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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 2023

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$6,103 million and taking into account joint ventures and associated companies, total attributable revenue of the Group was HK$11,960 million.
- Underlying profit was HK$769 million while profit attributable to equity holders of the Company was HK$802 million.
- Attributable contracted sales of the Group amounted to HK$5.9 billion for the year ended 31 December 2023.
- As of 31 December 2023, the Group had attributable contracted sales of HK$12.6 billion in total yet to be recognised.
- Earnings per share was 25.6 HK cents and the full year dividend per share (including final dividend per share of 9 HK cents) was 16 HK cents.
- Net asset value per share was HK$13.5.
- The Group has acquired a piece of residential land in Hong Kong and 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 2023

	Note	**2023**	2022
	Note	***HK$'000***	*HK$'000*
Revenue	3	**6,102,809**	8,793,712
Cost of sales		**(4,084,643)**	(6,125,635)
Gross profit		**2,018,166**	2,668,077
Other operating income		**497,469**	534,443
Other net gains		**143,975**	149,217
Change in fair value of investment properties		**24,288**	(84,775)
Fair value gain on transfer of development properties to investment properties	4	**10,022**	-
Other operating expenses		**(370,561)**	(505,300)
Administrative expenses		**(608,644)**	(573,685)
Finance costs	5	**(349,469)**	(61,028)
Share of profits/(losses) of joint ventures		**125,875**	(67,054)
Share of (losses)/profits of associated companies		**(2,187)**	8,151
Profit before taxation	6	**1,488,934**	2,068,046
Taxation charge	7	**(646,704)**	(641,563)
Profit for the year		**842,230**	1,426,483
Attributable to:			
Equity holders of the Company		**802,156**	1,372,387
Non-controlling interests		**40,074**	54,096
		842,230	1,426,483

		HK cents	*HK cents*
Earnings per share	8		
Basic		**25.60**	43.81
Diluted		**25.60**	43.81

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2023

	2023	2022
	HK$'000	*HK$'000*
Profit for the year	**842,230**	1,426,483
Other comprehensive (loss)/income:		
Items that will not be reclassified to profit and loss:		
Change in fair value of financial assets at fair value through other comprehensive income	**(1,275,500)**	1,819,822
Exchange differences arising from translation		
- non-controlling interests	**(32,127)**	(103,341)
Item that may be reclassified to profit and loss:		
Exchange differences arising from translation		
- subsidiaries	**(401,766)**	(2,556,182)
- joint ventures and associated companies	**4,946**	(28,414)
Other comprehensive loss for the year	**(1,704,447)**	(868,115)
Total comprehensive (loss)/income for the year	**(862,217)**	558,368
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	**(870,164)**	607,613
Non-controlling interests	**7,947**	(49,245)
	(862,217)	558,368

CONSOLIDATED BALANCE SHEET
As at 31 December 2023

	Note	**2023**	2022
		HK$'000	*HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**362,493**	312,569
Investment properties		**16,600,967**	15,852,360
Right-of-use assets		**79,426**	19,426
Joint ventures		**10,462,546**	11,199,768
Associated companies		**2,731,816**	2,604,180
Financial assets at fair value through other comprehensive income		**7,108,677**	8,384,177
Deferred taxation assets		**181,140**	138,360
Derivative financial instruments		**56,965**	109,982
Land deposit		**-**	4,175,529
Other non-current assets		**1,490,662**	1,770,513
		39,074,692	44,566,864
Current assets			
Development properties		**23,170,991**	21,815,375
Inventories		**1,249**	1,383
Amounts due from joint ventures		**61,497**	61,088
Debtors and prepayments	10	**598,322**	482,144
Tender deposits		**50,000**	100,000
Derivative financial instruments		**9,516**	2,843
Financial assets at fair value through profit or loss		**1,366,859**	157,837
Taxes recoverable		**677,745**	788,011
Cash and cash equivalents and bank deposits		**7,496,096**	8,660,364
		33,432,275	32,069,045
Total assets		**72,506,967**	76,635,909
EQUITY			
Share capital		**313,289**	313,289
Reserves		**42,014,797**	43,542,869
Shareholders' funds		**42,328,086**	43,856,158
Non-controlling interests		**2,769,355**	2,786,713
Total equity		**45,097,441**	46,642,871
LIABILITIES			
Non-current liabilities			
Borrowings		**12,324,296**	12,244,037
Lease liabilities		**1,712**	4,956
Deferred taxation liabilities		**2,706,818**	2,679,471
		15,032,826	14,928,464
Current liabilities			
Amounts due to joint ventures		**1,314,625**	1,351,276
Amounts due to associated companies		**73,417**	63,873
Creditors, accruals and other liabilities	11	**1,731,040**	2,422,933
Pre-sales deposits		**5,771,726**	7,496,706
Current portion of borrowings		**2,858,009**	2,694,892
Taxes payable		**627,883**	1,034,894
		12,376,700	15,064,574
Total liabilities		**27,409,526**	29,993,038
Total equity and liabilities		**72,506,967**	76,635,909
Net current assets		**21,055,575**	17,004,471
Total assets less current liabilities		**60,130,267**	61,571,335

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. HKFRSs comprise the following authoritative literature: Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

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 2022, except as stated below.

The adoption of new standard, amendments to standards and practice statement

In 2023, the Group adopted the following new standard, amendments to standards and practice statement, which are relevant to its operations.

HKAS 1 and HKFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
HKAS 8 (Amendment)	Definition of Accounting Estimates
HKAS 12 (Amendment)	Deferred Tax related to Assets and Liabilities Arising from a Single Transaction
HKAS 12 (Amendment)	International Tax Reform - Pillar Two Model Rules
HKFRS 17 and HKFRS 17 (Amendment)	Insurance Contracts

The above new standard, amendments to standards and practice statement did not have significant impact on the Group's accounting policies and did not require retrospective adjustments.

Amendments to standards and revised interpretation that are not yet effective

		Effective for accounting periods beginning on or after
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKAS 1 (Amendment)	Classification of Liabilities as Current or Non-current	1 January 2024
HKAS 1 (Amendment)	Non-current Liabilities with Covenants	1 January 2024
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements	1 January 2024
HKFRS 16 (Amendment)	Lease Liability in a Sale and Leaseback	1 January 2024
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
HKAS 21 (Amendment)	Lack of Exchangeability	1 January 2025

The Group will adopt the above amendments to standards and revised 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 amendments to standards and revised 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 to 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 *HK$'000*	**Mainland** *HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 December 2023					
Revenue from contracts with customers					
- Recognised at a point in time	**918,765**	**4,454,595**	**-**	**-**	**5,373,360**
- Recognised over time	**-**	**-**	**-**	**92,283**	**92,283**
Revenue from other sources					
- Rental income	**-**	**-**	**637,166**	**-**	**637,166**
Revenue	**918,765**	**4,454,595**	**637,166**	**92,283**	**6,102,809**
Adjusted EBITDA	**452,659**	**711,404**	**493,464**	**(217,629)**	**1,439,898**
Other income and expenses/gains, net					**270,883**
Depreciation and amortisation					**(30,376)**
Change in fair value of investment properties			**24,288**		**24,288**
Fair value gain on transfer of development properties to investment properties			**10,022**		**10,022**
Finance costs					**(349,469)**
Share of profits of joint ventures	**32,287**	**93,588**			**125,875**
Share of (losses)/profits of associated companies	**(2,602)**	**415**			**(2,187)**
Profit before taxation					**1,488,934**
Taxation charge					**(646,704)**
Profit for the year					**842,230**
As at 31 December 2023					
Segment assets	**5,805,922**	**28,645,000**	**17,125,268**	**-**	**51,576,190**
Other assets	**-**	**-**	**-**	**7,674,918**	**7,674,918**
Joint ventures	**8,988,237**	**1,535,806**	**-**	**-**	**10,524,043**
Associated companies	**2,703,054**	**28,762**	**-**	**-**	**2,731,816**
Total assets	**17,497,213**	**30,209,568**	**17,125,268**	**7,674,918**	**72,506,967**
Total liabilities	**6,657,770**	**17,687,553**	**3,008,798**	**55,405**	**27,409,526**

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 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
Additions to non-current assets					
Year ended 31 December 2023	**-**	**6,670**	**895,367**	**30,212**	**932,249**
Year ended 31 December 2022	325	8,723	187,303	926	197,277

2. **Segment information (Cont'd)**

Geographical segment information

The Group operates in two (2022: two) main geographical areas: Hong Kong and the Mainland.

The revenue for the years ended 31 December 2023 and 2022 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 2023 and 2022 by geographical area are as follows:

Revenue

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**1,010,367**	4,050,934
Mainland	**5,092,442**	4,742,778
	6,102,809	8,793,712

Non-current assets

	2023	2022
	HK$'000	*HK$'000*
Hong Kong	**2,743,999**	2,897,843
Mainland	**14,298,887**	13,286,512
	17,042,886	16,184,355

3. **Revenue**

	2023	2022
	HK$'000	*HK$'000*
Sale of properties	**5,373,360**	8,098,033
Rental income	**637,166**	641,109
Hotel operations	**92,283**	54,570
	6,102,809	8,793,712

4. **Fair value gain on transfer of development properties to investment properties**

The amount represented fair value gain on transfer of certain development properties to investment properties in pursuance of the Group's strategy to increase the recurring income.

5. **Finance costs**

	2023	2022
	HK$'000	*HK$'000*
Interest expenses		
Bank loans, overdrafts and others	**878,882**	491,064
Lease liabilities	**301**	890
	879,183	491,954
Capitalised as cost of properties under development	**(529,714)**	(430,926)
	349,469	61,028

6. Profit before taxation

	2023	2022
	HK$'000	*HK$'000*
Profit before taxation is stated after crediting:		
Interest income from banks	**178,265**	131,481
Interest income from joint ventures and associated companies	**79,683**	141,295
Dividend income from financial assets at fair value through other comprehensive income	**32,497**	48,745
Gain on disposal of investment properties	**132,282**	-
Net gains on settlement of derivative financial instruments	**60,677**	-
Net fair value gains on derivative financial instruments	**-**	138,906
Net fair value gains on financial assets at fair value through profit or loss	**16,260**	10,547
Net exchange gains	**-**	10,272
and after charging:		
Cost of properties sold	**3,849,251**	6,014,050
Cost of inventories consumed/sold	**17,132**	10,971
Impairment of development properties	**107,646**	-
Selling and marketing expenses	**235,462**	375,020
Depreciation for property, plant and equipment (net of capitalisation)	**26,139**	25,541
Depreciation for right-of-use assets	**4,237**	7,692
Lease expenses	**6,794**	7,743
Net losses on settlement of derivative financial instruments	**-**	10,412
Net fair value losses on derivative financial instruments	**46,344**	-
Net exchange losses	**18,781**	-

7. Taxation charge

	2023	2022
	HK$'000	*HK$'000*
Current		
Hong Kong profits tax	**53,040**	240,973
Mainland		
- Income tax	**364,489**	256,296
- Land appreciation tax	**205,033**	96,543
Over-provision in previous years	**(28)**	(516)
Deferred	**24,170**	48,267
	646,704	641,563

Hong Kong profits tax has been provided at the rate of 16.5% (2022: 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% (2022: 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.

8. Earnings per share

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

	2023	2022
	HK$'000	*HK$'000*
Profit attributable to equity holders of the Company	**802,156**	1,372,387

	Number of shares	
	2023	2022
Weighted average number of shares for calculating basic earnings per share	**3,132,894,615**	3,132,672,948
Effect of dilutive potential ordinary shares - Share options	**-**	4,157
Weighted average number of shares for calculating diluted earnings per share	**3,132,894,615**	3,132,677,105

9. Dividends

	2023	2022
	HK$'000	*HK$'000*
Interim cash dividend of 7 HK cents (2022: 7 HK cents) per share	**219,303**	219,303
Proposed final scrip dividend (with a cash option) of 9 HK cents (2022: final cash dividend of 14 HK cents) per share	**281,961**	438,605
	501,264	657,908

The Board recommended the payment of a final scrip dividend (with a cash option) in respect of 2023 of 9 HK cents (2022: final cash dividend of 14 HK cents) per share. This dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2024.

10. Debtors and prepayments

	2023	2022
	HK$'000	*HK$'000*
Trade debtors	**15,754**	15,362
Other debtors	**192,961**	208,345
Prepayments and other deposits	**151,762**	52,681
Sales commissions	**16,930**	33,450
Sales taxes	**220,915**	172,306
	598,322	482,144

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:

	2023	2022
	HK$'000	*HK$'000*
Within one month	**4,998**	4,926
Two to three months	**1,772**	8,624
Four to six months	**3,418**	752
Over six months	**5,566**	1,060
	15,754	15,362

11. Creditors, accruals and other liabilities

	2023	2022
	HK$'000	*HK$'000*
Trade creditors	**930,604**	1,491,086
Other creditors	**104,852**	93,094
Accrued operating expenses	**455,307**	615,787
Rental and other deposits received	**237,104**	219,438
Lease liabilities - current portion	**3,173**	3,528
	1,731,040	2,422,933

Trade creditors mainly comprise construction cost payables and accrued operating expenses mainly comprise accrued sales commissions, sales taxes and other operating expenses.

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

	2023	2022
	HK$'000	*HK$'000*
Within one month	**922,649**	1,483,228
Two to three months	**5,964**	1,904
Four to six months	**347**	2,304
Over six months	**1,644**	3,650
	930,604	1,491,086

12. Guarantees

As at 31 December 2023, the Group has executed the following guarantees in respect of loan facilities granted by banks and financial institutions:

	2023		2022	
	Outstanding	**Utilised**	Outstanding	Utilised
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
Joint ventures	**9,289,011**	**6,152,643**	9,096,232	5,520,277
Associated companies	**980,000**	**968,675**	2,664,050	1,347,330
Properties buyers (note)	**517,693**	**517,693**	1,697,188	1,697,188
	10,786,704	**7,639,011**	13,457,470	8,564,795

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 2023 was HK$6,103 million, primarily derived from the property sales of K. Summit in Hong Kong, Navale in Shanghai, VETTA in Suzhou and Cosmo in Guangzhou, 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$5,857 million) was HK$11,960 million for the year ended 31 December 2023.

Profit attributable to equity holders of the Company was HK$802 million while the underlying profit of the Group was HK$769 million before the net of tax fair value change of investment properties for the year ended 31 December 2023.

The total comprehensive loss attributable to equity holders of the Company was HK$870 million for the year ended 31 December 2023 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 2023 amounted to HK$5.9 billion, mainly derived from Grand Victoria and K. Summit in Hong Kong, Sierra in Nanjing, VETTA in Suzhou and Cosmo in Guangzhou.

As of 31 December 2023, the Group had attributable contracted sales yet to be recognised amounted to HK$12.6 billion, expected to be accounted for from the year of 2024 onwards.

Property Development

(A) Hong Kong

During the year, the Group continued to market the remaining units of various launched projects. We also captured the market demand for high-end properties and sold 6 special units of K. Summit as well as a Chantilly apartment unit, with contracted sales amounting to HK$0.7 billion. The remaining units at Chantilly continue to be held as a long-term investment.

The handover of sold units for Grand Victoria commenced in June following the issuance of the certificates of compliance, with corresponding attributable revenue of approximately HK$3.6 billion recognised in the year.

The Group will continue to market its remaining units in various launched projects. In addition, some projects in the sales pipeline will be launched for sale in 2024, subject to market conditions.

Construction works of projects under development are progressing 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 MTR Kai Tak Station. It has a total GFA of approximately 53,000 square metres offering 1,006 units. The development of the project has been completed and was well received by the market, with only 4 special units still available for sale as of year-end. Subsequently, all these remaining units were sold.

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 the market.

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

This prime site within walking distance to the MTR Sai Ying Pun Station, offers a total GFA of approximately 4,000 square metres and is located on a hillside enjoying panoramic city views, while a number of historical architectural buildings are in the vicinity. It is being developed into a premium residential project, construction works are well underway and the project is targeted to complete in 2026. Pre-sales are expected to be launched in 2024, subject to market conditions.

31-33 King's Road, Hong Kong (100% owned)

This newly acquired building, with a total GFA of approximately 4,000 square metres, is in close proximity to the city's central business district and sits within walking distance to the MTR Tin Hau Station. It will be redeveloped into a premium residential project. Demolition is in progress with targeted completion for the project in 2026. Pre-sales are expected to be launched in 2024, subject to market conditions.

Grand Victoria, South West Kowloon (22.5% owned)

This project is a premium-grade residential property comprising 1,437 units in three phases. With a total GFA of approximately 91,800 square metres, it is situated within walking distance to the MTR Nam Cheong Station in a coveted urban waterfront location with panoramic harbour views. Pre-sales began in 2021 and 75% of the units were sold as of year-end. The development is complete with certificates of compliance obtained in mid-2023. The pre-sold units were handed over to buyers with corresponding sales recognised for the year.

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, connecting it to other parts of the city and also offering 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 2024/2025. Pre-sales of Phases I and II were launched in 2022 with nearly all of the launched units sold. Pre-sales of Phase III are expected to be launched in 2024, subject to market conditions.

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 2024/2025. Pre-sales began in 2022 with approximately 90% of the launched units sold.

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 MTR Kai Tak Station. 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 2024/2025. The pre-sales of Phase I began in November 2023 with one-fourth of the launched units sold. Pre-sales of the remaining phase are expected to be launched in 2024, subject to market conditions.

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 2024/2025. Pre-sales are expected to be launched in 2024, subject to market conditions.

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 2026. Pre-sales are expected to be launched in 2024, subject to market conditions.

(B) Mainland

During the year, following the presale consent, the Group launched sales of a residential block of our well-received project, Sierra in Nanjing, with the majority of the units selling on launch day. Together with previous sales, Sierra has generated total contracted sales of around RMB5 billion, yet to be recognised to the Group. In addition, a number of rental units were disposed during the year while the Group maintained its strategy to enlarge its recurring income base.

Following the completion of several projects, the handover of pre-sold units to buyers commenced and was executed smoothly, with the corresponding sales recognised in the year.

The development of the Group’s projects under construction is progressing on schedule and according to plan.

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 in the prime location of the Lujiazui Financial Centre by the Huangpu River in Pudong. The project offers the market 106 residential units and pre-sales were launched in 2022 to an overwhelming market response. With the exception of one special unit which remains for sale, all the other units were pre-sold on launch day. The development was completed in January 2023 with corresponding sales recognised in the year.

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 provides 215 residential units with commercial facilities. Pre-sales of residential units were launched in 2022 to an overwhelming market response, with all the residential units pre-sold on launch day. The development was completed in October 2023 with corresponding sales recognised in the year.

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

This project, with a total GFA of approximately 195,800 square metres, is located in a core development zone planned for artificial intelligence and life science industries. In close proximity to a multiple-railway interchange, this comprehensive development is being developed in phases, integrating residences, offices, retail and a hotel for sale/long-term investment. The residential portions, Avenir, will offer the market 440 units of three- and four-bedroom and were launched for sale in February 2024 with an encouraging market response as more than half of the units were pre-sold on launch day. Construction works are in progress with the residential towers scheduled to be completed in 2025.

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 development of the project has been completed with its sales launch in 2022. 70% 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. This comprehensive project 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). 10 residential towers were put on the market with 96% units pre-sold as of year-end. Sales of the remaining tower will launch once the relevant documents have been obtained. 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-bedroom. The development was completed in 2022 with more than 80% of the units sold as of year-end.

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 (to be operational in mid-2024). With a total GFA of approximately 59,000 square metres, it offers 514 residential units. The development of the project has been completed with its sales launch in 2022. Two-thirds of the launched units have been sold as of year-end.

Guangzhou, Dongguan and Jiangmen

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

Consisting of four buildings including apartments, offices and retail facilities, this completed project is close to Baiyun International Airport and has a total GFA of approximately 86,000 square metres. 75% 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)

This project sits just steps away from Baiyun District and is poised to benefit from enhanced transportation networks. It has a total 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. The development of the first phase has been completed with half of the launched units sold as of year-end. The commercial complex was transferred to investment properties during the year and is planned to be operational in 2024.

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

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 the Dashadi and Yuzhu Stations 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-bedroom and some special units, with ancillary commercial facilities. The development of the entire project was completed in 2023 with more than 75% of the units launched sold as of year-end.

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

Located in Jianghai District and next to the Jiangmendong Railway Station of the Guangzhou-Zhuhai Intercity Railway, J City comprises two adjacent land sites with a total aggregate GFA of approximately 278,600 square metres, providing 2,111 residential units available for sale with ancillary commercial facilities. During the year, certain residential units were redecorated and converted into hotel rooms to cater for the needs of the market. The development has been completed with approximately two-thirds of the launched units 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 has been completed and nearly all 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. The development has been completed with 45% of the units sold as of year-end.

Property Investment

The Group's leasing performance continued to be satisfactory during the year. The overall occupancy remained stable and continues to deliver the Group steady recurrent income.

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 Hong Kong Island location that offers the neighbourhood a high-end dining and leisure environment. It achieved an average occupancy rate of approximately 95% for the year and continues to deliver the Group stable rental income.

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

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

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

Located in a highly desirable area of Hong Kong Island, Chantilly offers a total GFA of approximately 4,700 square metres and is held for long-term investment. Approximately 85% 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 surrounding neighbourhood. 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 in 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 city's landmark offices and the choice of multinational corporation tenants. The property achieved an average occupancy rate of 92% for the year and continues to provide the Group stable rental income.

Stanford Residences, Shanghai (100% owned)

The Group is dedicated to providing a privileged residential lifestyle environment for tenants seeking high-end modern living. "Stanford Residences", including "Jing An" and "Xu Hui" with a total GFA of approximately 57,000 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 the Group stable rental income.

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. 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 maintained full occupancy throughout the year.

WYSH, Shanghai (100% owned)

WYSH, on Wuyi Road in Changning District, is situated in a historical and cultural heritage area in a well-developed community with good public transport networks. With a total GFA of approximately 13,300 square metres, it is positioned as an urban oasis integrating commerce, dining, leisure and entertainment, featuring both modern and traditional architectural elements. The development was completed in July 2023. Leasing campaigns have been rolled out with positive market responses, more than half of the commercial portions were leased as of year-end.

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

This commercial complex has a total GFA of approximately 7,300 square metres and became operational in mid-2022, with approximately 90% 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 also serves the surrounding neighbourhood by offering consumers a wide variety of leisure and dining experiences. The occupancy rate was 60% as of year-end.

K. Wah Plaza, Guangzhou (100% owned)

Situated in a prime location in Huadu District and 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 overall occupancy of 50% for the year.

Land bank replenishment

The Group participated in a number of land auctions or tenders. In June, the Group solely acquired a block of buildings on Hong Kong's King's Road, to be redeveloped into a premium residential project. The Group will continuously monitor the land market and continue to exercise discipline and sound judgment in evaluating land replenishment opportunities in both Hong Kong and the Mainland.

Investment in GEG

The Group has an investment of 162 million shares, or approximately 3.72% (2022: 3.72%) interest, in GEG, measured at fair value and classified as non-current assets. As of 31 December 2023, GEG represented 10% (2022: 11%) of the Group's total assets and its share price dropped to HK$43.75 (2022: HK$51.6). The decrease in fair value of HK$1,276 million (2022: an increase of HK$1,820 million) was recorded to reserves. During the year, a dividend of HK$32 million (2022: HK$49 million) 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 profit attributable to equity holders of GEG for the year ended 31 December 2023 was HK$6,828 million (2022: loss of HK$3,434 million), while the audited consolidated net asset value attributable to equity holders of GEG as at 31 December 2023 was HK$70,759 million (2022: HK$63,914 million). A special dividend of HK$0.3 per share was just declared.

As stated in its 2023 annual results announcement, GEG continues to have confidence in the longer-turn outlook for Macau. With its solid balance sheet and cash flow from operations, it is no doubt for GEG to fund its development pipelines and pursue its international expansion ambitions. GEG has also been awarded a new 10-year Gaming Concession, which commenced 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

The global macroeconomic environment remains challenging amid ongoing geopolitical uncertainties. Persistent inflation and aggressive interest rate hikes by major central banks have weighed on economic growth worldwide. Inflation rates have slowed down after a period of increasing interest rates. Inflation rates in the United States ("US") and United Kingdom decreased from 6.4% and 10.1% at the beginning of 2023 to 3.4% and 4.0% respectively by the end of the year. However, it is important to note that supply chain disruptions and geopolitical risks, including the Israel-Hamas and Russia-Ukraine conflicts could potentially cause inflation rates to rise again.

After the Mainland removed all restrictive measures against COVID-19 in early 2023, a quick economic recovery was widely expected. However, weakening foreign trade and investments amid escalated Sino-US tensions, while the weakened property market and consumer confidence all hindered the Mainland's economic recovery. The Hong Kong economy experienced a revival in the second half of 2023 with GDP growth up 4.1% in Q3 and 4.3% in Q4 respectively, supported by the resumption of cross-border travel with the Mainland. However, uncertainties in the global economic recovery and evolving geopolitical situations continue to impact Hong Kong economy. The Hong Kong stock market has been affected by high interest rates and US restrictions on investments in a number of sectors, while the Hang Seng Index fell 14% in 2023.

Hong Kong property market

The high interest rate environment in 2023 posed challenges for the Hong Kong property market, leading both to a decline in buyer interest and also a decrease in property market transactions. The number of primary transactions, totalling 10,752, marked the second lowest in the past 10 years, representing a decline of 33% when compared to the 10-year average. When considering both primary and secondary transactions, the total number recorded in 2023 was 43,002, the lowest in the past decade and 25% below the 10-year average. For investment properties, office rents, particularly Grade A offices, were under pressure amidst the uncertain economic outlook and forthcoming abundant supply. However, we prudently believe that the property market in Hong Kong will stabilise through the stimulus measures already introduced and to be introduced. Home prices, as indicated by the government index, have already experienced a decline of more than 10% compared to the peak in April 2023, rendering them more affordable. The sell-through rates of certain rigid demand projects launched in 2023 were satisfactory. We believe that the Hong Kong government's latest 2024-25 Budget, incorporating additional measures such as the lifting of all demand-side management stamp duties for residential properties could further stimulate buying demand. New arrivals to the city under the Admission Schemes for Talent, Professionals and Entrepreneurs, in particular, are expected to bring new demand to the Hong Kong property market. As of the end of December 2023, among approximately 51,000 approved applications under the Top Talent Pass Scheme, approximately 36,000 had arrived in Hong Kong. In addition, the reopening of the border with the Mainland has provided support to Hong Kong's tourism, retail, and catering industries, contributing to the ongoing economic recovery.

Mainland property market

The property market in the Mainland encountered similar difficulties in 2023. The gradual economic recovery following the removal of COVID-19 restrictions has been slower than anticipated, while local developer debt issues are still unresolved, hampering the confidence of home buyers. In 2023, the national new home sales volume and value experienced a year-on-year decrease of 8.2% and 6.0% respectively. However, the new home sales performance of Tier-1 cities was relatively stable, while the blended average of new home selling price index in Tier-1 cities increased by 1.1% year-on-year. There have been several positive market developments. To support businesses and the property market, the People's Bank of China has implemented measures lowering the reserve requirement ratio by 50 basis points and reducing the 5-year loan prime rate (the benchmark rate for mortgages) by 25 basis points in February 2024. Additionally, the Ministry of Housing and Urban-Rural Development announced that 170 cities across 26 provinces had already established "Property Financing Coordination Mechanisms". By the end of January, local governments had selected more than 3,200 real estate projects as eligible for funding in their first “whitelist” batch. By the end of February, this number of “whitelist” projects had grown to more than 5,300, which were circulated to local banks to arrange funding. The International Monetary Fund predicts 2024 GDP growth rate of 4.6% in the Mainland, surpassing that of developed economies. This, coupled with supportive fiscal policies to boost infrastructure spending and domestic consumption, will contribute to the recovery of the real estate market.

Conclusion

Although there are ongoing geopolitical and economic uncertainties in 2024, we remain cautiously optimistic and expect positive developments. Inflation rates are showing signs of peaking in the US and other developed markets as supply chain pressures ease, which could result in a slower pace of interest rate hikes starting from mid-2023. Most analysts predict that interest rates may start to decline from mid-2024 as monetary policies normalise.

In Hong Kong, the implementation of additional measures, which include talent attraction programmes and the relaxation of stamp duties by the Hong Kong government, as well as the reopening of the border with the Mainland, will further support the recovery of the property market.

In the Mainland, we expect an ongoing relaxation of property restrictions, as evidenced by recent moves such as easing of most home purchase restrictions in major cities. The Group recently launched Avenir, a residential project in Shanghai, to a positive response from buyers. The implementation of various government measures designed to stimulate the economy and improve market stability is also expected to contribute to the stabilisation of both home prices and transaction volumes.

The overall market performance relies on the timing and extent of anticipated interest rate reductions. Nevertheless, the resilience of economic growth in the Mainland and Hong Kong can be sustained. While current market conditions may pose challenges in the near term, we are well-positioned with a strong project pipeline to capitalise on the upturn in the market. The Group, with its solid financial resources, healthy liquidity and proven management competencies, will continue to focus on developing quality projects in Hong Kong and tier-1 or tier-2 cities in the Mainland, targeting upgraders. We are well-equipped to prudently seize any opportunities that arise, both in Hong Kong and the Mainland.

REVIEW OF FINANCE

Financial Position

The financial position of the Group remained satisfactory throughout the year. As of 31 December 2023, total funds employed (being total equity and total borrowings) were HK$60 billion (2022: HK$62 billion). The number of issued shares of the Company was 3,132,894,615 as of 31 December 2023, without any movement since last year end.

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 2023, the Group’s borrowings were HK$15,182 million (2022: HK$14,939 million) and 19% is repayable within one year. The maturity profile of the borrowings is spread over a period of up to five years except for an amount of HK$31 million which is due after five years. The average interest rate for the Group during the year increased to 4.7% from last year’s average of 2.6% amid market rates hiking.

As of 31 December 2023, the Group had available undrawn banking facilities totaling HK$16,811 million (2022: HK$19,074 million) comprising HK$13,580 million (2022: HK$15,804 million) for working capital and HK$3,231 million (2022: HK$3,270 million) for project facility purposes.

As of 31 December 2023, cash and bank deposits stood at HK$7,496 million (2022: HK$8,660 million), and approximately 79% was held in Renminbi. The gearing ratio, defined as the ratio of total borrowings less cash and bank deposits to total equity, increased from 13% as of last year end to 17% as of 31 December 2023.

A 3-year revolving credit and term loan facility of HK$4 billion was executed in December 2023 for refinancing a club loan of the same facility amount maturing in March 2024.

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, 5-year interest rate swap contracts were executed with an outstanding amount of HK$2 billion as of year-end (2022: HK$2.5 billion for 3/5 years).

Of the Group's bank loans of HK$15,182 million as of 31 December 2023, approximately 93% was denominated in Hong Kong dollars, with the remainder in Renminbi. Approximately 87% of such borrowings were on a floating rate basis, with the remainder on fixed rate basis.

Charges on Group Assets

As of 31 December 2023, certain subsidiaries of the Group pledged assets (comprising investment properties and development properties) with aggregate carrying values of HK$5,242 million (2022: HK$4,921 million) to banks in order to secure the Group's borrowing facilities.

Guarantees

As of 31 December 2023, the Group has executed guarantees in favour of banks in respect of facilities granted to certain joint ventures and associated companies, amounting to HK$9,289 million (2022: HK$9,096 million) and HK$980 million (2022: HK$2,664 million) respectively, of which facilities totaling HK$6,153 million (2022: HK$5,520 million) and HK$969 million (2022: HK$1,347 million) respectively have been utilised. In addition, the Group provided guarantees amounting to HK$518 million (2022: HK$1,697 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 2023, 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$28,693 million (2022: HK$30,698 million), HK$8,748 million (2022: HK$8,411 million) and HK$980 million (2022: HK$2,664 million) respectively. Of these, facilities totaling HK$14,453 million (2022: HK$14,548 million), HK$6,051 million (2022: HK$5,453 million) and HK$969 million (2022: HK$1,347 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 2023 in compliance with Appendix C2 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 2024.

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 the Corporate Governance Code in Appendix C1 (formerly known as Appendix 14) to the Listing Rules, apart from the deviations from (i) CP B.2.2 (retirement by rotation of directors). The chairman and the managing director of the Company are not subject to retirement by rotation; and (ii) CP C.2.1 (roles of chairman and managing director). The roles of the chairman and the managing director of the Company have not been separated.

The Board believes that the 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 2022 Annual Report and as alluded to in the section headed “CORPORATE GOVERNANCE” in its 2023 Interim Report still holds. Detailed information of the Company’s corporate governance practices will be disclosed in the Corporate Governance Report contained in the Company’s 2023 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 C3 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 2023.

REVIEW OF ANNUAL RESULTS

The Group's annual results for the year ended 31 December 2023 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 2023 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 2023.

FINAL DIVIDEND

The Board has resolved to recommend at the forthcoming annual general meeting to be held on 12 June 2024 ("***2024 AGM***") a final scrip dividend (with a cash option) for the year ended 31 December 2023 of 9 HK cents per share, totaling HK$281,961,000, payable on 24 July 2024 to the shareholders whose names appear on the registers of members of the Company at the close of business on 24 June 2024 (2022: 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 (2022: interim cash dividend of 7 HK cents per share), total dividends per share for the year ended 31 December 2023 is 16 HK cents (2022 total: 21 HK cents).

Payment of the final dividend is conditional upon the passing of an ordinary resolution at the 2024 AGM and The Stock Exchange of Hong Kong Limited granting the listing of and permission to deal in the new shares to be issued as the scrip dividend. It is expected that the share certificates in respect of such shares and the dividend warrants will be posted to those entitled on 24 July 2024. A circular containing details of the final scrip dividend (with a cash option) will be available on the respective websites of the Company and HKEx and dispatched to the shareholders of the Company in due course.

CLOSURE OF REGISTERS OF MEMBERS

Entitlement to attend and vote at the 2024 AGM

The registers of members will be closed from 6 June 2024 to 12 June 2024, 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 2024 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 5 June 2024.

Entitlement to Final Dividend

The registers of members will be closed from 19 June 2024 to 24 June 2024, 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 18 June 2024.

PUBLICATION OF FURTHER INFORMATION

This announcement is published on the websites of the Company (*www.kwih.com*) and HKEx (*www.hkexnews.hk*). The Company's 2023 Annual Report containing all the applicable information required by the Listing Rules will be available on the respective websites of the Company and HKEx and dispatched to the shareholders of the Company in late April 2024.

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 Mr. Wong Kwai Lam, Mr. Nip Yun Wing and Mr. Cheung Kin Sang.

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

Hong Kong, 28 March 2024