

Press Release
[For Immediate Release]

KWIH Announces 2022 Annual Results Profit Attributable to Equity Holders Reaches HK\$1,370 Million

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Total Attributable Contracted Sales Achieving Another Record High at HK\$18.8 Billion Underpinning Solid Future Profitability

(Hong Kong, 22 March 2023) **K. Wah International Holdings Limited** ("KWIH" or "the Group") (stock code: 00173) today announced its annual results for the year ended 31 December 2022.

Adhering to its robust strategies, KWIH launched multiple quality projects in Hong Kong and the Mainland during the year under review and recorded satisfactory sales. During the year under review, the Group's attributable contracted sales exceeded HK\$18.8 billion, achieving the highest contracted sales in the Group's history in the second consecutive year. Majority of the contracted sales is expected to be accounted for between 2023 and 2025, underpinning the Group's future profitability. The Group's total attributable revenue during the year under review amounted to approximately HK\$9.35 billion, mainly from the property sales of K. Summit and Solaria in Hong Kong, Cavendish in Nanjing and Bayview in Dongguan, and the rental income of Shanghai K. Wah Centre, etc. Profit attributable to equity holders amounted to approximately HK\$1,370 million. Underlying profit amounted to approximately HK\$1.45 billion, down from 2021, mainly due to less projects completed with attributable contracted sales to be recognised during the year. Having considered the amount of contracted sales yet to be recognised and the development progress of various projects, the Board of Directors remains confident in maintaining the Group's long-term business growth and had recommended a final dividend of 14 HK cents per share. Together with the interim dividend of 7 HK cents per share paid, total dividend for the year amounted to 21 HK cents per share, continuing to provide shareholders with stable returns.

In 2022, the global supply chain was disrupted by the rising geopolitical tensions. The soaring oil prices and resource prices further pushed up inflation rates globally, the business environment was challenging. Mortgage rates rose as major banks in Hong Kong followed the U.S. interest rate hikes. Coupled with the consequential effects of the pandemic and Mainland developers' debt crisis, Hong Kong and the Mainland property market remained uncertain. Nevertheless, KWIH timely launched quality projects and achieved satisfactory sales results.

Satisfactory sales results

On top of its excellent sales performance in the past years, a number of special units of K. Summit in Kai Tak, Hong Kong, were sold in 2022. Of which, one was sold at transacted price of over HK\$43,000 per square foot which set the record price per square foot for the project. Contracted sales of around HK\$3.1 billion were recognised after the handover of its pre-sold units in 2022. There are only a few special units available for sale for the project.

The large-scale joint-venture project, Grand Mayfair, at MTR Kam Sheung Road Station in Yuen Long, had been launched in phases since April 2022 with overwhelming responses by buyers. As of the end of 2022, over 90% of the launched units were pre-sold, with attributable contracted sales of approximately HK\$4.2 billion. Another joint-venture project, Villa Garda, at MTR LOHAS Park Station in Tseung Kwan O, was also launched in phases since the end of June 2022 and was also well received, generating attributable contracted sales of approximately HK\$1.6 billion.

During the year under review, despite many cities in the Mainland were affected by the pandemic at times, the Group was able to grasp the window in launching a number of quality projects, which recorded satisfactory sales. In the Yangtze River Delta region, the residential portion of the joint-venture residential/commercial project, located in Hongkou District in Shanghai was launched to the market in January 2022, receiving enthusiastic responses. All units were taken up on the day of launch for a total attributable contracted sales of approximately RMB1.9 billion. Moreover, Navale, a solely owned luxurious residential project located in Pudong New District in Shanghai, was launched in June 2022, offering over 100 residential units. All launched units were taken up on its debut as well, generating a total contracted sales of around RMB1.4 billion. Situated in Jiangning District in Nanjing, Cavendish was first launched at the end of February 2022 and recorded satisfactory results, achieving contracted sales of around RMB1.2 billion during the year. Furthermore, Sierra, the residential portion of Phase I of the Group's large comprehensive development project in Jianye District, Nanjing had been launched for sale since early June 2022. As of December end, nine residential towers had been launched, in which 90% of the units had been taken up, generating sales amount of approximately RMB3.7 billion.

In the Pearl River Delta region, handover of the pre-sold units of Bayview in Dongguan to buyers began in June end 2022. The corresponding contracted sales of around HK\$1.7 billion had been recognised in 2022 upon the handover of the pre-sold units. The Group will launch its remaining units for sale subject to market conditions. The sales performance of Cosmopolis, Phase I of Cosmo in Guangzhou, J City in Jiangmen and other joint-venture projects remained stable during the year under review.

Quality projects to be rolled out in 2023

KT Marina, the joint-venture project located at the Kai Tak runway area, had obtained the pre-sale consent, offering over 2,100 units. KT Marina 1 is expected to be launched soon. Several joint-venture projects are also expected to be launched in 2023, which include Villa Garda III in Tseung Kwan O, Grand Mayfair III in Yuen Long, Kai Tak Area 4A Site 2 project and LOHAS Park Package 13 in Tseung Kwan O. Among which, application for pre-sale consent had been made for Kai Tak Area 4A Site 2. In the Yangtze River Delta region, the remaining units of Sierra in Jianye District in Nanjing will be launched upon obtaining pre-sale consent as planned. Construction of the project is making good progress and it is expected to be completed in phases starting from 2024.

The Group will closely monitor market changes and continue to put the remaining units of the launched projects to the market, including K. Summit and Solaria in Hong Kong, Cavendish in Nanjing, VETTA and Avanti in Suzhou, J City in Jiangmen and other joint-venture projects. Meanwhile, the Group's projects are being developed as scheduled.

Landbank replenishment in prudent yet proactive manner

KWIH has been upholding a prudent approach to acquiring quality land parcels by sole ownership or in joint-venture. In July 2022, the Group solely won a tender for a prime residential site on Hospital Road, Hong Kong Island, and took the lead in a joint-venture in acquiring a large comprehensive development project in Huajing Town, Xuhui District, Shanghai in September. The project has a total GFA of approximately 200,000 sq. m. for residential, office, commercial and hotel, etc. The site is located in the south of Xuhui District, Shanghai, a core development zone planned for artificial intelligence and life health industries. The site is connected to Shanghai Metro Line No. 15 and near a multiple railways interchange under construction, and is of great development potential. In addition to tendering, the Group also seeks new investment opportunities through urban redevelopment. In early 2022, the Group participated in an urban redevelopment project in Huangpu District, Guangzhou which is in progress as scheduled. At present, the Group has a landbank of a total attributable GFA of approximately 1.6 million sq. m. in Hong Kong and the Mainland for development.

Expanding premium investment property portfolio

The Group has been expanding its premium investment property portfolio to enlarge its recurring income and cash flow base. As of December end 2022, the attributable GFA of the Group's portfolio of properties for investment reached 280,000 sq. m. The pandemic has inevitably dealt a blow to the business activities of the Group's retail tenants in Hong Kong and the Mainland and its hotel operation in the Mainland. KWIH provided short-term rent concessions to tenants who were adversely affected to alleviate their operational and financial pressure. Consequently, the concession, together with RMB devaluation, caused the rental (including hotel) income to decline by 6% year-on-year to approximately HK\$696 million during the year under review.

In respect of commercial facilities, the average occupancy rate at Shanghai K. Wah Centre and EDGE in Shanghai reached 96% and 100% respectively. The occupancy rate of J SENSES, the speciality retail and dining complex in Hong Kong, reached 100% as of year-end. On the other hand, the pre-leasing activities of WYSH, the Wuyi Road urban redevelopment project in Shanghai, are underway and it is expected to be completed in 2023. Cosmo Avenue, the shopping mall at the mega integrated development, Cosmo in Guangzhou, completed in end 2022. Leasing activities are now underway. Operation is expected to begin in end of 2023 or early 2024.

For serviced apartments and hotel, Stanford Residences Jing An and Xu Hui in Shanghai maintained a high occupancy rate of around 90% on average. The occupancy rate of Crowne Plaza Guangzhou Huadu also maintained stable during the year under review.

Maintained sound financial position

KWIH maintained a solid financial position. Despite the liquidity strains in the financial market, the Group successfully signed a total of HK\$8 billion four-year and five-year sustainability-linked loan with a consortium of banks in October 2022. Not only does it expand the Group's corporate funding, but also enhances its financial flexibility and supports the Group's advancement towards its sustainable development goals.

As of 31 December 2022, the Group's net gearing ratio dropped to 13% compared to 24% in the previous year. Cash and bank deposits amounted to approximately HK\$8.7 billion and undrawn bank loans amounted to approximately HK\$19 billion. With a strong balance sheet and sufficient funds, the Group is well-positioned to capture investment opportunities in prudent yet proactive manner, providing solid momentum for future business development.

Outlook

Looking ahead to 2023, geopolitical tensions, high interest rates and high inflation are among the uncertainties concerning global economic growth. Nevertheless, Hong Kong gradually returns to normalcy with full resumption of unrestricted travel with the Mainland and the globe. With economic activities restarted and the Central Government's measures in supporting the property market, it is expected that with the steady economic growth in Hong Kong and the Mainland will enable the residential markets in Hong Kong and the Mainland to maintain stable. KWIH remains cautiously optimistic about the mid-to-long-term development of the local and Mainland property markets. Backed by its solid financial position and years of extensive experience, KWIH will continue to launch premium projects and grasp new opportunities to sustain its business development.

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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 31 December 2022.

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