

Press Release
[For Immediate Release]

KWIH Announces 2023 Annual Results Core Business Remains Solid

(Hong Kong, 28 March 2024) K. Wah International Holdings Limited ("KWIH" or "the Group") (stock code: 00173) today announced its annual results for the year ended 31 December 2023.

Despite market volatility, the Group continued to sell its premium projects and achieved satisfactory results during the year under review. During the year under review, the attributable contracted sales amounted to approximately HK\$5.9 billion. As of 31 December 2023, the Group had unrecognised attributable contracted sales amounting to approximately HK\$12.6 billion, which are expected to be accounted for in the coming one to two years. During the year under review, the Group's attributable revenue amounted to approximately HK\$12 billion, mainly from the property sales of K. Summit and the joint-venture project Grand Victoria in Hong Kong, as well as Navale and joint-venture project Imperial Mansion in Shanghai, VETTA in Suzhou, Cosmo in Guangzhou, and the rental income of Shanghai K. Wah Centre, etc. Profit attributable to equity holders amounted to approximately HK\$800 million. Underlying profit declined year-on-year to approximately HK\$770 million, primarily due to lower profit margins for the projects recognised for the year and an increase in finance costs amid market rate hikes. 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. However, there are still many uncertainties. The Group adheres to the principle of prudent financial management and, therefore, decided to adjust the dividend in order to build for the future. The Board of Directors recommends a final dividend of 9 HK cents per share. Together with the interim dividend of 7 HK cents per share paid, the total dividend for the year amounted to 16 HK cents per share.

Although the global economy has been gradually recovering in 2023 from the impact of the epidemic, the business environment faced multiple challenges, including hiking interest rates, geopolitical tensions, etc. At the beginning of last year, Hong Kong opened up with the Mainland, and economic activities gradually resumed. However, the overall recovery was slow. In the high-interest-rate environment, the property market sentiment was affected, and investors mostly adopted a wait-and-see attitude. The Mainland was affected by a lack of consumer confidence. The ripple effect of Mainland developers' debt crisis further added uncertainties to the Mainland property market.

Stable sales performance

In 2023, six special units of K. Summit in Kai Tak, including all four garden houses, were sold. At the beginning of 2024, the remaining four special units were also sold. Additionally, Grand Victoria, the joint-venture project in South West Kowloon, sold more than 260 units during the year under review.

As of the end of December 2023, approximately 75% of the units had been sold. Handover of the sold units for Grand Victoria I, II, and III commenced in 2023. The first batch of units of Villa Garda III and KT Marina 1 were launched for sale in August and November of last year, respectively.

In the Mainland, Sierra, the residential portion of Phase I of the Group's large comprehensive development project in Jianye District, Nanjing, was launched for sale in early June 2022. As of the end of December 2023, ten out of the eleven blocks have been launched, with over 95% of the launched units already pre-sold, targeting completion in 2024. The handover of pre-sold units for VETTA in Suzhou and Cosmo in Guangzhou commenced during the year under review, and the relevant contracted sales were recognised in 2023.

Quality projects to be rolled out

The solely-owned projects located in King's Road, Tin Hau, and Hospital Road, Sai Ying Pun in Hong Kong are expected to be launched for sale in 2024. The joint-venture project located in the Kai Tak runway area, Area 4A Site 2, had been granted pre-sale consent and will be launched for sale in response to market changes, while LOHAS Park package 13 in Tseung Kwan O is currently applying for pre-sale consent. In the Mainland, Avenir, the residential portion of a large-scale comprehensive development project in Huajing Town, Xuhui District, Shanghai, which was acquired in 2022, was launched for pre-sale in February this year and received an encouraging market response.

The Group will closely monitor market changes and continue to put the remaining units of the launched projects to the market, including Solaria in Hong Kong, Cavendish in Nanjing, VETTA and Avanti in Suzhou, Comso in Guangzhou, Bayview in Dongguan, J City in Jiangmen and other joint-venture projects. Meanwhile, the development of the Group's projects is on schedule.

Landbank replenishment in a prudent yet proactive manner

KWIH has been upholding a prudent approach to acquiring quality land parcels either through sole ownership or joint ventures. In June 2023, the Group solely acquired a project located on King's Road in Tin Hau, Hong Kong Island. The total gross floor area (GFA) of this project is around 43,000 sq. ft., and it is currently undergoing redevelopment. At present, the Group holds a landbank with a total attributable GFA of approximately 1.5 million sq. m. in Hong Kong and the Mainland for development.

Comprehensive investment property portfolio

The Group has been expanding its premium investment property portfolio to increase its recurring income and cash flow base. As of the end of December 2023, the attributable GFA of the Group's portfolio of properties for investment reached 310,000 sq. m. During the year under review, the rental (including hotel) income rose 5% year-on-year, despite RMB depreciation.

In terms of commercial facilities, the average occupancy rate at Shanghai K. Wah Centre and EDGE in Shanghai reached 92% and 100%, respectively. The average occupancy rate of J SENSES, the speciality retail and dining complex in Hong Kong, reached to approximately 95%. On the other

hand, WYSH, the Wuyi Road urban redevelopment project in Shanghai, was completed in July 2023, and some tenants started operations at the end of last year. The leasing activities of Cosmo Avenue, the shopping mall at the mega integrated development, Cosmo in Guangzhou, are currently underway with the soft opening of some tenants expected this year.

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

Maintained sound financial position

KWIH has maintained a solid financial position. At the end of last year, even as market liquidity tightened, the Group successfully signed a 3-year revolving credit and term loan facility with extension options with banks, totalling HK\$4 billion. The facility not only expanded the Group's available funds but also enhanced its financing flexibility and funding capability. As of 31 December 2023, the Group's net gearing ratio is 17%. Cash and bank deposits amounted to approximately HK\$7.5 billion, and undrawn bank loans amounted to approximately HK\$16.8 billion. The Group possesses a healthy balance sheet and sufficient funds to capture investment opportunities in a prudent yet proactive manner.

Outlook

Despite the direction of the global economy in 2024 is still unclear and the performance of overall market condition depends on the timing and scale of expected interest rate cuts throughout the year, the economic growth of the Mainland and Hong Kong remain resilient. The Central Government has implemented measures to support the property market recently. Additionally, the Hong Kong Government announced in February to the cancellation of all demand-side management measures for residential properties, with immediate effect, and the suspension of the stress test requirement by the Hong Kong Monetary Authority. The Group believes that these measures will send positive signal to the property market and gradually restore the confidence of more cautious buyers, thereby improving the overall sentiment in the property market. KWIH maintains cautious yet optimistic outlook on the medium-to-long-term development of the property market in Hong Kong and the Mainland. The company is well-positioned to adapt its development strategies with its solid financial position and extensive experience and will continue to focus on developing premium properties.

– End –

About K. Wah International Holdings Limited (stock code: 00173)

K. Wah International Holdings Limited (“KWIH”), listed in Hong Kong in 1987, is the property flagship of K. Wah Group. An integrated property developer and investor with a foothold in Hong Kong, the Yangtze River Delta and Pearl River Delta regions, KWIH encompasses a portfolio of large-scale residential communities and comprehensive development undertakings such as premium residential developments, Grade-A office towers, hotel and serviced apartments, and retail premises. Cresleigh Property, the property management arm of KWIH, delivers exceptional hotel serviced property management services guided by advanced and international standards in general to premium residential buildings, commercial facilities, office towers and real estate complexes. Driven by a keen market sense and a versatile strategy, and backed by strong financial capability, KWIH has built up a prime land reserve in major cities of China, and thus a strong foothold for future growth. KWIH held a 3.72% stake in Galaxy Entertainment Group Limited (stock code: 00027) as of 30 June 2023.

Website : <http://www.kwih.com>



Media Enquiries:

K. Wah International Holdings Limited

Helen Cheung Tel: (852) 2960 3739
Keith Hon Tel: (852) 2960 3314
Fax: (852) 2811 9710

Email: helencheung@kwah.com
Email: keithhon@kwah.com