

RW 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 0173



創臻善

An Unwavering
Commitment to

Quality
and Innovation 拓恆遠

| Interim Report 2014 中期報告

Our Mission 企業使命

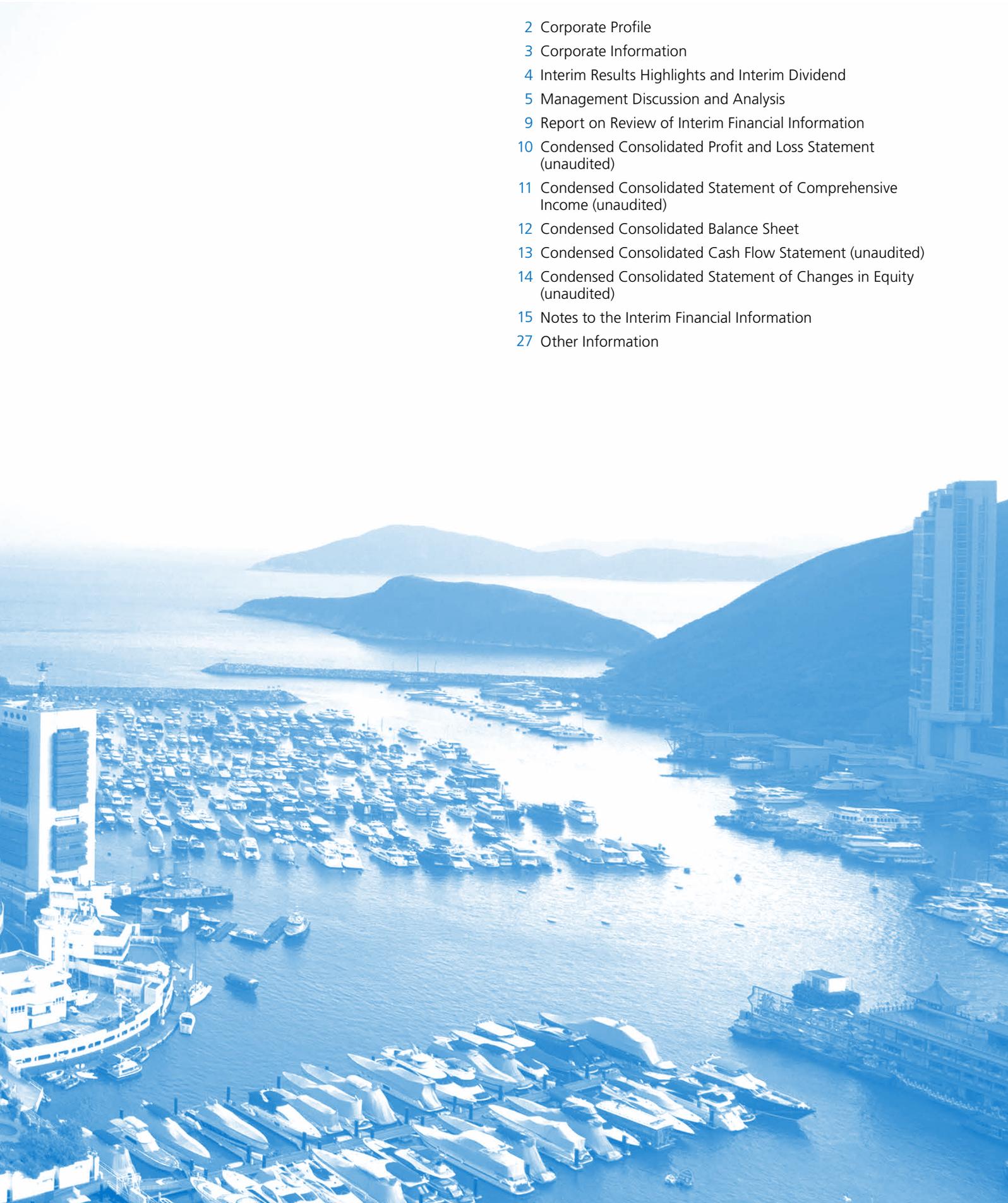
It is our mission to focus on customer needs and pursue the spirit of excellence with quality products and services through our commitment to research, design and value creation. With vision, perseverance and teamwork, we strive to provide shareholders with the best return on their investment.

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。



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Corporate Profile

K. Wah International Holdings Limited (“KWIH” or “the Group”, stock code: 0173) 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, hotels, 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.



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, *GBS, OBE, JP*

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

Dr. William Yip Shue Lam, *LLD*

Professor Poon Chung Kwong, *GBS, PhD, DSc, JP*

Mr. Au Man Chu

Mr. Wong Kwai Lam

AUDIT COMMITTEE

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

Professor Poon Chung Kwong, *GBS, PhD, DSc, 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, *LLM, FCIS, FCS*

INDEPENDENT AUDITOR

PricewaterhouseCoopers

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM 12
Bermuda

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

29th Floor, K. Wah Centre
191 Java Road
North Point
Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

AMERICAN DEPOSITARY RECEIPTS ("ADR")

BNY Mellon Shareowner Services
P.O. Box 30170
College Station
TX 77842-3170
USA

WEBSITE ADDRESS

<http://www.kwih.com>

SHARE LISTING

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

STOCK CODE

HK Stock Exchange	:	173
Bloomberg	:	173 HK
Reuters	:	0173.HK
ADR	:	KWHAY

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:

- Revenue of the Group was HK\$750 million; taking into account joint ventures and associated companies, total attributable revenue decreased 74% to HK\$957 million.
- Profit attributable to equity holders decreased 76% to HK\$214 million.
- Earnings per share was 7.9 HK cents, and an interim dividend per share of 5 HK cents was declared.
- As of 30 June 2014, net asset value per share was HK\$9.7.
- As of 30 June 2014, cash and bank deposits amounted to HK\$4,790 million, and net debt as a percentage of total equity was 36%.
- During the period, the Group further enhanced its funding capability by successfully securing a HK\$3.98 billion syndicated loan and issued HK\$450 million in 7-year Fixed Rate Notes at attractive interest rates under the MTN programme through private placements.
- The Group successfully acquired two new sites in Kai Tak and Dongguan and will continue to augment its landbank on a disciplined basis.

INTERIM DIVIDEND

The Board has declared an interim scrip dividend (with cash option) for the six months ended 30 June 2014 of 5 HK cents per share, totaling HK\$137,923,000, payable on 21 October 2014 to the shareholders whose names appear on the registers of members of the Company at the close of business on 18 September 2014 (2013: an interim scrip dividend (with cash option) of 5 HK cents per share, totaling HK\$134,117,000).

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 21 October 2014. The Company will send a circular to the shareholders containing, among others, details of the interim scrip dividend (with cash option).

Management Discussion and Analysis

BUSINESS REVIEW

Operating Results

The revenue of the Group for the six months ended 30 June 2014 was HK\$750 million, which was mainly derived from the property sales of The Palace and Upstream Park in Shanghai and The Summit in Jiangmen, as well as from the rental income of Shanghai K. Wah Centre.

The attributable revenue of the Group, comprising the revenue of the Group as well as attributable revenue from joint ventures and associated companies amounting to HK\$207 million, was HK\$957 million for the first half of 2014, down from HK\$3,627 million for the same period last year.

Attributable Contracted Sales of the Group (being contracted sales of the Group and attributable contributions from joint ventures and associated companies) in the first half of 2014 amounted to approximately HK\$1,380 million, mainly derived from The Palace, Upstream Park in Shanghai, J Metropolis in Guangzhou, The Summit in Jiangmen, and our joint venture projects of Marinella and Mayfair By The Sea I in Hong Kong. From the Attributable Contracted Sales of the Group during the period, approximately HK\$760 million was recognised in the accounts of the Group in the first half of 2014.

Profit attributable to equity holders of the Company for the six months ended 30 June 2014 was HK\$214 million. Underlying profit of the Group in the first half of 2014 was HK\$129 million.

The total comprehensive loss attributable to equity holders of the Company was HK\$1,180 million for the six months ended 30 June 2014. The total comprehensive loss mainly came from the decrease in fair value of HK\$1,243 million on the non-current investment of an approximately 3.8% interest in Galaxy Entertainment Group Limited.

Property Development and Investment in Hong Kong SAR

Cooling measures introduced by the Hong Kong government affected the local property market during the review period. Higher transaction volumes in the mass market during the second quarter of the year were mainly the result of bigger discounts and sales incentives offered to home buyers.

Sales of the Group in this period came mainly from the remaining units of our joint venture project, Marinella, and another newly launched joint venture project, Mayfair By The Sea I which recorded encouraging sales.

Leasing performance remained stable during the period. The Group completed the acquisition of the remaining interest in J SENSES, a premium dining and shopping arcade in Wan Chai, from the Urban Renewal Authority in March 2014.

During the period, the Group acquired a site located in the heart of the Kai Tak Development Area near the future Kai Tak underground station of the Shatin to Central Link. The total gross floor area of the site is 51,000 square metres, and the land premium is HK\$2.9 billion.

Property Development and Investment in Mainland China

In the first half of the year, the various cooling measures promulgated by the central government in Beijing were still in force. These measures, coupled with the tightening in bank mortgage lending, resulted in a material price correction in certain second and third tier cities.

During the period, the Group continued to sell the remaining units of The Palace and Upstream Park in Shanghai, J Metropolis in Guangzhou and The Summit in Jiangmen.

The Group's major investment property, Shanghai K. Wah Centre, maintained a satisfactory occupancy rate throughout the period.

Management Discussion and Analysis

During the review period, the Group acquired a site in Dongguan adjacent to our existing project site, and both will be developed as a large-scale residential and commercial complex.

Investment in Galaxy Entertainment Group Limited (“GEG”)

The Group continues to hold its non-current investment in GEG carried at fair value. As of 30 June 2014, the share price of GEG was HK\$61.9 per share representing a decrease of 11% over the last carried fair value of HK\$69.5 per share as of 31 December 2013. The resulting decrease in fair value of approximately HK\$1,243 million was recorded as a decrease in reserve.

OUTLOOK AND STRATEGY

The global and Asian economy

The US economy continued to recover during the review period, lending to the continued tapering of the expansionary monetary initiative by the Federal Reserve. GDP growth in the European Union was maintained since it turned positive a year ago.

Mainland China’s economy remained solid with a provisional GDP growth of 7.4% in the first half of the year. In Hong Kong, the government revised down its 2014 GDP growth forecast by 1% point to 2–3% as a result of a fall-off in tourist spending and slowdown in domestic demand in the first half.

Hong Kong and Mainland property market

The Hong Kong market saw revived interest in new property development launches, particularly those catering to the mass market, on the back of discounted prices. The luxury segment also showed signs of resurrection evidenced by selected transactions in properties of over HK\$100 million.

In Mainland China, a price correction was coupled with shrinking transaction volumes in some second and third tier cities, mainly due to more stringent end user financing by the banks. However, a few cities have recently started to relax purchase restrictions, which should help improve market sentiment.

Project sales and progress

In Hong Kong, our joint venture project Mayfair By the Sea I was successfully launched in June with sales continuing into the second half. Meanwhile, existing stocks in Chantilly and joint venture projects Marinella, Providence Bay and Providence Peak will continue to be marketed in the second half of the year.

In Mainland China, Grand Summit, a prestigious top-end development in Jingan District of Shanghai, will be launched after the summer holidays. We will also continue to market existing stocks in Upstream Park and The Palace in Shanghai. In Guangzhou and Dongguan, phase 2 of J Metropolis in Xinhuaazhen of Huadu District and Silver Cove are expected to be launched respectively in the second half of this year. Depending on market conditions and project progress, phase 2 in Huadu Jiahua Plaza in Guangzhou and phase 3 of J Metropolis in Xinhuaazhen of Huadu District are expected to be launched towards the end of the year or early 2015. We will continue to market the existing stocks in Le Palais, The Summit in Jiangmen and phase 1 of J Metropolis in Xinhuaazhen of Huadu District.

Depending on project progress, Mayfair By the Sea I in Hong Kong and Grand Summit in Shanghai may book revenue at the end of 2014 or early next year. The contracted sales from phases 2 and 3 (upon launch) of J Metropolis in Xinhuaazhen of Huadu District, phase 2 of Huadu Jiahua Plaza (upon launch) in Guangzhou and Silver Cove in Dongguan will not be booked in 2014.

Land bank replenishment

At the beginning of the year, we successfully added two sites to our landbank: Kai Tak Area 11 Site 2 of 51,000 square metres GFA in Hong Kong, and Dongguan Shilong Town site (adjacent to our existing project in the same location) of 34,210 square metres GFA in Mainland China. These new sites brought our total acquisitions since August 2012 to nine, totalling approximately HK\$10,800 million in land premium payments.

Recurring income

In line with our stated strategy of doubling our existing recurring income portfolio of approximately 100,000 square metres GFA in three to four years, we completed the acquisition of our remaining interest in J SENSES in the first half of this year. Preparation for marketing the launch of approximately 29,000 square metres GFA of serviced apartments in Grand Summit, Shanghai is expected to be completed in the second half of this year.

Conclusion

The business environment in the first half of the year generally remained challenging. Although there are recent signs of the price fall ending in key cities of Mainland China and material pick-up in transaction volumes in Hong Kong, we are cautiously optimistic about the outlook of the market and will endeavour to launch the new projects outlined above to capture any window of opportunity.

REVIEW OF FINANCE

(1) Financial Position

The financial position of the Group remained robust. Total funds employed were increased to HK\$43 billion as of 30 June 2014 (31 December 2013: HK\$39 billion). The number of issued shares of the Company increased to 2,717,094,668 as of 30 June 2014 (31 December 2013: 2,712,152,918) as a result of certain share options being exercised during the period.

(2) 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 2014, cash and bank deposits stood at HK\$4,790 million, and total borrowings amounted to HK\$14,850 million. Of the long-term bank borrowings, around 89% had maturities over a period of one year and above.

In addition, the Group had available undrawn facilities totalling HK\$5,970 million and HK\$4,825 million for working capital and project facility purposes respectively.

The gearing ratio, defined as the ratio of total borrowings less cash and bank deposits to total equity, stayed at a satisfactory level of 36% as of 30 June 2014 (31 December 2013: 14%).

In March 2014, the Group successfully arranged a syndicated loan of HK\$3.98 billion with a well-diversified consortium of banks. Part of the proceeds will be used for refinancing, while the remainder will serve as general working capital to enhance the Group's liquidity.

We also issued HK\$450 million in 7-year Fixed Rate Notes at attractive interest rates under our MTN programme through private placements in March 2014. These private placements help lengthen the average duration of our debt profile.

Management Discussion and Analysis

(3) Treasury Policies

The Group continues to adopt a conservative approach regarding foreign exchange exposure to minimise risk. The majority of the Group's borrowings are in Hong Kong dollars. Forward foreign exchange contracts are utilised when suitable opportunities arise and when considered appropriate to mitigate foreign exchange exposures. Interest rate swap contracts are also utilised when considered appropriate to avoid the impact of any undue interest rate fluctuations on the Group's operations.

During the period, the Group engaged in the use of foreign exchange contracts to mitigate US dollar exposure in respect of the US dollar guaranteed notes. The Group has also engaged in the use of interest rate swap contracts to avoid the impact of any undue interest rate fluctuations on the Hong Kong dollar guaranteed notes and a certain portion of the 5-year syndicated loan raised in 2013.

(4) Charges on Group Assets

As of 30 June 2014, certain subsidiaries of the Group pledged assets (comprising investment properties, development properties, leasehold land and land use rights, and buildings) with aggregate carrying values of HK\$14,461 million (31 December 2013: HK\$11,560 million) to banks to secure the Group's borrowing facilities.

(5) Guarantees

As of 30 June 2014, the Company has executed guarantees, in favour of banks and financial institutions in respect of facilities granted to certain subsidiaries, joint ventures and associated companies, amounting to HK\$20,081 million (31 December 2013: HK\$12,748 million), HK\$117 million (31 December 2013: HK\$117 million) and HK\$1,000 million (31 December 2013: HK\$641 million), of which facilities totalling HK\$11,046 million (31 December 2013: HK\$6,184 million), HK\$117 million (31 December 2013: HK\$117 million) and HK\$440 million (31 December 2013: HK\$394 million) have been utilised respectively.

In addition, a subsidiary of the Company provided guarantees amounting to HK\$162 million (31 December 2013: HK\$158 million) in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties.

The Company has executed a guarantee in favour of the HKSAR Government in respect of the performance obligation of an investee company under a contract with the HKSAR Government.

EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2014, the Group, excluding its associated companies and joint ventures, employed 878 employees in Hong Kong, Mainland China and Singapore. Employee costs, excluding Directors' emoluments, amounted to approximately HK\$167 million for the period under review.

The Group believes its success, long-term growth and development 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 competent individuals. The Group believes the remuneration packages of its employees are fair, reasonable and competitive in relation to comparable organisations with similar business interests.

Following approval by the shareholders in 1989, the Group has put in place a share option scheme for its executives and employees 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 and regards it as an important component of the Group's human resources strategy.

Report on Review of Interim Financial Information



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
K. WAH INTERNATIONAL HOLDINGS LIMITED**

(incorporated in Bermuda with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 26, 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 2014 and the related condensed consolidated profit and loss statement, condensed consolidated statement of comprehensive income, condensed consolidated cash flow statement and 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 is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 August 2014

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Condensed Consolidated Profit and Loss Statement (unaudited)

	Note	For the six months ended 30 June	
		2014 HK\$'000	2013 HK\$'000
Revenue	6	749,692	3,305,010
Cost of sales		(376,157)	(1,324,154)
Gross profit		373,535	1,980,856
Other operating income		161,696	50,639
Other net losses		(16,961)	(13,598)
Other operating expenses		(54,935)	(108,806)
Administrative expenses		(217,371)	(230,162)
Change in fair value of investment properties		101,944	75,564
Finance costs		(12,912)	(18,612)
Share of profits of joint ventures		86,049	37,184
Share of (losses)/profits of associated companies		(7,641)	36,731
Profit before taxation	7	413,404	1,809,796
Taxation charge	8	(169,214)	(889,369)
Profit for the period		244,190	920,427
Attributable to:			
Equity holders of the Company		213,778	887,572
Non-controlling interests		30,412	32,855
		244,190	920,427
Earnings per share	9	HK cents	HK cents
Basic		7.9	33.6
Diluted		7.8	33.5
Dividend	10	HK\$'000	HK\$'000
Interim dividend		137,923	134,117

Condensed Consolidated Statement of Comprehensive Income (unaudited)

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Profit for the period	244,190	920,427
Other comprehensive (loss)/income:		
<i>Items that may be reclassified to profit and loss:</i>		
Change in fair value of non-current investment	(1,243,003)	1,218,630
Exchange differences	(162,248)	249,433
Other comprehensive (loss)/income for the period	(1,405,251)	1,468,063
Total comprehensive (loss)/income for the period	(1,161,061)	2,388,490
Total comprehensive (loss)/income attributable to:		
Equity holders of the Company	(1,179,990)	2,333,274
Non-controlling interests	18,929	55,216
	(1,161,061)	2,388,490

Condensed Consolidated Balance Sheet

As at 30 June 2014

	Note	(unaudited) 30 June 2014 HK\$'000	(audited) 31 December 2013 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		568,376	593,184
Investment properties		5,623,576	5,135,518
Leasehold land and land use rights		17,777	17,558
Joint ventures		2,394,972	2,308,065
Associated companies		909,696	2,242,215
Non-current investment		10,049,638	11,292,641
Deferred taxation assets		58,210	52,079
Derivative financial instruments		4,178	12,313
Other non-current assets		41,758	24,468
		19,668,181	21,678,041
Current assets			
Development properties		19,064,456	15,595,216
Inventories		2,214	1,899
Amount due from a joint venture		228,260	228,260
Amounts due from associated companies		1,214,291	235,315
Debtors and prepayments	12	2,425,126	1,218,856
Taxes recoverable		104,621	68,067
Cash and bank deposits	13	4,790,218	5,623,962
		27,829,186	22,971,575
Total assets		47,497,367	44,649,616
EQUITY			
Share capital	14	271,709	271,215
Reserves		26,186,488	27,347,538
Shareholders' funds		26,458,197	27,618,753
Non-controlling interests		1,494,122	1,475,193
Total equity		27,952,319	29,093,946
LIABILITIES			
Non-current liabilities			
Borrowings	15	10,890,031	5,274,179
Guaranteed notes	16	2,152,004	1,704,088
Derivative financial instruments		2,285	1,896
Deferred taxation liabilities		1,264,003	1,223,227
		14,308,323	8,203,390
Current liabilities			
Amounts due to joint ventures		1,719,288	1,558,289
Amount due to an associated company		27,085	402,685
Creditors and accruals	17	969,196	1,676,211
Current portion of borrowings	15	1,807,660	2,619,982
Taxes payable		713,496	1,095,113
		5,236,725	7,352,280
Total liabilities		19,545,048	15,555,670
Total equity and liabilities		47,497,367	44,649,616
Net current assets		22,592,461	15,619,295
Total assets less current liabilities		42,260,642	37,297,336

Condensed Consolidated Cash Flow Statement (unaudited)

	For the six months ended 30 June	
	2014 HK\$'000	2013 HK\$'000
Net cash used in operating activities	(5,788,192)	(1,359,342)
Cash flows from investing activities		
Acquisition of the remaining interest in an investment property	(429,136)	—
Others	(731,106)	1,055,208
Net cash (used in)/generated from investing activities	(1,160,242)	1,055,208
Cash flows from financing activities		
New bank loans	6,521,264	1,160,031
Issue of guaranteed notes	447,035	—
Repayment of bank loans	(1,749,553)	(3,797,305)
Others	19,435	14,045
Net cash generated from/(used in) financing activities	5,238,181	(2,623,229)
Net decrease in cash and cash equivalents	(1,710,253)	(2,927,363)
Cash and cash equivalents at beginning of the period	5,590,615	5,676,418
Changes in exchange rates	(26,423)	37,456
Cash and cash equivalents at end of the period	3,853,939	2,786,511

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2014

	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 31 December 2013	271,215	14,480,325	12,867,213	27,618,753	1,475,193	29,093,946
Comprehensive income						
Profit for the period	—	—	213,778	213,778	30,412	244,190
Other comprehensive loss						
Other comprehensive loss for the period	—	(1,393,768)	—	(1,393,768)	(11,483)	(1,405,251)
Transactions with equity holders						
Issue of shares upon exercise of share options	494	18,940	—	19,434	—	19,434
At 30 June 2014	271,709	13,105,497	13,080,991	26,458,197	1,494,122	27,952,319
At 31 December 2012	263,379	7,670,081	11,423,575	19,357,035	1,052,460	20,409,495
Comprehensive income						
Profit for the period	—	—	887,572	887,572	32,855	920,427
Other comprehensive income						
Other comprehensive income for the period	—	1,445,702	—	1,445,702	22,361	1,468,063
Transactions with equity holders						
Issue of shares upon exercise of share options	619	13,424	—	14,043	—	14,043
Fair value of share options	—	12,768	—	12,768	—	12,768
Lapse of share options	—	(513)	513	—	—	—
At 30 June 2013	263,998	9,141,462	12,311,660	21,717,120	1,107,676	22,824,796

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 on 25 August 2014.

This interim financial information has not been audited.

2 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2014 has been prepared under the historical cost convention, as modified by the revaluation of investment properties, non-current investment and derivative financial instruments, 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 (“HKICPA”). The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2013 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 2013, except as stated below.

The adoption of revised HKFRSs

In 2014, the Group adopted the following amendments to standards and interpretation to existing standards, which is relevant to its operations.

HKAS 32 (Amendment)	Financial Instruments: Presentation — Offsetting Financial Assets and Financial Liabilities
HKAS 36 (Amendment)	Impairment of Assets
HKAS 39 (Amendment)	Financial Instruments: Recognition and Measurement — Novation of Derivatives and Continuation of Hedge Accounting
HKFRS 10, HKFRS 12 and HKAS 27 (Amendments)	Investment Entities
HK (IFRIC) — Int 21	Levies

The Group has assessed the impact of the adoption of these amendments to standards and interpretation and considered that there was no significant impact on the Group’s results and financial position nor any substantial changes in the Group’s accounting policies and presentation of the interim financial information.

Notes to the Interim Financial Information

2 BASIS OF PREPARATION (cont'd)

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

		Effective for accounting periods beginning on or after
HKAS 16 (Amendment) and HKAS 38 (Amendment)	Property, Plant and Equipment and Intangible Assets — Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
HKAS 19 (Amendment)	Defined Benefit Plan: Employee Benefits — Employee Contributions	1 July 2014
HKFRS 9	Financial Instruments	To be determined
HKFRS 11 (Amendment)	Joint Arrangement — Accounting for Acquisitions of Interests in Joint Operation	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2017
Annual Improvements to HKFRSs 2010–2012 Cycle		1 July 2014
Annual Improvements to HKFRSs 2011–2013 Cycle		1 July 2014

The Group is not yet in a position to state whether the adoption of the above new standards and amendments will result in substantial changes to the Group's accounting policies and presentation of the interim financial information.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

In the normal course of business, the Group is exposed to financial risks attributable to interest rates, currency, credit and liquidity.

The interim financial information which does not include all financial risk management information and disclosures required in the annual financial statements, should be read in conjunction with the annual financial statements for the year ended 31 December 2013.

There have been no material changes in the Group's financial risk management structure, policies and procedures since year ended 31 December 2013.

(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 2014, 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.

3 FINANCIAL RISK MANAGEMENT (cont'd)

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

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 2014 and 31 December 2013, the Group had no Level 3 financial instruments, the Level 1 financial instrument represents the non-current investment and the Level 2 financial instrument represents the structured bank deposits and derivative financial instruments.

In 2014, there were no transfers of financial assets or financial liabilities between the levels in the hierarchy.

In 2014, 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.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the interim financial information are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions applied in the preparation of the interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2013.

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 as the chief operating decision-maker.

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (cont'd)

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 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, taxes recoverable, cash and bank deposits and other assets mainly include non-current investment, derivative financial instruments, hotel building, inventories and other non-operating assets held by the corporate office. Segment liabilities comprise mainly creditors and accruals, amounts due to joint ventures and an associated company, 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 2014						
Revenue	680	550,844	—	149,042	49,126	749,692
Adjusted EBITDA	(1,071)	135,086	(1,394)	137,038	(90,650)	179,009
Other income and expenses/losses, net						89,800
Depreciation and amortisation						(22,845)
Change in fair value of investment properties				101,944		101,944
Finance costs						(12,912)
Share of profits/(losses) of joint ventures	88,162	(2,113)				86,049
Share of losses of associated companies	(7,641)					(7,641)
Profit before taxation						413,404
Taxation charge						(169,214)
Profit for the period						244,190
As at 30 June 2014						
Segment assets	8,614,149	17,152,638	364,404	5,890,534	—	32,021,725
Other assets	—	—	—	—	10,728,423	10,728,423
Joint ventures	2,627,051	(3,819)	—	—	—	2,623,232
Associated companies	2,123,987	—	—	—	—	2,123,987
Total assets	13,365,187	17,148,819	364,404	5,890,534	10,728,423	47,497,367
Total liabilities	8,359,076	9,657,019	10,596	1,480,094	38,263	19,545,048
Six months ended 30 June 2013						
Revenue	7,403	3,097,914	17,427	140,350	41,916	3,305,010
Adjusted EBITDA	2,800	1,759,057	10,332	124,879	(123,093)	1,773,975
Other income and expenses/losses, net						(71,765)
Depreciation and amortisation						(23,281)
Change in fair value of investment properties				75,564		75,564
Finance costs						(18,612)
Share of profits/(losses) of joint ventures	39,408	(2,224)				37,184
Share of profits of associated companies	36,731					36,731
Profit before taxation						1,809,796
Taxation charge						(889,369)
Profit for the period						920,427
As at 31 December 2013						
Segment assets	4,349,817	17,642,659	370,793	5,371,939	—	27,735,208
Other assets	—	—	—	—	11,900,553	11,900,553
Joint ventures	2,536,325	—	—	—	—	2,536,325
Associated companies	2,477,530	—	—	—	—	2,477,530
Total assets	9,363,672	17,642,659	370,793	5,371,939	11,900,553	44,649,616
Total liabilities	6,145,410	7,577,515	21,046	1,471,533	340,166	15,555,670

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (cont'd)**Geographical segment information**

The Group operates in three (2013: three) main geographical areas, including Hong Kong, Mainland China and Singapore. The revenue for the six months ended 30 June 2014 and 2013 and total non-current assets (other than non-current investment, deferred taxation assets, derivative financial instruments and other non-current assets) as at 30 June 2014 and 31 December 2013 by geographical area are as follows:

Revenue

	2014 HK\$'000	2013 HK\$'000
Hong Kong	14,752	14,710
Mainland China	734,940	3,263,258
Singapore	—	27,042
	749,692	3,305,010

Non-current assets

(other than non-current investment, deferred taxation assets, derivative financial instruments and other non-current assets)

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Hong Kong	4,548,010	5,297,405
Mainland China	4,965,734	4,999,133
Singapore	653	2
	9,514,397	10,296,540

6 REVENUE

	2014 HK\$'000	2013 HK\$'000
Sale of properties	551,524	3,122,744
Rental income	149,042	140,350
Hotel operations	49,126	41,916
	749,692	3,305,010

7 PROFIT BEFORE TAXATION

	2014 HK\$'000	2013 HK\$'000
Profit before taxation is stated after crediting:		
Interest income	43,725	47,308
Net fair value gains on derivative financial instruments	—	2,866
Dividend income	113,739	—
and after charging:		
Cost of properties sold	344,708	1,292,733
Selling and marketing expenses	40,323	94,911
Depreciation (net of amount capitalised under properties under development of HK\$284,000 (2013: HK\$154,000))	22,779	23,216
Amortisation for leasehold land and land use rights	66	65
Net fair value losses on derivative financial instruments	8,524	—
Net exchange losses	8,537	16,438
Operating lease rental for land and buildings	3,913	1,010
Loss on disposal of property, plant and equipment	—	25

8 TAXATION CHARGE

	2014 HK\$'000	2013 HK\$'000
Current		
Hong Kong profits tax	—	2,159
Mainland China		
— Income tax	66,798	347,801
— Land appreciation tax	59,926	501,039
Overseas	—	1,832
(Over)/under-provision in previous years	(2,179)	360
Deferred	44,669	36,178
	169,214	889,369

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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 Mainland China and overseas in which the Group operates.

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.

There is no income tax provided on other comprehensive income.

Notes to the Interim Financial Information

9 EARNINGS PER SHARE

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

	2014	2013
	HK\$'000	HK\$'000
Profit attributable to equity holders of the Company	213,778	887,572
	Number of shares	
	2014	2013
Weighted average number of shares for calculating basic earnings per share	2,716,238,000	2,638,538,000
Effect of dilutive potential ordinary shares — Share options	10,786,000	14,700,000
Weighted average number of shares for calculating diluted earnings per share	2,727,024,000	2,653,238,000

10 DIVIDEND

The Board has declared an interim scrip dividend (with a cash option) of HK\$137,923,000 (being 5 HK cents per share) (2013: an interim scrip dividend (with a cash option) of 5 HK cents per share, totaling HK\$134,117,000). This dividend will be accounted for as an appropriation of revenue reserve in the year ending 31 December 2014.

11 CAPITAL EXPENDITURE

For the six months ended 30 June 2014, the Group incurred HK\$3 million (2013: HK\$9 million) on property, plant and equipment.

12 DEBTORS AND PREPAYMENTS

	30 June	31 December
	2014	2013
	HK\$'000	HK\$'000
Trade debtors, net of provision	184,724	601,984
Other debtors, net of provision	320,495	197,709
Amounts due from non-controlling interests	9,322	7,759
Land deposits	1,844,315	337,226
Prepayments and other deposits	66,270	74,178
	2,425,126	1,218,856

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.

12 DEBTORS AND PREPAYMENTS (cont'd)

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 2014 HK\$'000	31 December 2013 HK\$'000
Within one month	181,080	502,319
Two to three months	2,215	45,548
Four to six months	1,427	32,614
Over six months	2	21,503
	184,724	601,984

13 CASH AND BANK DEPOSITS

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Short-term bank deposits maturing after three months	39,328	33,347
Structured bank deposits	896,951	—
	936,279	33,347
Cash at bank and in hand	1,969,059	3,265,345
Short-term and other bank deposits	1,884,880	2,325,270
Cash and cash equivalents	3,853,939	5,590,615
Cash and bank deposits	4,790,218	5,623,962

14 SHARE CAPITAL

	2014		2013	
	Ordinary shares of HK\$0.10 each	HK\$'000	Ordinary shares of HK\$0.10 each	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	2,712,152,918	271,215	2,633,793,837	263,379
Share options exercised	4,941,750	494	6,185,000	619
At 30 June	2,717,094,668	271,709	2,639,978,837	263,998

Notes to the Interim Financial Information

14 SHARE CAPITAL (cont'd)

The Company operates a share option scheme under which options to subscribe for ordinary shares in the Company may be granted to Directors, senior executives or employees of the Company or its affiliates and other qualifying grantees. During the period, share options to subscribe for 4,941,750 shares (2013: 6,185,000 shares) were exercised.

The fair value of options granted during 2013, as determined by using the Black-Scholes valuation model, was HK\$1.36 per option. The significant inputs into the model were share price of HK\$4.61 at the grant date, exercise price at the date of granting the options, expected volatility of 48%, expected life of options of 3.5 years, dividend yield of 2.46% and annual risk-free interest rate of 0.25%. The volatility measured based on the historical share price movement of the Company in the relevant period matching expected time to exercise before the option grant date.

Share options outstanding at the end of the period have the following exercise periods and exercise prices:

Exercise period	Exercise price per share HK\$	Number of share options	
		30 June 2014	31 December 2013
27 November 2008 to 26 November 2017	4.636	5,818,000	7,327,000
27 November 2008 to 26 November 2017	3.882	1,745,000	2,184,000
3 March 2010 to 2 March 2014	0.938	—	563,750
17 January 2013 to 16 January 2018	2.120	9,434,000	9,834,000
21 January 2014 to 20 January 2019	4.610	15,448,000	17,478,000
		32,445,000	37,386,750

15 BORROWINGS

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Long-term bank loans		
Secured	3,481,397	2,884,117
Unsecured	8,706,819	4,861,094
	12,188,216	7,745,211
Short-term bank loans		
Secured	100,000	—
Unsecured	409,475	148,950
	509,475	148,950
Total bank loans	12,697,691	7,894,161
Current portion included in current liabilities	(1,807,660)	(2,619,982)
	10,890,031	5,274,179

16 GUARANTEED NOTES

K. Wah International Financial Services Limited ("KWIFS"), a wholly-owned subsidiary of the Company, issued guaranteed notes in the aggregate principal amount of US\$200 million at 100% of face value in 2012. The notes are guaranteed by the Company and carry a coupon rate of 5.375% per annum and have a maturity of 5 years. The notes are listed on The Stock Exchange of Hong Kong Limited. The market value of the notes as at 30 June 2014 was HK\$1,627 million (31 December 2013: HK\$1,618 million).

KWIFS issued additional guaranteed notes of HK\$150 million at 100% of face value through private placement in 2012. The notes are guaranteed by the Company and carry a coupon rate of 3-month HIBOR+2.75% per annum and have a maturity of 5 years.

In March 2014, KWIFS issued additional guaranteed notes of HK\$150 million and HK\$300 million at 100% of face value through private placement. The notes are guaranteed by the Company and carry a coupon rate of 4.73% and 4.60% per annum respectively and have a maturity of 7 years.

17 CREDITORS AND ACCRUALS

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Trade creditors	553,536	838,501
Other creditors	51,920	54,200
Amounts due to non-controlling interests	49,214	377,624
Accrued operating expenses	105,761	191,816
Advanced proceeds on sale of properties	106,460	114,652
Rental and other deposits received	102,305	99,418
	969,196	1,676,211

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

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Within one month	550,231	835,651
Two to three months	1,729	2,322
Four to six months	1,564	95
Over six months	12	433
	553,536	838,501

18 COMMITMENTS

Contracted but not provided for

	30 June 2014 HK\$'000	31 December 2013 HK\$'000
Commitments in respect of		
— property investment	—	—
— property development	3,557,501	5,119,606
— joint ventures	5,954	5,954
	3,563,455	5,125,560

Notes to the Interim Financial Information

19 GUARANTEES

As of 30 June 2014, the Group has executed the following guarantees in favour of the following parties:

	30 June 2014		31 December 2013	
	Outstanding HK\$'000	Utilised HK\$'000	Outstanding HK\$'000	Utilised HK\$'000
Banks and financial institutions in respect of loan facilities granted to:				
— joint ventures	117,000	117,000	117,000	117,000
— associated companies	1,000,000	440,400	641,250	393,900
— properties buyers	162,256	162,256	158,276	158,276
	1,279,256	719,656	916,526	669,176

The Company has executed a guarantee in favour of the HKSAR Government in respect of the performance obligation of an investee company under a contract with the HKSAR Government.

The Group 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. 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 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 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:

	2014 HK\$'000	2013 HK\$'000
Fees	740	689
Salaries and other emoluments	13,413	12,549
Discretionary bonuses	5,518	9,432
Pension costs — defined contribution plans	1,371	1,259
Share option	—	6,385
	21,042	30,314

- (b) Rental income from an investee company amounted to HK\$661,000 (2013: HK\$654,000) based on the terms of rental agreement between the parties.
- (c) As at 30 June 2014 and 31 December 2013, the Company has executed a guarantee in favour of the HKSAR Government in respect of the contract for quarrying rights and rehabilitation of the quarry of Tai Sheung Tok Anderson Road of an investee company.

Other Information

DIRECTORS' INTERESTS IN SECURITIES

As of 30 June 2014, 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	18,778,571	8,317,120 ⁽¹⁾	3,547,878 ⁽²⁾	1,607,701,182 ⁽³⁾	1,638,344,751	60.30
Francis Lui Yiu Tung	7,438,035	—	—	1,607,701,182 ⁽³⁾	1,615,139,217	59.44
Paddy Tang Lui Wai Yu	18,985,173	—	—	1,607,701,182 ⁽³⁾	1,626,686,355	59.87
Alexander Lui Yiu Wah	10,973,234	—	3,859,147 ⁽⁴⁾	1,607,701,182 ⁽³⁾	1,622,533,563	59.72
Moses Cheng Mo Chi	400,000	—	—	—	400,000	0.01
Robin Chan Yau Hing ⁽⁵⁾	1,950,458	—	—	—	1,950,458	0.07
William Yip Shue Lam	400,000	—	—	—	400,000	0.01
Poon Chung Kwong	400,000	—	—	—	400,000	0.01
Au Man Chu	400,000	—	—	—	400,000	0.01
Wong Kwai Lam	600,000	—	—	—	600,000	0.02

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 a company which is beneficially owned and 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 founder. 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 beneficiaries of the discretionary family trust.
- (4) Such Shares are held by a company controlled by Mr. Alexander Lui Yiu Wah.
- (5) Dr. Robin Chan Yau Hing (through a corporation beneficially owned and controlled by him) had subscribed for the guaranteed notes with the principal sum of US\$200,000,000 carrying a coupon rate of 5.375% per annum for a maturity of 5 years issued by K. Wah International Financial Services Limited (a wholly-owned subsidiary of the Company) under the US\$1 billion Medium Term Note Programme. Such notes are guaranteed by the Company and are listed on the HK Stock Exchange.

Other Information

(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 in aggregate under the Share Option Scheme of the Company during the period of six months ended 30 June 2014 were as follows:

Holders	Date of grant	Number of options			Exercise price per Share (HK\$)	Exercise period
		Held at 1 January 2014	Exercised during the period	Held at 30 June 2014		
Lui Che-woo	27 Nov 2007	1,055,000	—	1,055,000	4.636	27 Nov 2008–26 Nov 2017
	17 Jan 2012	2,358,000	—	2,358,000	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
Francis Lui Yiu Tung	17 Jan 2012	1,400,000	—	1,400,000	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
Paddy Tang Lui Wai Yu	27 Nov 2007	940,000	—	940,000	4.636	27 Nov 2008–26 Nov 2017
	24 Jan 2008	800,000	—	800,000	3.882	27 Nov 2008–26 Nov 2017
	17 Jan 2012	2,358,000	—	2,358,000	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
Alexander Lui Yiu Wah	27 Nov 2007	990,000	—	990,000	4.636	27 Nov 2008–26 Nov 2017
	24 Jan 2008	800,000	—	800,000	3.882	27 Nov 2008–26 Nov 2017
	17 Jan 2012	2,358,000	—	2,358,000	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
Moses Cheng Mo Chi	17 Jan 2012	200,000	—	200,000	2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	200,000	—	200,000	4.610	21 Jan 2014–20 Jan 2019
Robin Chan Yau Hing	27 Nov 2007	500,000	—	500,000	4.636	27 Nov 2008–26 Nov 2017
	17 Jan 2012	200,000	—	200,000	2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	200,000	—	200,000	4.610	21 Jan 2014–20 Jan 2019
William Yip Shue Lam	21 Jan 2013	200,000	200,000 ^(a)	—	4.610	21 Jan 2014–20 Jan 2019
Poon Chung Kwong	21 Jan 2013	200,000	—	200,000	4.610	21 Jan 2014–20 Jan 2019
Au Man Chu	17 Jan 2012	200,000	—	200,000	2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	200,000	—	200,000	4.610	21 Jan 2014–20 Jan 2019
Wong Kwai Lam	17 Jan 2012	200,000	—	200,000	2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	200,000	—	200,000	4.610	21 Jan 2014–20 Jan 2019
Employees (in aggregate)	27 Nov 2007	3,842,000	1,509,000 ^(b)	2,333,000	4.636	27 Nov 2008–26 Nov 2017
	24 Jan 2008	584,000	439,000 ^(c)	145,000	3.882	27 Nov 2008–26 Nov 2017
	3 Mar 2009	563,750	563,750 ^(d)	—	0.938	3 Mar 2010–2 Mar 2014
	17 Jan 2012	560,000	400,000 ^(e)	160,000	2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	6,888,000	1,830,000 ^(f)	5,058,000	4.610	21 Jan 2014–20 Jan 2019

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\$6.520 per share.
- (b) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the period was HK\$5.867 per share.

- (c) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the period was HK\$5.406 per share.
- (d) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the period was HK\$5.173 per share.
- (e) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the period was HK\$5.084 per share.
- (f) The weighted average closing price of the Shares immediately before the dates on which the options were exercised during the period was HK\$5.953 per share.

Except for the options granted on 24 January 2008 which vested on 27 November 2008, the other options granted were subject to a one-year vesting period.

No option was granted, lapsed and cancelled during the period of six months ended 30 June 2014.

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 2014, 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 2014, 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	1,532,793,048	56.41
CWL Assets (PTC) Limited	1,607,701,182	59.17
Super Focus Company Limited	1,185,962,718	43.65
Southeastern Asset Management, Inc.	217,363,000	8.00
Star II Limited	221,893,337	8.17
Favor Right Investments Limited	158,930,718	5.85
Premium Capital Profits Limited	155,234,515	5.71
Longleaf Partners International Fund	136,332,000	5.02

Other Information

Note:

HSBC International Trustee Limited is the trustee of a discretionary trust established by Dr. Lui Che-woo as the founder which was interested in 1,532,793,048 Shares. Following the allotment of new Shares for interim scrip dividend for the six months ended 30 June 2013 on 29 October 2013, the shareholding of HSBC International Trustee Limited was increased to 1,607,701,182 Shares. Such Shares are the aggregation of (i) 158,930,718 Shares held by Favor Right Investments Limited, (ii) 40,914,409 Shares held by Best Chance Investments Limited, (iii) 1,185,962,718 Shares held by Super Focus Company Limited, (iv) 155,234,515 Shares held by Premium Capital Profits Limited, and (v) 66,658,822 Shares held by Mark Liaison Limited; all the aforesaid companies are wholly-owned by a company controlled by the trust.

There was duplication of interests of 1,607,701,182 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, 1,185,962,718 Shares were interested by Super Focus Company Limited, 40,914,409 Shares were interested by Best Chance Investments Limited, 158,930,718 Shares were interested by Favor Right Investments Limited, 155,234,515 Shares were interested between Premium Capital Profits Limited and Star II Limited and 66,658,822 Shares were interested between Mark Liaison Limited and Star II Limited.

Save as disclosed above, as of 30 June 2014, 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 Divisions 2 and 3 of Part XV of the SFO.

DISCLOSURE UNDER RULE 13.22 OF THE LISTING RULES

As of 30 June 2014, 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	1,073,814	167,721
Current assets	22,019,741	5,515,515
Current liabilities	(2,011,687)	(377,668)
	21,081,868	5,305,568
Share capital	73	27
Reserves	9,098,901	2,660,917
Amounts due to shareholders	10,647,894	2,087,224
Non-current liabilities	1,335,000	557,400
	21,081,868	5,305,568

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 securities during the period of six months ended 30 June 2014.

AUDIT COMMITTEE

The Audit Committee of the Company met on 19 August 2014 and reviewed the Company's accounting principles and practices and discussed internal control and financial reporting matters. The Group's unaudited interim results for the six months ended 30 June 2014 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.

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 2014 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 principles of good corporate governance consistent with prudent enhancement of shareholders' value. The full Board is entrusted with the overall responsibility of developing, monitoring and performing the Corporate Governance Policy and the Shareholders Communication Policy as adopted by the Board. The Company will continue putting effort in maintaining high standards of corporate governance and enhancing corporate transparency, accountability and independence.

During the period of six months ended 30 June 2014, the Company has complied with the code provisions ("CPs") of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules at that time, except the deviations from (i) CP A.2.1, namely, the roles of chairman and managing director have not been separated; (ii) CP A.4.2, namely, the chairman and the managing director are not subject to retirement by rotation; and (iii) CP A.6.7, namely, Mr. Au Man Chu, an Independent Non-executive Director, was unable to attend the annual general meeting of the Company held on 12 June 2014 due to other commitment.

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 2013 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.

Other Information

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

Subsequent to the publication of the 2013 Annual Report, the Company was informed of the following changes in Directors' information:

Dr. Lui Che-woo (*Chairman and Managing Director*) (*Executive Director*)

Dr. Lui was presented the Outstanding Contribution Award at the International Gaming Awards, as well as Entrepreneur of the Year at The Asian Awards in 2014.

Mr. Wong Kwai Lam (*Independent Non-executive Director*)

Mr. Wong was conferred with honorary fellowship by The Chinese University of Hong Kong ("CUHK") on 12 May 2014. He has also been appointed as a member of the governing board of CUHK Medical Centre in June 2014.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members will be closed from 16 September 2014 to 18 September 2014, 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 15 September 2014.

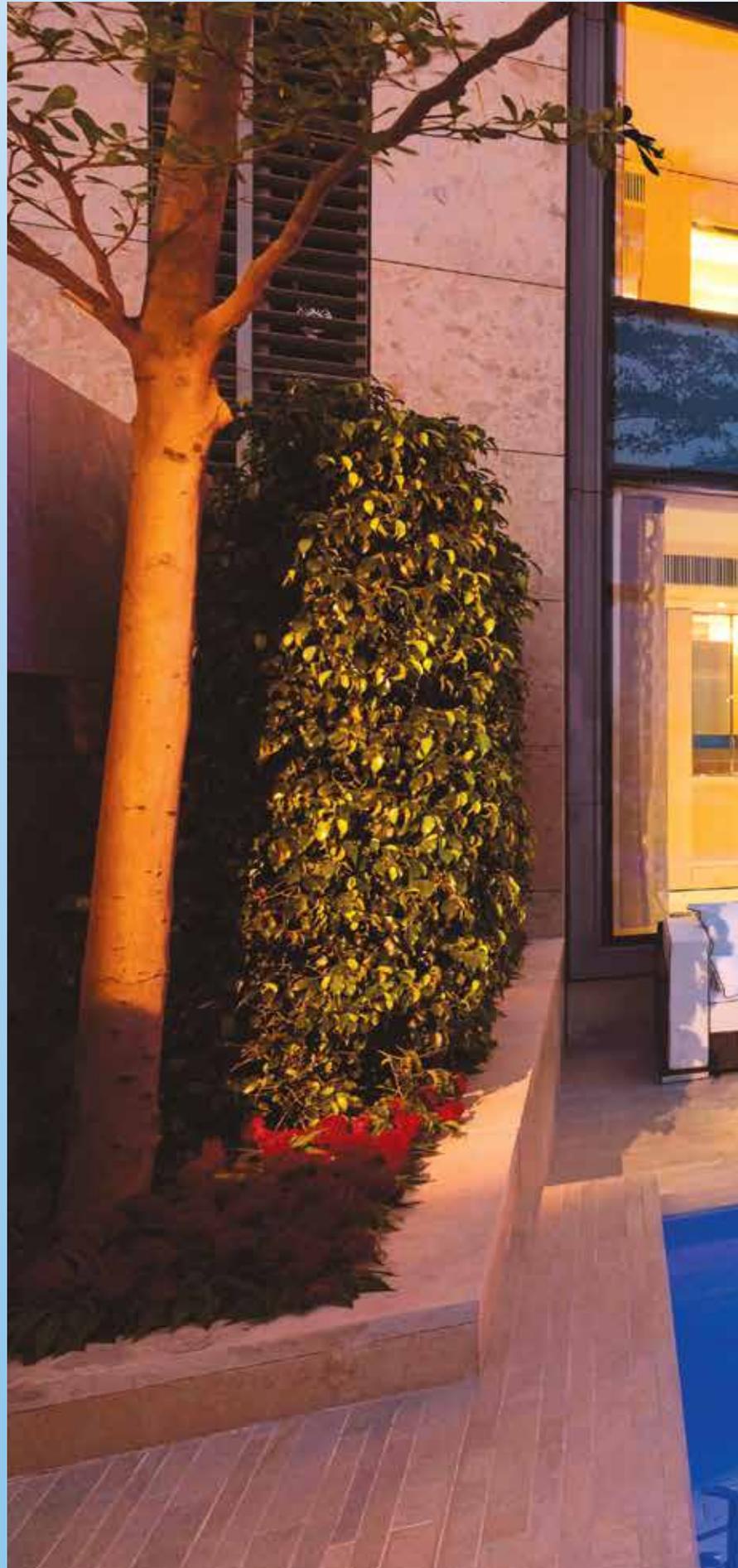
By Order of the Board

K. Wah International Holdings Limited

Lee Wai Kwan, Cecilia

Company Secretary

Hong Kong, 25 August 2014



KW 嘉華國際集團有限公司
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