

- Total GFA ~278,600 sqm
- Interest: 100%
- Located in Jianghai District
- In proximity to the Jiangmen East Station of the Guangzhou-Zhuhai Intercity Rail Transit

Source: Hong Kong SAR Government

# Sustainable Pipeline in Hong Kong and Mainland China

- New projects ready to be launched in 2018/2019

Location	Project	Attri. GFA (sqm)	Units
Hong Kong	Solaria (嘉熙) ^	61,600	1,122
	Kai Tak Area 1K Site 2	53,000	TBC
Shanghai	Windermere (嘉濤灣)	71,000	256
	Azure (嘉瀧匯)	16,000	129
	The Palace III (嘉御庭三期)	43,000	106
Guangzhou	Uptown (嘉匯城 • 上品)	34,000	348

*^ Application for pre-sale consent submitted in Aug 2017 pending approval*

- Plus continued sales momentum of the launched projects in Hong Kong and Mainland China such as
  - Hong Kong: K. City and The Spectra
  - Nanjing: The Peak and Royal Creek
  - Dongguan: Silver Cove

# New projects ready to be launched in 2018/19

Hong Kong



## Solaria (嘉熙)

- Application already submitted in Aug 2017 for pre-sale consent
- Located next to the previous developments in Pak Shek Kok



## Kai Tak Area 1K Site 2 (啟德發展區第1K區2號)

- Located in the heart of the Kai Tak Area near the future Kai Tak MTR Station of the Shatin to Central Link
- Synergy with K. City

# New projects ready to be launched in 2018/19

Shanghai



**Windermere**  
(嘉濤灣)

- Located in Zhujiajiao Town in Qingpu District
- Low-rise residential buildings with ancillary commercial facilities



**Azure**  
(嘉瀾匯)

- Within well-developed residential area with good transportation links to the Pudong CBD



**The Palace III**  
(嘉御庭三期)

- Located in an affluent, traditional residential area of Xuhui District

Guangzhou

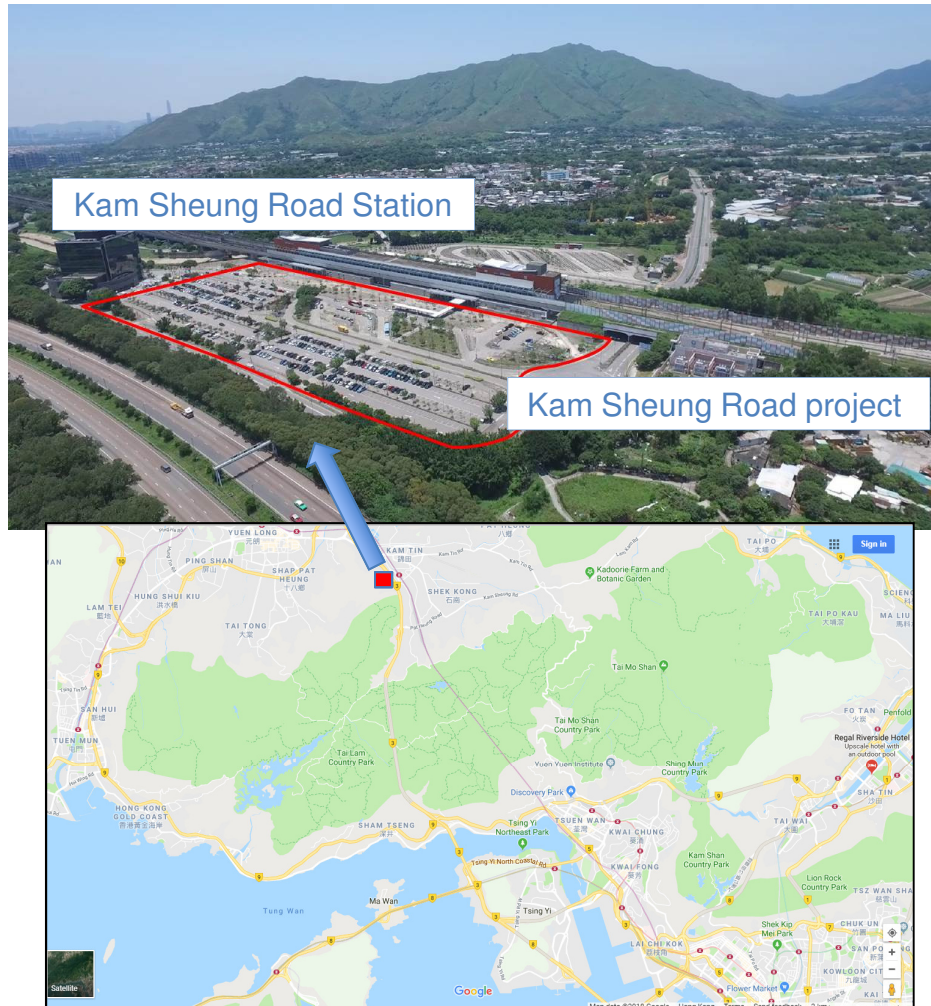


**Uptown**  
(嘉匯城·上品)

- Close to Baiyun District and poised to be benefitted from the build up of new transportation network

# Sustainable Pipeline in Hong Kong and Mainland China

- Projects to be launched beyond 2019



# Sustainable Pipeline in Hong Kong and Mainland China

- Projects to be launched beyond 2019



**Shanghai**  
Weifang Village Street  
project, Pudong District



**Nanjing**  
G89, Jiangning District



**Suzhou**  
■ Lot 42, National Hi-Tech District

# Sustainable Pipeline in Hong Kong and Mainland China

- Projects to be launched beyond 2019



**Guangzhou**  
Xinhuazhen West Site,  
Huadu District

Jiangmen East Station

Jianghai Site No. 12

**Jiangmen**  
Jianghai Site No. 02 & 12,  
Jianghai District



Jianghai Site No. 02



# Building up Investment Portfolio

- Expanding the portfolio with various types of property:
  - Serviced apartment: 2<sup>nd</sup> batch of Stanford Residences Xu Hui to be launched to market in 1H 2018
  - Office, hotel, retails ...: Office project in Jingan District, Shanghai and K. WAH Plaza comprehensive development in Guangzhou
- Well-balanced diversified portfolio to enhance the recurring income



K. WAH Plaza,  
Guangzhou



Palace Lane,  
Shanghai

# Building up Investment Portfolio

- Construction of an office building at Suhe Creek, Jingan District, Shanghai, with GFA 20,000 sqm, commenced in 1H 2017 and completion is expected to be in 2020
- K. WAH Plaza, Guangzhou are planned for SOHO offices, office premises, hotel and retail facilities, with GFA 86,000 sqm to be completed in 2019
- Investment portion in various development projects to be added to our portfolio upon completion in the coming few years

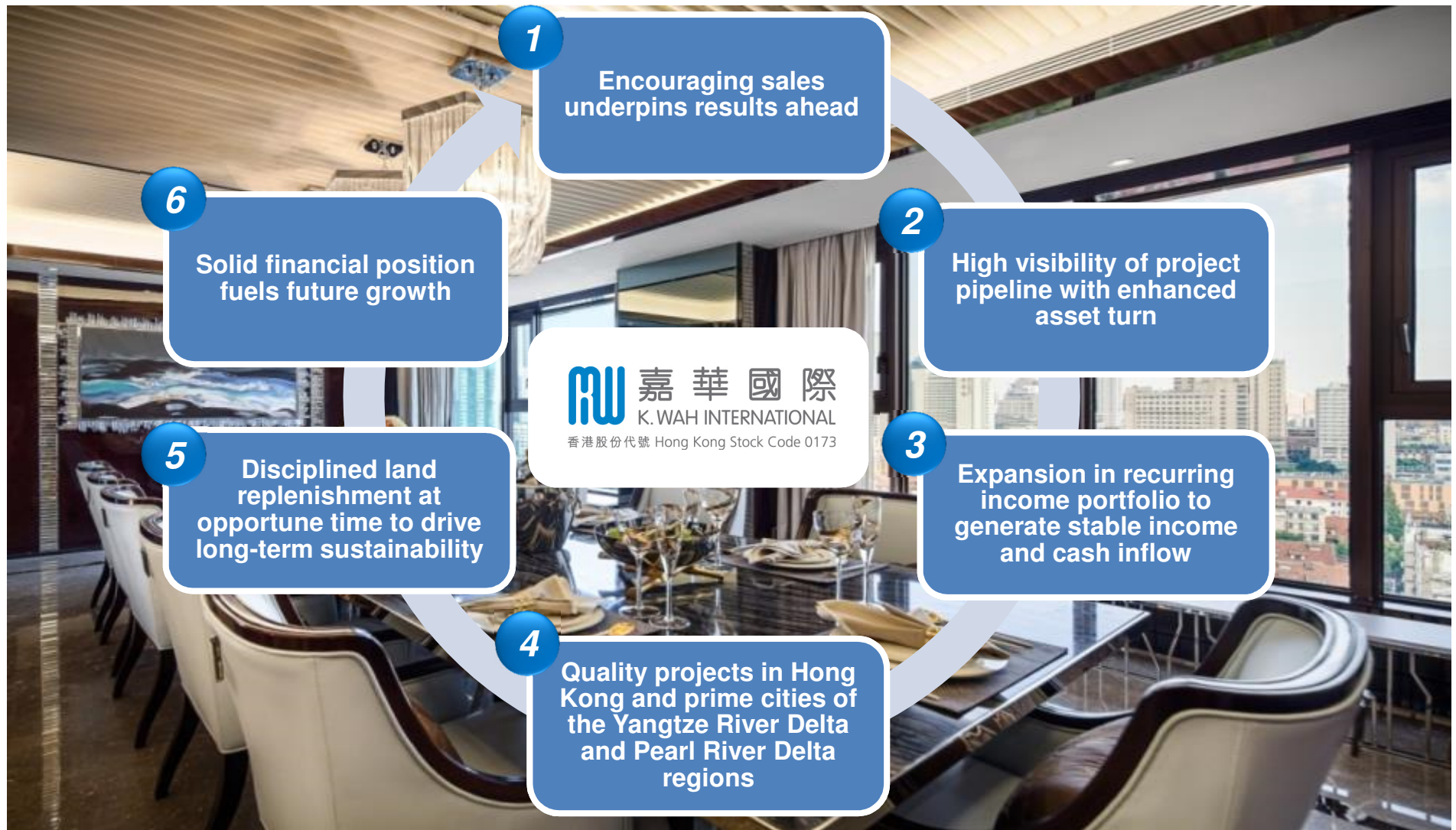


Office project,  
Jingan District, Shanghai

K. WAH Plaza,  
Guangzhou



# Solid Foundation for Long-term Sustainability





*K. City, Hong Kong*

## Appendix: Projects Summary

# Major Projects in Hong Kong



## Development projects

1	Marinella 深灣9號	7	Kai Tak Area 1K Site 2 啟德發展區第1K區2號
2	Providence Bay 天賦海灣	8	2 Grampian Road 嘉林邊道2號
3	Providence Peak 溘玥·天賦海灣	9	30 Po Shan Road 寶珊道30號
4	The Spectra 朗屏8號	10	Kam Sheung Road Station Project (ph 1) 錦上路站項目 (一期)
5	K. City 嘉匯	11	New Kowloon Inland Lot No. 6549, Cheung Sha Wan 長沙灣新九龍內地段第6549號
6	Solaria 嘉熙		

# Development Projects in Hong Kong

KWIH's Property Portfolio	Year of first sales launch			GFA# (sqm) (approx.)	% Sold as of Dec 2017	Group's Interest	Target completion
	2017 or before	2018 or 2019	Beyond 2019				
Marinella 深灣9號	✓			69,300	~ 99%	35%	Completed
Providence Bay 天賦海灣 Providence Peak 溢玥·天賦海灣	✓			78,400 83,600	~ 99% ~ 99%	15% 25%	Completed Completed
The Spectra 朗屏8號	✓			49,000	> 95%	60%	Completed
K. City 嘉匯	✓			51,000	> 95%	100%	2018
Solaria 嘉熙		✓		61,600	-	100%	2019
Kai Tak Area 1K Site 2 啟德發展區第1K區2號		✓		53,000	-	100%	2021
2 Grampian Road 嘉林邊道2號			✓	2,000	-	100%	2020
30 Po Shan Road 寶珊道30號			✓	3,700	-	50%	TBC
Kam Sheung Road Station Project (ph 1) 錦上路站項目(一期)			✓	114,800	-	33 $\frac{1}{3}$ %	TBC
New Kowloon Inland Lot No. 6549, Cheung Sha Wan, Kowloon 九龍長沙灣新九龍內地段第6549號			✓	91,800	-	22.5%	TBC

# GFA includes covered area of all saleable units and their respective share of common area as referred to or to be referred to in sales brochures

# Major Projects in Yangtze River Delta



- 外環線  
Outer Ring Road
- 中環線  
Middle Ring Road
- 市中心商業區  
CBD

## Development projects

- 1** Grand Summit, Jingan District, Shanghai  
上海靜安區嘉天匯
- 2** The Palace, Xuhui District, Shanghai  
上海徐匯區嘉御庭
- 3** Windermere, Qingpu District, Shanghai  
上海青浦區嘉濤灣

- 4** Azure, Pudong District, Shanghai  
上海浦東區嘉匯
- 5** Weifang Village Street project, Pudong District, Shanghai  
上海浦東區維坊新村街道項目
- 6** The Peak, Qixia District, Nanjing  
南京棲霞區嘉譽山

- 7** Royal Creek, Pukou District, Nanjing  
南京浦口區御瀾府
- 8** Site G89 in Jiangning District, Nanjing  
南京江寧區G89地塊
- 9** Lot 42 in National Hi-Tech District, Suzhou  
蘇州高新區42地塊

## Development Projects in Yangtze River Delta region

KWIH's Property Portfolio		Year of first sales launch			GFA (sqm) (approx.)	% Sold as of Dec 2017	Group's Interest	Target completion
		2017 or before	2018 or 2019	Beyond 2019				
Grand Summit, Jingan District, Shanghai 上海靜安區嘉天匯		✓			68,000	> 95%	100%	Completed
The Palace, Xuhui District, Shanghai 上海徐匯區嘉御庭	Phase I	✓			Ph I: 33,000 Ph II: 30,000 Ph III: 43,000	> 95%	100%	Ph I & II: Completed Ph III: 2018
	Phase II	✓				> 90%		
	Phase III <i>NEW</i>		✓			-		
Windermere, Qingpu District, Shanghai 上海青浦區嘉濤灣			✓		71,000	-	100%	Completed
Azure, Pudong District, Shanghai 上海浦東區嘉瀧匯			✓		16,000	-	100%	Completed
Weifang Village Street project, Pudong District, Shanghai 上海浦東區滌坊新村街道項目				✓	14,200	-	100%	2020
The Peak, Qixia District, Nanjing 南京棲霞區嘉譽山		✓			132,000	~ 40%	100%	2018
Royal Creek, Pukou District, Nanjing 南京浦口區御瀾府		✓			98,500	~ 20%	33%	2019
Site G89 in Jiangning District, Nanjing 南京江寧區G89地塊				✓	49,700	-	100%	2020
Lot 42 in National Hi-Tech District, Suzhou 蘇州高新區42地塊				✓	59,000	-	100%	TBC





## Development Projects in Pearl River Delta region

KWIH's Property Portfolio		Year of first sales launch			GFA (sqm) (approx.)	% Sold as of Dec 2017	Group's Interest	Target completion
		2017 or before	2018 or 2019	Beyond 2019				
<b>Integrated Project, Huadu District, GZ</b> 廣州花都大型綜合項目 <b>J Metropolis, Xinhuzhen East Site</b> 嘉匯城, 新華鎮東地塊	Phase I	✓			Ph I: 77,000	> 95%	99%	Ph I - IV: Completed
	Phase II	✓			Ph II: 75,000	> 95%		
	Phase III	✓			Ph III: 40,000	> 95%		
	Phase IV <i>NEW</i>		✓		Ph IV: 34,000	-		
<b>Xinhuzhen West Site</b> 新華鎮西地塊	Phase I			✓	Ph I: 187,000	-		TBC
	Others				Others: 392,000	-		
<b>Huadu Jiahua Plaza, Guangzhou</b> 廣州花都嘉華廣場 <b>J Wings 嘉都匯</b> <b>K. WAH Plaza 嘉華廣場</b>	Phase II	✓			Ph II: 100,000	> 95%	100%	Ph II: Completed Ph III & IV: 2019
	Phase III & IV		✓		Ph III & IV: 86,000	-		
<b>Le Palais, Huadu District, Guangzhou</b> 廣州花都嘉爵園		✓			46,000	> 95%	100%	Completed
<b>Silver Cove, Shilong Town, Dongguan</b> 東莞石龍鎮星際灣	Phase I & II	✓			Ph I & II: 192,400	~ 90%	100%	Ph I & II: Completed Ph III: 2018
	Phase III	✓			Ph III: 32,000	~25%		
<b>Jianghai Site No. 02, Jianghai District, Jiangmen</b> 江門江海區江海02地塊				✓	133,700	-	100%	TBC
<b>Jianghai Site No. 12, Jianghai District, Jiangmen</b> 江門江海區江海12地塊				✓	144,900	-	100%	TBC

# Major Investment Properties

KWIH's Investment Properties		Type	GFA (sqm) (approx.)	Group's Interest	Status / Target completion
Hong Kong	J SENSES	Commercial	3,400	100%	Completed
	Chantilly 肇輝臺6號	Residential	5,100	100%	Completed
	Commercial Complex at Twin Peaks 嘉悅商業部份	Commercial	3,500	100%	Completed
Yangtze River Delta	Shanghai K. Wah Centre 上海嘉華中心	Office	72,000	69.6%	Completed
	Stanford Residences Jing An, Shanghai 上海尚臻靜安服務式公寓	Serviced Apartment	32,000	100%	Completed
	Stanford Residences Xu Hui, Shanghai 上海尚臻徐匯服務式公寓	T4 & T5 T6 & T7 Serviced Apartment	T4 & T5: 14,000 T6 & T7: 12,000	100%	Completed 2018
	Stanford Residences Jin Qiao Shanghai 上海尚臻金橋服務式公寓	Serviced Apartment	13,000	100%	Completed
	Palace Lane, Shanghai 上海嘉御里	Commercial	3,000 5,000	100%	Completed 2018
	Office project , Suhe Creek, Jingan District, Shanghai 上海靜安區蘇河灣寫字樓項目	Office	20,000	53.61%	2020
Pearl River Delta	Crowne Plaza Guangzhou Huadu and office 廣州花都皇冠假日酒店及寫字樓	Hotel Office	32,000 13,000	100%	Completed
	J Town, Dongguan 東莞星際匯	Phase I & II Phase III Commercial	Ph I & II: 9,600 Ph III: 2,000	100%	Completed 2018



*The Spectra, Hong Kong*

**Thank You!**