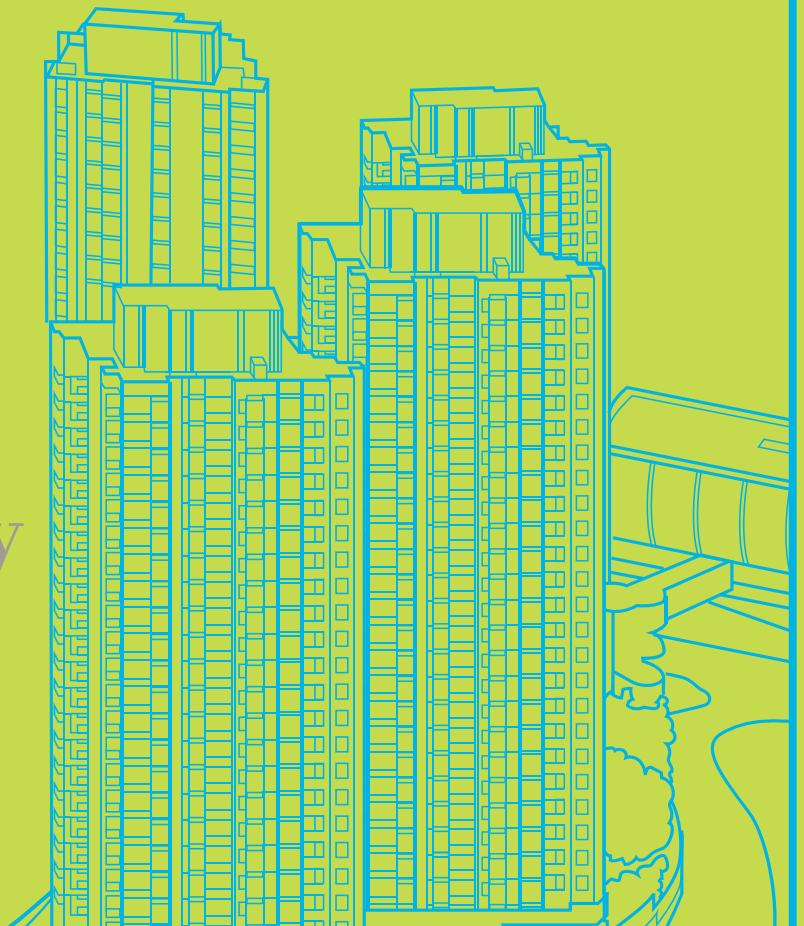


KW 嘉華國際集團有限公司
K. WAH INTERNATIONAL HOLDINGS LIMITED

於百慕達註冊成立之有限公司 Incorporated in Bermuda with limited liability

Stock code 股份代號 00173

Delivering
Value with
Distinctive
建優創值 Quality
力臻恆遠



OUR MISSION

It is our mission to focus on customer needs and pursue the spirit of excellence with quality products and services through our commitment to research, design and value creation. With vision, perseverance and teamwork, we strive to provide shareholders with the best return on their investment.

企業使命

秉承以客為本及追求卓越之精神，不斷透過研究、設計及創造價值，恪守不屈不撓、群策群力及具遠見之經營理念，為客戶提供優質產品及服務，並為股東帶來理想投資回報。

CORPORATE PROFILE

K. Wah International Holdings Limited (“KWIH” or “the Group”, stock code: 00173) is the listed property arm of K. Wah Group. With a strong foothold established in Hong Kong, KWIH has grown and prospered into a leading integrated developer and investor of exquisite and niche projects, with a strategic focus on Hong Kong, the Yangtze River Delta and Pearl River Delta regions.

Committed to delivering premium projects built to an uncompromising standard of quality, our portfolio of residential developments, Grade A office towers, hotel, serviced apartments and retail complexes are truly one-of-a-kind. Each of our properties boasts a perfect interplay of superb design, delicate craftsmanship, top-notch facilities and innovative features, thanks to a team of seasoned professionals. That is also why we are honoured with a host of international accolades, besides earning a reputed name for impeccable living.

Sharing the common vision of excellence and sustainability, we go beyond both in the projects we develop and the communities we help grow and cultivate. We have always been a trend-setter pioneering unique and sophisticated lifestyle, embracing customers’ needs and creating added value in the projects we undertake as a premiere brand.

Taking pride in our track record and strong financial capability, guided by the spirit of prudence and excellence, we will continue to adopt a progressive strategy with a disciplined approach in land acquisition, in strive for setting ever higher standards of quality living spaces and delivering long term shareholder value.

公司簡介

嘉華國際集團有限公司（「嘉華國際」或「集團」；股份代號：00173）為嘉華集團旗下之房地產業務旗艦，創立並紮根於香港，至今已發展成以香港、長三角及珠三角地區為策略據點之綜合發展商及投資者，所開發之項目均以品精質優見稱。

嘉華國際擅長於開發精品物業，由旗下專業團隊所拓展之項目涵蓋住宅、甲級商廈、酒店、服務式公寓及特色商舖，物業皆匠心獨運，揉合特色設計、精湛技術、頂尖設備及創新元素於一身，多年來物業質素備受市場認同，建築及設計屢獲國際殊榮。

集團以締造理想和諧的生活國度為發展宗旨，因地制宜，不僅用心傳承「嘉華」的優質品牌內涵，更以臻善創新的意念打造別樹一幟的物業，塑造現代生活新標準，切合用家需要的同時，亦為物業注入長遠價值。

憑藉資深經驗及雄厚財政實力，嘉華國際將繼續以審慎進取的策略，物色具潛力的土地，竭誠為客戶打造優質的生活空間，為股東帶來長遠而持續的回報。



Company website

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AZURE
SHANGHAI

Corporate Information

CHAIRMAN & MANAGING DIRECTOR

Dr. Lui Che-woo, *GBM, MBE, JP, LLD, DSSc, DBA*

EXECUTIVE DIRECTORS

Mr. Francis Lui Yiu Tung

Ms. Paddy Tang Lui Wai Yu, *BBS, JP*

Mr. Alexander Lui Yiu Wah

NON-EXECUTIVE DIRECTOR

Dr. Moses Cheng Mo Chi, *GBM, GBS, OBE, JP*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Robin Chan Yau Hing, *GBM, GBS, LLD, JP*

Dr. William Yip Shue Lam, *LLD*

Mr. Au Man Chu

Mr. Wong Kwai Lam

AUDIT COMMITTEE

Dr. William Yip Shue Lam, *LLD (Chairman)*

Dr. Moses Cheng Mo Chi, *GBM, GBS, OBE, JP*

Mr. Au Man Chu

REMUNERATION COMMITTEE

Dr. William Yip Shue Lam, *LLD (Chairman)*

Dr. Lui Che-woo, *GBM, MBE, JP, LLD, DSSc, DBA*

Mr. Wong Kwai Lam

NOMINATION COMMITTEE

Dr. Lui Che-woo, *GBM, MBE, JP, LLD, DSSc, DBA (Chairman)*

Dr. William Yip Shue Lam, *LLD*

Mr. Wong Kwai Lam

COMPANY SECRETARY

Ms. Cecilia Lee Wai Kwan

INDEPENDENT AUDITOR

PricewaterhouseCoopers

REGISTERED OFFICE

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HONG KONG BRANCH SHARE REGISTRAR

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WEBSITE ADDRESS

<http://www.kwih.com>

SHARE LISTING

The Stock Exchange of Hong Kong Limited
("HK Stock Exchange")

STOCK CODE

HK Stock Exchange : 00173
Bloomberg : 173 HK
Reuters : 0173.HK

Interim Results Highlights and Interim Dividend

INTERIM RESULTS HIGHLIGHTS

The board of directors (“Board”) of K. Wah International Holdings Limited (“Company”) is pleased to announce the unaudited interim results of the Company and its subsidiaries (together the “Group”) as follows:

- In the first half of 2018, the Group had attributable contracted sales amounted to approximately HK\$8.5 billion as a result of the overwhelming sales response to Solaria in Hong Kong launched in June.
- As of 30 June 2018, the Group had record attributable contracted sales of approximately HK\$18.5 billion in total yet to be recognised, including HK\$9.2 billion for K. City which occupation permit was obtained in August.
- Pursuant to the prevailing revised accounting standard for revenue recognition effective on 1 January 2018, revenue of the Group was HK\$623 million. Taking into account joint ventures and associated companies, total attributable revenue of the Group was HK\$679 million.
- Earnings per share was 18.88 HK cents, and an interim dividend per share of 6 HK cents was declared.
- As of 30 June 2018, net asset value per share was HK\$11.5 and cash and bank deposits amounted to HK\$6,183 million.
- The Group enhanced its funding capability and lowered its financing cost by successfully securing a HK\$7 billion 5-year loan facility.
- The Group participated in joint ventures in three pieces of land in Suzhou, Kunshan, and Jiangmen. The Group also acquired a 100% interest in a land site in Dongguan. The Group will continue to seek opportunities to augment its landbank on a disciplined basis in Hong Kong, The Pearl River and Yangtze River Deltas.

INTERIM DIVIDEND

The Board has declared an interim scrip dividend (with a cash option) for the six months ended 30 June 2018 of 6 HK cents per share, totaling HK\$187,034,000, payable on 22 October 2018 to the shareholders whose names appear on the registers of members of the Company at the close of business on 18 September 2018 (2017: an interim scrip dividend (with a cash option) of 5 HK cents per share, totaling HK\$151,147,000).

Payment of the interim scrip dividend is conditional upon 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 22 October 2018. The Company will send a circular to the shareholders containing, among others, details of the interim scrip dividend with a cash option.

Management Discussion and Analysis

BUSINESS REVIEW

Operating Results

Attributable contracted sales of the Group (comprised of contracted sales of the Group and attributable contracted sales from joint ventures and associated companies) for the six months ended 30 June 2018 (“Period”) amounted to approximately HK\$8.5 billion, mainly derived from Solaria, K. City and The Spectra in Hong Kong, The Palace in Shanghai, The Peak in Nanjing, J Metropolis and Le Palais in Guangzhou, Silver Cove in Dongguan and joint venture projects both in Hong Kong and Nanjing.

As of 30 June 2018, the Group’s total attributable unrecognised contracted sales amounted to approximately HK\$18.5 billion (including HK\$9.2 billion for K. City), estimated to be accounted for in the next 24 months.

Following the revised standard for revenue recognition became effective on 1 January 2018, sales are generally recognised at a later point of time than in previous years, upon the completed units are handed over to our customers. Accordingly, certain contracted sales in the Period in respect of the completed projects were yet to be accounted for.

The revenue of the Group for the Period was HK\$623 million, primarily derived from the property sales of The Palace in Shanghai, J Metropolis in Guangzhou, Silver Cove in Dongguan and the rental income of Shanghai K. Wah Centre. The amount was below that for the same period last year as less revenue for the contracted sales was recognised for the Period. The attributable revenue of the Group (comprising the revenue of the Group and attributable revenue from joint ventures and associated companies of HK\$56 million) was HK\$679 million for the Period.

Profit attributable to equity holders of the Company was HK\$578 million, while underlying profit of the Group (before fair value gain of investment properties) was HK\$32 million for the Period.

The total comprehensive income attributable to equity holders of the Company for the Period was HK\$47 million after accounting for the change in fair value of the investment in Galaxy Entertainment Group Limited (“GEG”) and exchange differences arising from translation of the Group’s RMB denominated net assets at Period end.

Property Development and Investment in Hong Kong

The property market has remained active throughout the first half of the year. Home prices increased for a 27th straight month in June and continued to reach new heights against the backdrop of strong demand from both investors and end-users. Meanwhile, with limited supply, there was no sign of significant adjustments in the residential market despite the new measures introduced in June by the government and interest rate hikes in the United States (the “US”).

Solaria was launched for sale in June and received an overwhelming market response. About 95% of the 700 units launched were sold for about HK\$5.8 billion as of Period end. The Group also continued to market the remaining units of K. City and joint venture projects, The Spectra, Marinella, Providence Bay and Providence Peak. Construction for all Hong Kong projects, including joint venture projects of Kam Sheung Road and Cheung Sha Wan, progressed as scheduled.

The Group’s leasing performance continued to be satisfactory during the Period. Our premium dining and shopping arcade J SENSES, luxury serviced apartments Chantilly and shopping mall in Twin Peaks, all maintained high occupancy and recorded satisfactory rental income. On the other hand, the remaining office units in Kingsfield Centre were transferred to investment properties in accordance with the Group’s strategy to increase recurring income.

Property Development and Investment in Mainland China

During the Period, overall property market sentiment remained positive. Home prices in Tier 1 and 2 cities remained stable while transaction volumes had been adversely affected by various home purchase restrictions and credit tightening policies with no signs of being relaxed in the short term. However, home prices and transaction volumes particularly in lower-tier cities, still saw growth due to less stringent restrictive measures.

Sales for UpTown, J Metropolis Phase IV, started in April with encouraging market response. Around 75% of the 297 units launched were sold as of Period end. The Group also continued to market the remaining units of The Palace in Shanghai, J Metropolis, Le Palais and J Wings in Guangzhou, Silver Cove in Dongguan and The Peak in Nanjing, with good responses. With the completion of Silver Cove Phase III and the handover of the pre-sale units to buyers, certain pre-sale results were recognised in the first half of 2018, with more to be expected in the second half of the year. Occupation permit for The Palace Phase III was also obtained during the Period.

During the Period, the Group participated in a joint venture with several property developers to develop a site in Kunshan and subsequent to Period end, another two joint ventures for sites in Suzhou and Jiangmen with a total attributable land premium of approximately RMB820 million, broadening the Group's means of land replenishment. In early August, the Group also acquired a 100% interest in a land site in Dongguan with a GFA of approximately 159,000 square metres for approximately RMB1.77 billion.

The Group's investment properties have maintained satisfactory occupancy throughout the Period. Shanghai K. Wah Centre, continued to achieve around 95% occupancy rate. Our serviced apartments under the brand "Stanford Residences" have been very well received and enjoy high occupancy. Following two towers of The Palace launched for leasing in 2017, a further two towers were also put into market upon completion and transferred to investment properties in the first half of the year. The market response to them has been satisfactory.

Investment in GEG

The Group maintains the investment of 162 million shares, or an approximate 3.8% interest, in GEG carried at fair market value. As of 30 June 2018, the share price of GEG was HK\$60.75 compared with HK\$62.7 as of 31 December 2017. The change in fair value of approximately HK\$317 million was directly recorded in reserve.

OUTLOOK AND STRATEGY

Global economies

During the Period, global economy continued to grow steadily despite factors including the trade war initiated by the US; the two interest rate hikes of 0.25% each in the US; and the unfavourable Brexit negotiations between The United Kingdom and European Union, etc. North Korea started to demolish its nuclear facilities following the meeting of its Leader Kim Jong-un with US President Donald Trump in June, a move which minimized the geopolitical risk in the North Asia region although there was still much tension in the Middle East. In January, global stock markets rose generally but then dropped in the Period on the concerns over the US interest rate hikes and the widespread trade conflicts. The RMB was very volatile during the Period which rose by 4% to peak in April and fell 5% continuously by then as of the Period end.

US GDP grew 2.2% and 4.1% in the first and second quarters of 2018 respectively while China maintained GDP growth of 6.8% and 6.7%, in line with the government's 2018 target. In Hong Kong, GDP grew at 4.6% and 3.5% respectively for the first two quarters, compared to the government's full year forecast of 3–4%.

Management Discussion and Analysis

The property market in Hong Kong and Mainland China

Despite the rising HIBOR, on which the majority of the mortgage loan rates in Hong Kong are determined and capped with reference to a prime rate, with the liquidity in the banking market and the strong underlying demand, the residential property price continued to be on the rising trend in the Period. With fewer new projects launched, the total amount for primary transactions decreased 16% year-on-year. However, the average transacted price was approximately HK\$14.6 million per unit, a rise of 7% year-on-year. With the strong fundamentals, the property market is not expected to see significant adjustments in the near term.

On the other hand, the Mainland China property market continued to be affected by the government's restrictive measures which are not expected to be relieved soon. During the Period, transaction volumes, particularly for Tier 1 and 2 cities, remained relatively low while home prices were stable as supported by genuine underlying demand. The situation is not expected to turn around soon, but we remain conservatively optimistic on the Mainland China property market in the medium and longer term, particularly in those cities where we have operations. The Group is monitoring the situation for further investment window.

Project sales and progress

In Hong Kong, construction for Solaria in Tai Po progressed as scheduled while the Group launched the first batch of units for sale in June after obtaining the pre-sale consent, which received overwhelming response with all units sold out in the day of launch. Further units were then launched for sale, with about 95% of 700 units launched sold as of the Period end. Construction works for K. City also progressed as scheduled with completion expected by 2018 while the Group continued to market the project's remaining units. With more than 98% of the project's total 900 units sold as of the Period end and occupation permit obtained in August, the Group aims to have the completed units handed over to the buyers by year end. Pre-sale for K. City of approximately HK\$9.2 billion can then be recognised.

In Mainland China, the Group launched UpTown, J Metropolis Phase IV, a completed project in Guangzhou in April 2018. An encouraging response was received, with around 75% of the 297 units launched by the Period end sold. The Group also continued to market new batches of units at The Peak in Nanjing while construction has progressed as scheduled. Completion certificate was obtained for majority of its units in the first half of 2018. Further units of Royal Creek, a 33% owned new project in Nanjing, along with its wholly-owned Silver Cove Phase III in Dongguan completed in May 2018, were also launched for sale. As of the Period end, unrecognised contracted sales of The Peak, UpTown, Le Palais and Silver Cove for the aggregate amount of approximately HK\$2.2 billion will be accounted for when the relevant units are delivered to buyers, expected in stages from the second half of the year. The Group will continue to market its remaining units in various projects in Shanghai, Guangzhou and Dongguan. The Group also plans to launch Windermere in Shanghai, and subject to market conditions, the third phase of The Palace and Azure.

Government approvals for the projects' construction have just been obtained by the joint ventures for the Suzhou and Kunshan sites while pre-sales are also scheduled later in the year.

Land bank replenishment

After securing six new land parcels in 2017 in Hong Kong and Mainland China, the Group participated in three joint ventures since the beginning of the year, enhancing its footprints in Suzhou, Kunshan and Jiangmen, and acquired a 100% interest in a land site in Dongguan. It will continue to exercise discipline and sound judgment in evaluating land replenishment opportunities, taking advantage of the softening land market in some Mainland China cities.

Recurring income

In Shanghai, another two towers with approximately 12,000 square metres in addition to the two towers of the second phase of The Palace under “Stanford Residences Xu Hui” launched last year were put for leasing in April and June respectively to meet the strong demand. Leasing for the three towers of approximately 13,000 square metres in Azure under “Stanford Residences Jin Qiao” continued. Palace Lane, the commercial portion of The Palace with a GFA of approximately 9,000 square metres, was fully opened with more than 75% were now leased out. J-Town, the commercial portion in Silver Cove, Dongguan, with approximately 11,400 square metres was fully opened in the Period and with more than 80% leased out.

In Hong Kong, the fully let office units in Kingsfield Centre of approximately 5,800 square feet were transferred to investment properties for rental. As a result, the Group’s investment property portfolio was enlarged from approximately 190,000 square metres on 31 December 2017 to approximately 200,000 square metres as at the Period end. With Phases III and IV of K. Wah Plaza, a comprehensive development for SOHO offices, offices, hotel and retail facilities in Guangzhou, of approximately 86,000 square metres scheduled to be opened in 2019, as well as the office building at Suhe Creek, Jingan District, Shanghai of approximately 20,000 square metres, and the commercial portions of our residential projects under development to be held for rental, we are on track to enlarge our portfolio for recurring income.

Dividend derived from our approximately 3.8% interest in GEG remains a source of our recurring income.

Conclusion

Major developed countries, Mainland China and Hong Kong generally performed well in the first half of 2018 while their economies are expected to continue to grow steadily. However, investors have been cautious about the outcome of the trade war between the US and China and its consequences on global economic growth. Should US interest rate hikes be matched by Hong Kong, its property market may be affected. Further administrative policies by the government continue to be the major risk factor for property market in Mainland China while its economy growth continues to outperform many developed countries. Despite there are market volatility and uncertainties, we prudently believe that property markets in Hong Kong and Mainland China can sustain their growth healthily.

The Group has secured good contracted sales to be recognised in the next 24 months and will continue to develop our existing projects and to launch projects in our pipeline according to schedule, as well as to further replenish our land bank in a disciplined manner. The Group remains well positioned to capture any opportunities in the market arising from the restrictive property measures/policies by the Chinese and Hong Kong Governments.

REVIEW OF FINANCE

Financial Position

The financial position of the Group remained healthy. As of 30 June 2018, total funds employed (being total equity and total borrowings and guaranteed notes) were HK\$58 billion (31 December 2017: HK\$55 billion). The number of issued shares of the Company increased to 3,060,409,052 as of 30 June 2018 (31 December 2017: 3,055,461,052) as a result of the exercise of share options during the Period.

Management Discussion and Analysis

Group Liquidity, Financial Resources and Gearing Ratio

The Group monitors its liquidity requirements on a short-to-medium-term basis and arranges refinancing of the Group's borrowings when appropriate. As of 30 June 2018, the Group's borrowings of bank loans and guaranteed notes were HK\$20,867 million, with a maturity profile spread over a period of up to five years except for HK\$63 million which is due after 5 years, 9% of the rest is repayable within one year and the remaining 91% repayable over one to five years. The average interest rate for the Group during the Period was approximately 2.3%.

In addition, the Group had available undrawn facilities totalling HK\$8,543 million, comprising HK\$5,906 million for working capital and HK\$2,637 million for project facility purposes.

As of 30 June 2018, cash and bank deposits stood at HK\$6,183 million, with approximately 47% held in Renminbi.

The gearing ratio, defined as the ratio of total borrowings and guaranteed notes less cash and bank deposits to total equity, stayed at 40% as of 30 June 2018 (31 December 2017: 34%).

A 5-year revolving credit and term loan totalling HK\$7 billion was executed in January 2018 for refinancing at lower cost and as an additional available funding source, to enhance the Group's liquidity.

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.

Of the Group's bank loans and guaranteed notes of HK\$20,867 million as of 30 June 2018, approximately 91% was denominated in Hong Kong dollars, with the remainder in Renminbi. Approximately 91% of such borrowings and notes was on a floating rate basis, with the remainder on a fixed rate basis after hedging.

Charges on Group Assets

As of 30 June 2018, certain subsidiaries of the Group pledged assets (comprising investment properties, development properties, leasehold land and land use rights, buildings and bank deposits) with aggregate carrying values of HK\$11,825 million (31 December 2017: HK\$5,338 million) to banks in order to secure the Group's borrowing facilities.

Guarantees

As of 30 June 2018, the Company has executed guarantees in favour of banks and financial institutions, in respect of facilities granted to certain subsidiaries and joint ventures, amounting to HK\$27,226 million (31 December 2017: HK\$17,779 million) and HK\$1,460 million (31 December 2017: HK\$1,460 million) respectively. Of these, facilities totalling HK\$19,032 million (31 December 2017: HK\$16,990 million) and HK\$1,323 million (31 December 2017: HK\$1,323 million) respectively have been utilised.

In addition, certain subsidiaries of the Company provided guarantees amounting to HK\$1,230 million (31 December 2017: HK\$1,241 million) in respect of mortgage facilities granted by banks relating to mortgage loans arranged for purchasers of the Group's properties.

The Company has executed a guarantee in favour of the Hong Kong Government in respect of the performance obligation of an investee company under a contract on a quarry site with the Hong Kong Government. On 31 July 2017, the works under the contract was completed and the quarry site of the contract was returned to the Hong Kong Government.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2018, the Group, excluding its associated companies and joint ventures, employs 861 employees in Hong Kong, Mainland China and Singapore. Employee costs, excluding Directors' emoluments, amounted to approximately HK\$206 million for the period under review.

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.

Report on Review of Interim Financial Information



**TO THE BOARD OF DIRECTORS OF
K. WAH INTERNATIONAL HOLDINGS LIMITED**
(incorporated in Bermuda with limited liability)

羅兵咸永道

INTRODUCTION

We have reviewed the interim financial information set out on pages 11 to 29, which comprises the condensed consolidated balance sheet of K. Wah International Holdings Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2018 and the condensed consolidated profit and loss statement, the condensed consolidated statement of comprehensive income, the condensed consolidated cash flow statement and the condensed consolidated statement of changes in equity for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 22 August 2018

Condensed Consolidated Profit and Loss Statement (unaudited)

	Note	For the six months ended 30 June	
		2018 HK\$'000	2017 HK\$'000
Revenue	6	622,638	4,917,951
Cost of sales		(217,499)	(1,733,783)
Gross profit		405,139	3,184,168
Other operating income		132,220	106,021
Other net losses		(29,141)	(3,313)
Fair value gain on transfer of development properties to investment properties	7	524,736	973,803
Change in fair value of investment properties		217,900	137,417
Other operating expenses		(117,766)	(245,574)
Administrative expenses		(248,130)	(245,772)
Finance costs		(18,709)	(9,308)
Share of profits of joint ventures		30,928	79,445
Share of profits of associated companies		11,794	51,439
Profit before taxation	8	908,971	4,028,326
Taxation charge	9	(282,336)	(1,821,944)
Profit for the period		626,635	2,206,382
Attributable to:			
Equity holders of the Company		577,737	2,162,206
Non-controlling interests		48,898	44,176
		626,635	2,206,382
		HK cents	HK cents
Earnings per share	10		
Basic		18.88	73.06
Diluted		18.83	72.81

Condensed Consolidated Statement of Comprehensive Income (unaudited)

	For the six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Profit for the period	626,635	2,206,382
Other comprehensive (loss)/income:		
<i>Item that will not be reclassified to profit and loss:</i>		
Change in fair value of financial assets at fair value through other comprehensive income	(316,844)	2,209,783
<i>Item that may be reclassified to profit and loss:</i>		
Exchange differences arising from translation	(224,045)	522,702
Other comprehensive (loss)/income for the period	(540,889)	2,732,485
Total comprehensive income for the period	85,746	4,938,867
Total comprehensive income attributable to:		
Equity holders of the Company	46,508	4,862,214
Non-controlling interests	39,238	76,653
	85,746	4,938,867

Condensed Consolidated Balance Sheet

As at 30 June 2018

	Note	(unaudited) 30 June 2018 HK\$'000	(audited) 31 December 2017 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		430,659	447,913
Investment properties		13,657,856	12,599,451
Leasehold land and land use rights		14,247	14,684
Joint ventures		7,105,968	7,237,381
Associated companies		1,157,300	1,106,983
Financial assets at fair value through other comprehensive income		9,870,906	10,187,750
Deferred taxation assets		120,399	119,663
Other non-current assets		540,980	585,192
		32,898,315	32,299,017
Current assets			
Development properties		32,659,471	29,696,662
Inventories		2,075	3,990
Amounts due from associated companies		—	3,674
Debtors and prepayments	13	1,194,898	2,118,931
Land and tender deposits		100,000	1,896,658
Derivative financial instruments		464	—
Financial assets at fair value through profit or loss		658,059	270,024
Taxes recoverable		569,925	368,954
Cash and bank deposits	14	6,183,439	5,848,809
		41,368,331	40,207,702
Total assets		74,266,646	72,506,719
EQUITY			
Share capital	15	306,041	305,546
Reserves		34,763,912	34,697,102
Shareholders' funds		35,069,953	35,002,648
Non-controlling interests		1,678,018	2,014,039
Total equity		36,747,971	37,016,687
LIABILITIES			
Non-current liabilities			
Borrowings	16	18,089,195	16,668,400
Guaranteed notes	17	999,433	998,863
Deferred taxation liabilities		2,339,207	2,147,108
		21,427,835	19,814,371
Current liabilities			
Amounts due to joint ventures		958,439	824,220
Amounts due to associated companies		327,694	415,839
Creditors and accruals	18	1,574,287	2,213,195
Pre-sales deposits		9,556,594	7,731,214
Current portion of borrowings	16	1,778,659	811,587
Derivative financial instruments		—	615
Taxes payable		1,895,167	3,678,991
		16,090,840	15,675,661
Total liabilities		37,518,675	35,490,032
Total equity and liabilities		74,266,646	72,506,719
Net current assets		25,277,491	24,532,041
Total assets less current liabilities		58,175,806	56,831,058

Condensed Consolidated Cash Flow Statement (unaudited)

	For the six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000
Net cash used in operating activities	(1,665,556)	(903,253)
Cash flows from investing activities		
Net changes in balances with joint ventures	301,182	60,818
Net changes in balances with associated companies	(101,948)	122,664
Increase in investments in joint ventures	—	(809,156)
Increase in investment in an associated company	(92,096)	—
(Increase)/decrease in financial assets at fair value through profit or loss	(398,626)	124,731
Dividends received from associated companies	160,000	274,920
(Increase)/decrease in bank deposits	(312,435)	39,687
Others	99,937	71,768
Net cash used in investing activities	(343,986)	(114,568)
Cash flows from financing activities		
New bank loans	12,827,106	14,352,200
Repayment of bank loans and guaranteed notes	(10,416,174)	(11,471,902)
Capital contribution from non-controlling interests	—	52,602
Repayment of capital to non-controlling interests	(375,259)	(355,869)
Issues of new shares	12,589	15,699
Net cash from financing activities	2,048,262	2,592,730
Net increase in cash and cash equivalents	38,720	1,574,909
Cash and cash equivalents at beginning of the period	5,489,914	6,616,555
Changes in exchange rates	(3,158)	140,993
Cash and cash equivalents at end of the period	5,525,476	8,332,457

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2018

	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Shareholders' funds HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 January 2018	305,546	12,106,601	22,590,501	35,002,648	2,014,039	37,016,687
Comprehensive income						
Profit for the period	—	—	577,737	577,737	48,898	626,635
Other comprehensive loss						
Other comprehensive loss for the period	—	(531,229)	—	(531,229)	(9,660)	(540,889)
Transactions with equity holders						
Issue of shares upon exercise of share options	495	12,094	—	12,589	—	12,589
Fair value of share options	—	8,208	—	8,208	—	8,208
Lapse of share options	—	(1,666)	1,666	—	—	—
Repayment of capital to non-controlling interests	—	—	—	—	(375,259)	(375,259)
At 30 June 2018	306,041	11,594,008	23,169,904	35,069,953	1,678,018	36,747,971
At 1 January 2017	295,674	6,234,108	18,829,915	25,359,697	1,766,770	27,126,467
Comprehensive income						
Profit for the period	—	—	2,162,206	2,162,206	44,176	2,206,382
Other comprehensive income						
Other comprehensive income for the period	—	2,700,008	—	2,700,008	32,477	2,732,485
Transactions with equity holders						
Issue of shares upon exercise of shares options	487	15,212	—	15,699	—	15,699
Lapse of share options	—	(95)	95	—	—	—
Capital contribution from non-controlling interests	—	—	—	—	52,602	52,602
Repayment of capital to non-controlling interests	—	—	—	—	(355,869)	(355,869)
At 30 June 2017	296,161	8,949,233	20,992,216	30,237,610	1,540,156	31,777,766

Notes to the Interim Financial Information

1 GENERAL INFORMATION

K. Wah International Holdings Limited (the “Company”) is a limited liability company incorporated in Bermuda and has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited. The address of its registered office is Canon’s Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business in Hong Kong is 29th Floor, K. Wah Centre, 191 Java Road, North Point, Hong Kong.

The principal activities of the Company and its subsidiaries (together the “Group”) are property development and investment in Hong Kong, Mainland China and Singapore.

This interim financial information is presented in Hong Kong dollars, unless otherwise stated. This interim financial information was approved for issue by the Board of Directors on 22 August 2018.

This interim financial information has not been audited.

2 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2018 has been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets at fair value through other comprehensive income, derivative financial instruments and financial assets at fair value through profit or loss, which are carried at fair values and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2017 which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

The accounting policies and methods of computation used in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2017, except as stated below.

The adoption of new standards and amendments and interpretation to standards

In 2018, the Group adopted the following new standards and amendments and interpretation to standards, which are relevant to its operations.

HKFRS 2 (Amendment)	Classification and Measurement of Share-based Payment Transactions
HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HKFRS 15 (Amendment)	Clarifications to HKFRS 15
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Annual Improvements to HKFRSs 2014–2016 Cycle	

The impact of the adoption of HKFRS 9 and HKFRS 15 are disclosed in Note (i) below. The other amendments and interpretation to standards did not have significant impact on the Group’s accounting policies and did not require retrospective adjustments.

2 BASIS OF PREPARATION (cont'd)

New standards and amendments and interpretation to standards that are not yet effective

		Effective for accounting periods beginning on or after
HKAS 19 (Amendment)	Employee Benefits — Plan Amendment, Curtailment or Settlement	1 January 2019
HKAS 28 (Amendment)	Long-term Interests in Associates and Joint Ventures	1 January 2019
HKFRS 9 (Amendment)	Prepayment Features with Negative Compensation	1 January 2019
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	No mandatory effective date
HKFRS 16	Leases	1 January 2019
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments	1 January 2019
	Annual Improvements to HKFRSs 2015–2017 Cycle	1 January 2019

The Group will adopt the above new standards and amendments and interpretation to standards as and when they become effective. The Group has commenced an assessment of the likely impact of adopting the above new standards and amendments and interpretation to standards, in which the preliminary assessment of HKFRS 16 is detailed below. The Group will continue to assess the impact in more details.

HKFRS 16 “Leases”

The new standard will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the Group’s operating leases.

Upon adoption of HKFRS 16, the majority of operating lease commitments will be recognised in the consolidated balance sheet as lease liabilities and right-of-use assets. The lease liabilities would subsequently be measured at amortised cost and the right-of-use asset will be depreciated on a straight-line basis during the lease term.

The new standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

Apart from the above, there was no significant impact on the Group’s results and financial position or any substantial changes in the Group’s accounting policies and presentation of the interim financial information.

(i) Changes in accounting policies

The changes in accounting policies upon the adoption of HKFRS 9 ‘Financial Instruments’ and HKFRS 15 ‘Revenue from Contracts with Customers’ are set out below:

Notes to the Interim Financial Information

2 BASIS OF PREPARATION (cont'd)

(i) Changes in accounting policies (cont'd)

HKFRS 9 'Financial Instruments'

Classification, measurement and derecognition of financial assets

On 1 January 2018, the Group's management has assessed the Group's business models of management, and the contractual cash flow characteristics, of each of the Group's financial instruments, and has classified them into appropriate categories under HKFRS 9.

The Group has elected to present changes in the fair value of its listed equity securities not held for trading (previously classified under non-current investment and accounted for as available-for-sale financial asset) in other comprehensive income. Under this election, only qualifying dividends are recognised in profit and loss unless they clearly represented recovery of a part of the cost of the investment. Changes in fair value are recognised in other comprehensive income and never recycled to profit and loss, even if the asset is impaired, sold or otherwise derecognised.

Impairment of financial assets

The Group assessed on a forward looking basis for the expected credit losses associated with its financial assets carried at amortised cost. The results of the adopted new impairment model as at 1 January 2018 have not resulted in material impact on the carrying amount of the Group's financial assets.

The Group has elected to apply the new standard retrospectively and has restated comparatives for the prior periods presented. Accordingly, non-current investment of approximately HK\$10.2 billion was reclassified to financial assets at fair value through other comprehensive income.

HKFRS 15 'Revenue from Contracts with Customers'

In prior reporting periods, revenue from the sale of properties was recognised when significant risks and rewards of ownership of properties have been transferred to the customers.

Under HKFRS 15, revenue from pre-sales of properties under development is recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contracts and the laws that apply to the contracts, control of the properties under development may transfer over time or at a point in time. If properties have no alternative use to the Group contractually and the Group has an enforceable right to payment from the customers for performance completed to date, the Group satisfies the performance obligation over time and therefore, recognises revenue over time by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the completed property.

Revenue from sales of completed properties is recognised at a later point in time when the underlying property is legally and/or physically transferred to the customer.

The Group currently offers different payment schemes to customers, the transaction price and the amount of revenue for the sale of property will be adjusted when significant financial component exists in that contract.

Pre-sales deposits in relation to advanced proceeds received from customers represent contract liabilities under HKFRS 15.

The Group has elected to use a modified retrospective approach on all the uncompleted contracts as at 1 January 2018, which the cumulative impact of the adoption is recognised as an adjustment to the retained earnings as at 1 January 2018 and that the comparatives are not restated. The adoption of HKFRS 15 has no material impact to the retained earnings as at 1 January 2018 and therefore, no adjustment was made.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these interim financial information, in addition to the critical accounting estimates and judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty as set out in the annual financial statements for the year ended 31 December 2017, the estimates and judgments in relation to revenue recognition are set out below:

Revenue from pre-sales of properties is recognised over time when the properties have no alternative use to the Group contractually and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time. Whether there is an enforceable right to payment and hence the related contract revenue should be recognised over time, depends on the terms of each contract and the relevant laws that apply to that contract. To assess the enforceability of right to payment, the Group has reviewed the terms of its contracts and the relevant local laws, considered the local regulators' views and practices and obtained legal advice, where necessary.

4 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk.

The interim financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017.

There have been no material changes in the Group's financial risk management structure, policies and procedures since year ended 31 December 2017.

(b) Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

(c) Estimates of fair value of financial instruments

In 2018, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

The disclosure of fair value measurements of financial instruments carried at fair value by level in the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

At 30 June 2018 and 31 December 2017, the Group had no Level 3 financial instruments, the only Level 1 financial instrument that is measured at fair value represented the financial assets at fair value through other comprehensive income and Level 2 financial instruments that are measured at fair value represented the financial assets at fair value through profit or loss, derivative financial instruments and structured bank deposits.

Notes to the Interim Financial Information

4 FINANCIAL RISK MANAGEMENT (cont'd)

(c) Estimates of fair value of financial instruments (cont'd)

In 2018, there were no transfers of financial assets or financial liabilities between the levels in the hierarchy.

In 2018, there were no reclassifications of financial assets.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

In assessing the fair value of non-trading securities and other financial assets that are not traded in an active market, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date.

5 SEGMENT INFORMATION

The Group is principally engaged in property development and investment in Hong Kong, Mainland China and Singapore. 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 of Directors 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 losses, fair value gain on transfer of development properties to investment properties and change in fair value of investment properties. Also 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 primarily consist of property, plant and equipment, leasehold land and land use rights, deferred taxation assets, other non-current assets, development and investment properties, debtors and prepayments, land and tender deposits, financial assets at fair value through profit or loss, taxes recoverable, cash and bank deposits and other assets mainly include financial assets at fair value through other comprehensive income, derivative financial instruments, hotel building, inventories and other non-operating assets held by the corporate office. Segment liabilities comprise mainly creditors and accruals, pre-sales deposits, amounts due to joint ventures and associated companies, borrowings, guaranteed notes, derivative financial instruments, taxes payable and deferred taxation liabilities. Other liabilities include liabilities not arising from the operation of the operating segments.

5 SEGMENT INFORMATION (cont'd)

	Property development			Property investment	Others	Total
	Hong Kong HK\$'000	Mainland China HK\$'000	Others HK\$'000	HK\$'000	HK\$'000	HK\$'000
Six months ended 30 June 2018						
Revenue	59,789	237,628	—	268,450	56,771	622,638
Adjusted EBITDA	24,429	43,763	(1,360)	219,855	(113,829)	172,858
Other income and expenses/losses, net						(14,687)
Depreciation and amortisation						(15,849)
Fair value gain on transfer of development properties to investment properties				524,736		524,736
Change in fair value of investment properties				217,900		217,900
Finance costs						(18,709)
Share of profits/(losses) of joint ventures	34,851	(3,923)				30,928
Share of profits of associated companies	11,794					11,794
Profit before taxation						908,971
Taxation charge						(282,336)
Profit for the period						626,635
As at 30 June 2018						
Segment assets	19,918,238	21,629,928	11,525	13,934,851	—	55,494,542
Other assets	—	—	—	—	10,508,836	10,508,836
Joint ventures	6,813,986	291,982	—	—	—	7,105,968
Associated companies	976,254	181,046	—	—	—	1,157,300
Total assets	27,708,478	22,102,956	11,525	13,934,851	10,508,836	74,266,646
Total liabilities	19,328,473	15,607,900	379	2,520,635	61,288	37,518,675
Six months ended 30 June 2017						
Revenue	64,970	4,593,636	—	209,982	49,363	4,917,951
Adjusted EBITDA	39,458	2,847,930	(1,467)	171,162	(103,174)	2,953,909
Other income and expenses/losses, net						(142,866)
Depreciation and amortisation						(15,513)
Fair value gain on transfer of development properties to investment properties				973,803		973,803
Change in fair value of investment properties				137,417		137,417
Finance costs						(9,308)
Share of profits/(losses) of joint ventures	79,514	(69)				79,445
Share of profits of associated companies	51,439					51,439
Profit before taxation						4,028,326
Taxation charge						(1,821,944)
Profit for the period						2,206,382
As at 31 December 2017						
Segment assets	19,334,857	20,824,513	149,506	12,911,490	—	53,220,366
Other assets	—	—	—	—	10,938,315	10,938,315
Joint ventures	6,766,148	471,233	—	—	—	7,237,381
Associated companies	1,110,657	—	—	—	—	1,110,657
Total assets	27,211,662	21,295,746	149,506	12,911,490	10,938,315	72,506,719
Total liabilities	17,583,923	15,489,392	648	2,356,300	59,769	35,490,032
Six months ended 30 June 2018						
Additions to non-current assets	—	1,217	8	6	300	1,531
Six months ended 30 June 2017						
Additions to non-current assets	—	1,055	1	—	781	1,837

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (cont'd)

Geographical segment information

The Group operates in three (2017: three) main geographical areas, including Hong Kong, Mainland China and Singapore. The revenue for the six months ended 30 June 2018 and 2017 and total non-current assets (other than joint ventures, associated companies, financial assets at fair value through other comprehensive income, deferred taxation assets and other non-current assets) as at 30 June 2018 and 31 December 2017 by geographical area are as follows:

Revenue

	2018 HK\$'000	2017 HK\$'000
Hong Kong	96,967	96,899
Mainland China	525,671	4,821,052
Singapore	—	—
	622,638	4,917,951

Non-current assets

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Hong Kong	3,004,201	2,940,511
Mainland China	11,098,392	10,121,355
Singapore	169	182
	14,102,762	13,062,048

6 REVENUE

	2018 HK\$'000	2017 HK\$'000
Sales of properties	297,417	4,658,606
Rental income	268,450	209,982
Hotel operations	56,771	49,363
	622,638	4,917,951

Revenue from sales of properties for the six months ended 30 June 2018 is recognised at a point in time.

7 FAIR VALUE GAIN ON TRANSFER OF DEVELOPMENT PROPERTIES TO INVESTMENT PROPERTIES

The amount recognised during the period 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.

8 PROFIT BEFORE TAXATION

	2018 HK\$'000	2017 HK\$'000
Profit before taxation is stated after crediting:		
Interest income	39,567	42,341
Dividend income from financial assets at fair value through other comprehensive income	66,618	42,246
Net fair value gains on derivative financial instruments	1,080	—
Net fair value gains on financial assets at fair value through profit or loss	5,025	4,164
Net exchange gains	—	1,098
and after charging:		
Cost of properties sold	156,462	1,691,476
Selling and marketing expenses	108,110	235,884
Depreciation (net of amount capitalised under properties under development of HK\$210,000 (2017: HK\$96,000))	15,785	15,454
Amortisation for leasehold land and land use rights	64	59
Operating lease rental for land and buildings	4,978	3,296
Loss on disposal of property, plant and equipment	94	17
Net loss on settlement of derivative financial instruments	—	7,759
Net fair value losses on derivative financial instruments	—	799
Net exchange losses	35,152	—

9 TAXATION CHARGE

	2018 HK\$'000	2017 HK\$'000
Current		
Hong Kong profits tax	2,520	7,980
Mainland China		
— Income tax	42,780	463,989
— Land appreciation tax	23,978	1,119,270
Overseas	—	66
Over-provision in previous years	(18)	(47)
Deferred	213,076	230,686
	282,336	1,821,944

Hong Kong profits tax has been provided at the rate of 16.5% (2017: 16.5%) on the estimated assessable profits for the period after setting off available tax losses brought forward. Taxation assessable on profits generated in Mainland China and overseas has been provided at the rates of taxation prevailing in the countries in which the Group operates. There is no income tax provided on other comprehensive income.

Land appreciation tax in Mainland China 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, which is included in the profit and loss statement as taxation charge.

Notes to the Interim Financial Information

10 EARNINGS PER SHARE

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

	2018 HK\$'000	2017 HK\$'000
Profit attributable to equity holders of the Company	577,737	2,162,206
	Number of shares	
	2018	2017
Weighted average number of shares for calculating basic earnings per share	3,059,922,000	2,959,511,000
Effect of dilutive potential ordinary shares — Share options	8,699,000	10,265,000
Weighted average number of shares for calculating diluted earnings per share	3,068,621,000	2,969,776,000

11 DIVIDEND

The Board of Directors has declared an interim scrip dividend (with a cash option) of HK\$187,034,000 (being 6 HK cents per share) (2017: an interim scrip dividend (with a cash option) of 5 HK cents per share, totaling HK\$151,147,000). This dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2018.

12 CAPITAL EXPENDITURE

For the six months ended 30 June 2018, the Group incurred HK\$1.5 million (2017: HK\$1.8 million) on property, plant and equipment.

13 DEBTORS AND PREPAYMENTS

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Trade debtors	11,756	1,274,660
Other debtors	283,294	251,894
Prepayments and other deposits	525,322	328,101
Prepaid sales commissions	225,785	186,363
Prepaid sales taxes	148,741	77,913
	1,194,898	2,118,931

13 DEBTORS AND PREPAYMENTS (cont'd)

Trade debtors mainly comprise proceeds receivables in respect of sales of properties and rental receivable. Proceeds receivables in respect of sales of properties are settled in accordance with the terms stipulated in the sales and purchase agreements. 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:

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Within one month	10,057	1,260,808
Two to three months	307	11,741
Four to six months	124	408
Over six months	1,268	1,703
	11,756	1,274,660

14 CASH AND BANK DEPOSITS

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Short-term bank deposits maturing after three months	64,914	—
Pledged bank deposits	593,049	—
Structured bank deposits	—	358,895
	657,963	358,895
Cash at bank and in hand	3,233,050	3,437,743
Short-term and other bank deposits	2,292,426	2,052,171
	5,525,476	5,489,914
Cash and bank deposits	6,183,439	5,848,809

Bank deposits of HK\$593,049,000 (31 December 2017: nil) were pledged to a bank for a back-to-back loan facility.

Notes to the Interim Financial Information

15 SHARE CAPITAL

	2018		2017	
	Shares of HK\$0.10 each Number of shares	HK\$'000	Shares of HK\$0.10 each Number of shares	HK\$'000
Authorised:				
At 1 January and 30 June	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid:				
At 1 January	3,055,461,052	305,546	2,956,748,603	295,674
Share options exercised	4,948,000	495	4,866,000	487
At 30 June	3,060,409,052	306,041	2,961,614,603	296,161

The Company operates a share option scheme under which options to subscribe for shares in the Company may be granted to Directors and employees of the Company and its affiliates and other qualifying grantees. During the period, share options to subscribe for 4,948,000 shares (2017: 4,866,000 shares) were exercised.

The outstanding share options have the following exercise periods and exercise prices per share:

Exercise period	Exercise price HK\$	Number of share options	
		30 June 2018	31 December 2017
17 January 2013 to 16 January 2018	2.120	—	3,818,000
21 January 2014 to 20 January 2019	4.610	12,590,000	13,508,000
30 September 2015 to 29 September 2020	4.500	13,960,000	14,710,000
21 January 2017 to 20 January 2022	2.796	11,410,000	11,870,000
17 July 2018 to 16 July 2023	4.760	18,040,000	19,050,000
		56,000,000	62,956,000

16 BORROWINGS

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Long-term bank loans		
Secured	3,406,592	297,882
Unsecured	15,749,602	16,882,105
	19,156,194	17,179,987
Short-term bank loans		
Secured	—	300,000
Unsecured	711,660	—
	711,660	300,000
Current portion included in current liabilities	19,867,854 (1,778,659)	17,479,987 (811,587)
	18,089,195	16,668,400

17 GUARANTEED NOTES

K. Wah International Financial Services Limited, a wholly-owned subsidiary of the Company, issued guaranteed notes of HK\$1 billion at 100% of face value through private placement in 2014. The notes are guaranteed by the Company and carry a coupon rate of 4.25% to 4.73% per annum and have a maturity of 7 years. The fair value of these guaranteed notes as at 30 June 2018 was HK\$1,026 million (31 December 2017: HK\$1,047 million).

18 CREDITORS AND ACCRUALS

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Trade creditors	1,151,257	1,749,118
Other creditors	91,480	65,871
Amounts due to non-controlling interests	314	—
Accrued operating expenses	142,062	212,339
Rental and other deposits received	189,174	185,867
	1,574,287	2,213,195

Notes to the Interim Financial Information

18 CREDITORS AND ACCRUALS (cont'd)

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

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Within one month	1,144,469	1,738,121
Two to three months	787	3,879
Four to six months	33	1,878
Over six months	5,968	5,240
	1,151,257	1,749,118

19 COMMITMENTS

	30 June 2018 HK\$'000	31 December 2017 HK\$'000
Contracted but not provided for commitments in respect of		
— property investment	—	—
— property development	2,591,078	2,468,252
— joint venture	23,929	6,989
	2,615,007	2,475,241

20 GUARANTEES

The Group has executed the following guarantees in respect of loan facilities granted by banks and financial institutions:

	30 June 2018		31 December 2017	
	Outstanding HK\$'000	Utilised HK\$'000	Outstanding HK\$'000	Utilised HK\$'000
— joint ventures	1,460,384	1,323,434	1,460,384	1,323,434
— properties buyers	1,230,192	1,230,192	1,240,998	1,240,998
	2,690,576	2,553,626	2,701,382	2,564,432

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 Mainland China. 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.

20 GUARANTEES (cont'd)

As at 30 June 2018, the Company has executed guarantees in favour of banks, in respect of loan facilities granted to certain subsidiaries, amounting to HK\$27,226 million (31 December 2017: HK\$17,779 million). Of these, facilities of HK\$19,032 million (31 December 2017: HK\$16,990 million) were utilised.

Apart from the above, the Company has executed a guarantee in favour of the Hong Kong Government in respect of the performance obligation of an investee company under a contract on a quarry site with the Hong Kong Government. On 31 July 2017, the works under the contract was completed and the quarry site of the contract was returned to the Hong Kong Government.

21 RELATED PARTY TRANSACTIONS

The following is a summary of significant transactions between the Group and related parties, in addition to those disclosed elsewhere in the interim financial information which in the opinion of the Directors, were carried out in the normal course of business during the period:

- (a) Key management personnel comprise Executive Directors of the Company and their emoluments are set out as follows:

	2018 HK\$'000	2017 HK\$'000
Fees, salaries and other emoluments	16,667	16,059
Discretionary bonuses	9,912	9,719
Pension costs — defined contribution plans	1,606	1,546
Share option	4,552	—
	32,737	27,324

- (b) Rental income from an investee company amounted to HK\$738,000 (2017: HK\$691,000) based on the terms of rental agreement between the parties.
- (c) Rental expenses to related companies amounted to HK\$7,049,000 (2017: HK\$6,693,000) based on the terms of master lease agreement between the parties.
- (d) The Company has executed a guarantee in favour of the Hong Kong Government in respect of the contract for quarrying rights and rehabilitation of the quarry of Tai Sheung Tok Anderson Road of an investee company. On 31 July 2017, the works under the contract was completed and the quarry site of the contract was returned to the Hong Kong Government.
- (e) On 15 January 2016, a subsidiary of the Company entered into four sales and purchase agreements with Dr. Lui Che-woo, being the Chairman and Managing Director of the Company and also a substantial shareholder of the Company, in respect of four residential units at a total consideration of approximately HK\$13,883,000. The transactions were based on prevailing market prices and completed in January 2017.

Other Information

DIRECTORS' INTERESTS IN SECURITIES

As of 30 June 2018, the interests and short positions of each director of the Company ("Director") in the ordinary shares of the Company ("Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), if any, and the details of any right to subscribe for Shares and of the exercise of such rights, as required to be notified to the Company and The Stock Exchange of Hong Kong Limited ("HK Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO) or as recorded in the register of the Company required to be kept under section 352 of the SFO, or as otherwise required to be notified to the Company and the HK Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities ("Listing Rules") on the HK Stock Exchange, were as follows:

(a) Shares

Name of Directors	Number of Shares (including Underlying Shares)				Total	Approximate % of Issued Share Capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests		
Lui Che-woo	29,393,563	8,317,120 ⁽¹⁾	300,623,160 ⁽²⁾	1,564,689,836 ⁽³⁾	1,903,023,679	62.18
Francis Lui Yiu Tung	11,338,035	—	—	1,564,689,836 ⁽³⁾	1,576,027,871	51.50
Paddy Tang Lui Wai Yu	26,687,605	—	—	1,564,689,836 ⁽³⁾	1,591,377,441	52.00
Alexander Lui Yiu Wah	19,381,428	—	4,005,183 ⁽⁴⁾	1,564,689,836 ⁽³⁾	1,588,076,447	51.89
Moses Cheng Mo Chi	880,000	—	—	—	880,000	0.03
Robin Chan Yau Hing	2,749,188	—	—	—	2,749,188	0.09
William Yip Shue Lam	892,726	—	—	—	892,726	0.03
Au Man Chu	887,568	—	—	—	887,568	0.03
Wong Kwai Lam	1,080,000	—	—	—	1,080,000	0.04

Unless otherwise stated, all personal interests stated above were held by the respective Directors in the capacity of beneficial owners.

Notes:

- (1) Dr. Lui Che-woo is deemed to be interested in 8,317,120 Shares through the interests of his spouse.
- (2) Such Shares are held by companies which are controlled by Dr. Lui Che-woo.
- (3) Such interests in the Shares are indirectly held by a company which is the trustee of a discretionary family trust established by Dr. Lui Che-woo as settlor. Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah are deemed to be interested in those Shares by virtue of being the discretionary beneficiaries of the discretionary family trust.
- (4) Such Shares are held by a company controlled by Mr. Alexander Lui Yiu Wah.

(b) Underlying Shares — Share Options

Share options, which are unlisted and physically settled, to subscribe for Shares were beneficially held by certain Directors.

Particulars of the movement of the options held by each of the Directors, the employees of the Company and its affiliates and other qualifying grantees in aggregate under the Share Option Scheme of the Company during the period of six months ended 30 June 2018 were as follows:

Holders	Date of grant	Number of options			Held at 30 June 2018	Exercise price per Share (HK\$)	Exercise period
		Held at 1 January 2018	Exercised during the period	Lapsed during the period			
Lui Che-woo	21 Jan 2013	2,630,000	—	—	2,630,000	4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	2,700,000	—	—	2,700,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	2,800,000	—	—	2,800,000	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	2,900,000	—	—	2,900,000	4.760	17 Jul 2018–16 Jul 2023
Francis Lui Yiu Tung	17 Jan 2012	1,400,000	1,400,000 ^(a)	—	—	2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	1,500,000	—	—	1,500,000	4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	1,300,000	—	—	1,300,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	1,300,000	—	—	1,300,000	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	1,300,000	—	—	1,300,000	4.760	17 Jul 2018–16 Jul 2023
Paddy Tang Lui Wai Yu	21 Jan 2013	2,630,000	—	—	2,630,000	4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	2,700,000	—	—	2,700,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	2,800,000	—	—	2,800,000	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	2,900,000	—	—	2,900,000	4.760	17 Jul 2018–16 Jul 2023
Alexander Lui Yiu Wah	17 Jan 2012	2,358,000	2,358,000 ^(a)	—	—	2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	2,630,000	—	—	2,630,000	4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	2,700,000	—	—	2,700,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	2,800,000	—	—	2,800,000	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	2,900,000	—	—	2,900,000	4.760	17 Jul 2018–16 Jul 2023
Moses Cheng Mo Chi	21 Jan 2013	200,000	—	—	200,000	4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	160,000	—	—	160,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	160,000	—	—	160,000	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	160,000	—	—	160,000	4.760	17 Jul 2018–16 Jul 2023
Robin Chan Yau Hing	30 Sep 2014	160,000	—	—	160,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	160,000	—	—	160,000	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	160,000	—	—	160,000	4.760	17 Jul 2018–16 Jul 2023
William Yip Shue Lam	30 Sep 2014	160,000	—	—	160,000	4.500	30 Sep 2015–29 Sep 2020
	17 Jul 2017	160,000	—	—	160,000	4.760	17 Jul 2018–16 Jul 2023
Au Man Chu	21 Jan 2013	200,000	—	—	200,000	4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	160,000	—	—	160,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	160,000	160,000 ^(b)	—	—	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	160,000	—	—	160,000	4.760	17 Jul 2018–16 Jul 2023
Wong Kwai Lam	21 Jan 2013	200,000	—	—	200,000	4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	160,000	—	—	160,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	160,000	—	—	160,000	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	160,000	—	—	160,000	4.760	17 Jul 2018–16 Jul 2023
Employees and others (in aggregate)	17 Jan 2012	60,000	—	60,000	—	2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	3,518,000	460,000 ^(c)	458,000	2,600,000	4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	4,510,000	270,000 ^(d)	480,000	3,760,000	4.500	30 Sep 2015–29 Sep 2020
	21 Jan 2016	1,530,000	300,000 ^(e)	—	1,230,000	2.796	21 Jan 2017–20 Jan 2022
	17 Jul 2017	8,250,000	—	1,010,000	7,240,000	4.760	17 Jul 2018–16 Jul 2023

Other Information

Notes:

- (a) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the period was HK\$4.270 per share.
- (b) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the period was HK\$5.250 per share.
- (c) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the period was HK\$5.308 per share.
- (d) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the period was HK\$5.365 per share.
- (e) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the period was HK\$5.088 per share.

All the options granted were subject to a one-year vesting period.

No option was granted and cancelled during the period of six months ended 30 June 2018.

All the interests stated above represent long positions.

Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah, by virtue of their deemed interests in the Shares as described in Note (3) above and as Directors of the Company, are deemed to be interested in the issued share capital of every subsidiary, joint venture and associated company of the Company held through the Company under the provision of the SFO.

Save as disclosed above, as of 30 June 2018, none of the Directors had any interests or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As of 30 June 2018, the interests of every person (not being a Director or chief executive of the Company) in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO or as otherwise notified to the Company and the HK Stock Exchange were as follows:

Name of Shareholders	Number of Shares (Long Position)	Approximate % of Issued Share Capital
HSBC International Trustee Limited	1,565,918,056 ⁽¹⁾	51.17
CWL Assets (PTC) Limited	1,564,689,836	51.13
Super Focus Company Limited	1,055,738,059	34.50
Star II Limited	256,393,070	8.38
Favor Right Investments Limited	205,669,344	6.72
Premium Capital Profits Limited	179,070,270	5.85
Lui Che Woo Foundation Limited	172,487,639	5.64

Note:

- (1) HSBC International Trustee Limited is the trustee of the trust established by Dr. Lui Che-woo as the settlor, was interested in 1,564,689,836 Shares of the Company.

There was duplication of interests of 1,564,689,836 Shares among Dr. Lui Che-woo, Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu, Mr. Alexander Lui Yiu Wah, HSBC International Trustee Limited and CWL Assets (PTC) Limited. Of these Shares, 1,055,738,059 Shares were interested by Super Focus Company Limited, 46,889,363 Shares were interested by Best Chance Investments Ltd., 205,669,344 Shares were interested by Favor Right Investments Limited, 179,070,270 Shares were interested between Premium Capital Profits Limited and Star II Limited and 77,322,800 Shares were interested between Mark Liaison Limited and Star II Limited.

Save as disclosed above, as of 30 June 2018, the Company had not been notified by any persons who had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO.

DISCLOSURE UNDER RULE 13.22 OF THE LISTING RULES

As of 30 June 2018, the Group had given financial assistance and guarantees to financial institutions for the benefit of its affiliated companies. In compliance with the requirements of Rule 13.22 of the Listing Rules, the combined balance sheet of the affiliated companies as at the balance sheet date is disclosed as follows:

	Combined Balance Sheet HK\$'000	Group's Attributable Interest HK\$'000
Non-current assets	2,731,321	620,906
Current assets	36,943,357	9,779,300
Current liabilities	(2,542,305)	(810,864)
	37,132,373	9,589,342
Share capital	877,429	289,554
Reserves	7,602,026	1,881,454
Amounts due to shareholders	24,836,316	6,092,260
Non-current liabilities	3,816,602	1,326,074
	37,132,373	9,589,342

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 period of six months ended 30 June 2018.

AUDIT COMMITTEE

The Audit Committee of the Company met on 15 August 2018 and reviewed the Company's accounting principles and practices and discussed audit strategy, internal control and financial reporting matters. The Group's unaudited interim results for the six months ended 30 June 2018 have been reviewed by the Audit Committee of the Company and by the Company's Independent Auditor, PricewaterhouseCoopers, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. The report on review of interim financial information by the Auditor has been included in this interim report.

Other Information

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as the Company's Code of Conduct for Securities Transactions by Directors. Having made specific enquiries with all its Directors, the Company confirms that during the period of six months ended 30 June 2018 all its Directors have complied with the required standards as set out in the Model Code.

CORPORATE GOVERNANCE

The Board and 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.

During the period of six months ended 30 June 2018, the Company has complied with the code provisions ("CPs") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules, apart from the deviations from (i) CP A.2.1, namely, the roles of chairman and managing director have not been separated; and (ii) CP A.4.2, namely, the chairman and the managing director are not subject to retirement by rotation.

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 2017 Annual Report still holds. 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.

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Subsequent to the publication of the 2017 Annual Report, the Company was informed of the following changes in Directors' information:

Mr. Alexander Lui Yiu Wah (*Executive Director*)

Mr. Lui has been again elected as a committee member of Guangdong Provincial Committee of the 12th Chinese People's Political Consultative Conference in January 2018. He was also appointed as the managing vice-chairman and a managing director of the 2nd Executive Committee of Hong Kong Federation of Guangzhou Associations and the honorary advisor of China (Guangdong) Pilot Free Trade Zone — Hengqin New Area of Zhuhai in March 2018.

Dr. Robin Chan Yau Hing, *GBM, GBS, LLD, JP (Independent Non-executive Director)*

Dr. Chan was awarded the Grand Bauhinia Medal by the Government of the HKSAR in July 2018.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members will be closed from 13 September 2018 to 18 September 2018, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar 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 no later than 4:30 p.m. on 12 September 2018.

By Order of the Board
K. Wah International Holdings Limited
Lee Wai Kwan, Cecilia
Company Secretary

Hong Kong, 22 August 2018

