

Building homes:  
value through *Quality*  
and **Innovation**  
建家 · 建價值 創新 · 創未來

## 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。



# Contents

2	Corporate Profile
3	Corporate Information
4	Interim Results Highlights and Interim Dividend
5	Management Discussion and Analysis
9	Report on Review of Interim Financial Information
10	Condensed Consolidated Profit and Loss Statement (unaudited)
11	Condensed Consolidated Statement of Comprehensive Income (unaudited)
12	Condensed Consolidated Balance Sheet
13	Condensed Consolidated Cash Flow Statement (unaudited)
14	Condensed Consolidated Statement of Changes in Equity (unaudited)
15	Notes to the Interim Financial Information
27	Other Information



# 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*

Mr. Au Man Chu

Mr. Wong Kwai Lam

## AUDIT COMMITTEE

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

Dr. Moses Cheng Mo Chi, *GBS, OBE, JP*  
(appointed on 31 July 2015)

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

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

## 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

# 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\$2,359 million; taking into account joint ventures and associated companies, total attributable revenue of the Group was HK\$3,725 million.
- Profit attributable to equity holders increased 150% to HK\$534 million.
- Earnings per share was 19.2 HK cents, and an interim dividend per share of 5 HK cents was declared.
- Attributable contracted sales to be recognised in 2016 and 2017 amounted to approximately HK\$6.0 billion.
- As of 30 June 2015, net asset value per share was HK\$8.5 and cash and bank deposits amounted to HK\$7,277 million.
- During the period, the Group enhanced its funding capability by successfully securing a HK\$3.3 billion syndicated loan taking advantage of the favourable terms available in the market.
- The Group will continue to seek opportunities 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 2015 of 5 HK cents per share, totaling HK\$140,181,000, payable on 20 October 2015 to the shareholders whose names appear on the registers of members of the Company at the close of business on 18 September 2015 (2014: an interim scrip dividend (with cash option) of 5 HK cents per share, totaling HK\$137,923,000).

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 20 October 2015. 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 2015 was HK\$2,359 million, which was mainly derived from the property sales of Grand Summit and Upstream Park in Shanghai and J Wings in Guangzhou, as well as from the rental income of Shanghai K. Wah Centre. The attributable revenue of the Group (comprising the revenue of the Group and attributable revenue from joint ventures and associated companies of HK\$1,366 million) was HK\$3,725 million for the six months ended 30 June 2015.

Attributable Contracted Sales of the Group (being contracted sales of the Group and attributable sales contributions from joint ventures and associated companies) in the first half of 2015 amounted to approximately HK\$8.7 billion, mainly derived from Twin Peaks and the joint venture project of Corinthia By The Sea in Hong Kong, Grand Summit, Upstream Park and The Palace Phase II in Shanghai, and J Wings and J Metropolis in Guangzhou. Approximately HK\$2.7 billion of the above Attributable Contracted Sales of the Group was recognised in the accounts for the six months ended 30 June 2015. The remaining HK\$6.0 billion Attributable Contracted Sales is expected to be recognised in 2016 and 2017.

Profit attributable to equity holders of the Company was HK\$534 million while underlying profit of the Group (before fair value gain of investment properties) was HK\$482 million for the six months ended 30 June 2015.

Total comprehensive loss attributable to equity holders of the Company was HK\$1,540 million for the six months ended 30 June 2015. The total comprehensive loss came from the decrease in fair value of HK\$2,080 million on the non-current investment of an approximately 3.8% interest in Galaxy Entertainment Group Limited for the six months ended 30 June 2015.

### Property Development and Investment in Hong Kong SAR

During the first half of 2015, mass market home prices in Hong Kong continued to rise as a result of pent-up end-user demand for small- to medium-sized units. Transaction volume remained active during the same period with just over 32,000 units of private residential buildings changing hands, of which approximately 8,700 units were primary market transactions.

Sales of the Group in this period came mainly from the remaining units of our joint venture projects, Providence Peak and Providence Bay. Pre-sales of Twin Peaks and Corinthia By The Sea in Tseung Kwan O began in March and June respectively. The market response to these projects was over-whelming, with over 90% of the residential units sold within a short period of time.

The occupation permit for our joint venture project of Mayfair By The Sea I was obtained in June and thus the pre-sale result in whole was recognised in the first half of 2015.

Leasing performance remained stable during the period. Our premium dining and shopping arcade J SENSES in Wan Chai continued to maintain full occupancy and record satisfactory rental income.

### Property Development and Investment in Mainland China

During the first half of 2015, the property market in the first tier cities of Mainland China was generally active with prices picking up as a result of the relaxation in mortgage requirements and surging stock markets.

## Management Discussion and Analysis

During the review period, the Group continued to market the remaining units of Grand Summit, The Palace and Upstream Park in Shanghai, J Metropolis in Guangzhou and The Summit in Jiangmen. We also launched three projects during the period, namely, The Palace Phase II in Shanghai and J Metropolis Phase II and J Wings in Guangzhou. All three projects received a good response in the market with encouraging sales. With the completion of the J Wings project, the pre-sale revenue was recognised in the first half of 2015.

The Group's major investment property, Shanghai K. Wah Centre, maintained a satisfactory occupancy rate of over 90% during the period.

### 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 2015, the share price of GEG was HK\$30.9 per share representing a decrease of 29% over the last carried fair value of HK\$43.7 per share as of 31 December 2014. The resulting decrease in fair value of approximately HK\$2,080 million was recorded as a decrease in reserve.

## OUTLOOK AND STRATEGY

### Global and Asian economy

In the US, growth, inflation and unemployment economic indicators have been largely on track for an interest rate hike generally expected before the end of the year. The Euro zone is still in a recovery phase having just emerged from the political uncertainty of a potential "Grexit". China delivered better than expected second quarter GDP growth at 7.0% on the back of improving infrastructure spending, property sales and export growth.

### Hong Kong and Mainland property market

The Hong Kong residential market continued on an upward trend in the first half of the year with the small unit size segment outperforming the overall market. It is expected that the primary market for small units will continue to be active with developers adopting a reasonable pricing strategy.

The property market in Mainland China gathered momentum in the first half of 2015, mainly in first tier cities such as Shenzhen, before the sharp correction in the A-share stock market in the middle of the year. The mortgage and monetary easing by the central bank along with the surge in A-share prices in the first half benefited the property market. Further monetary easing is expected in the second half, which should bode well for a stable property market.

### Project sales and progress

In Hong Kong, construction works for Yuen Long Town Lot No.513, which is adjacent to Long Ping MTR station and 60% owned by the Group, are in progress and the project is currently expected to be launched towards the end of this year or early next year. We will also continue to launch available units in Chantilly and Twin Peaks as well as in our joint venture projects Marinella, Providence Bay, Providence Peak, Mayfair By The Sea I and Corinthia By The Sea. For projects launched this year, the sales results of Twin Peaks and joint venture project Corinthia By The Sea are expected to be recognised in 2016, whereas for Yuen Long Town Lot No.513 (if launched this year) they are expected to be recognised only in 2017.

In Shanghai, during the second half of the year we will continue to market available units in Grand Summit, The Palace Phases I and II and Upstream Park. For The Palace Phase II launched in the first half of this year, the results are expected to be recognised only in 2017.

In Guangzhou, in the second half of the year we will continue to sell available units in J Metropolis Phases II and III, The J Wings, Le Palais and Silver Cove (in Dongguan). For J Metropolis Phases II and III launched this year and Silver Cove, the results are expected to be recognised in 2016.

### **Land bank replenishment**

Although we did not add to our land bank in the first half of the year, we will continue to exercise discipline in our land banking replenishment programme in Hong Kong and Shanghai.

### **Conclusion**

Property market conditions in our core markets of Hong Kong, Shanghai and Guangzhou are expected to remain stable, and we will ride on our successful sales efforts in the first half of the year to market the available units in our various projects. With the majority of the sales proceeds from the project sales in the first half coming in during the second half, we will continue to look for investment opportunities on a disciplined basis.

## **REVIEW OF FINANCE**

### **(1) Financial Position**

The financial position of the Group remained strong. As of 30 June 2015, total funds employed (being total equity and total borrowings and guaranteed notes) were HK\$43 billion (31 December 2014: HK\$44 billion). The number of issued shares of the Company was the same as of 31 December 2014.

### **(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 2015, the Group's borrowings of bank loans and guaranteed notes were HK\$17,905 million, the maturity profile is spread over a period of 6 years, with 6% repayable within one year and the remaining 94% repayable over one to six years. The average interest rate for the Group during the review period was approximately at 2.9%.

In addition, the Group had available undrawn facilities totalling HK\$5,980 million and HK\$8,028 million for working capital and project facility purposes respectively.

As of 30 June 2015, cash and bank deposits stood at HK\$7,277 million and approximately 56% was 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 a satisfactory level of 42% as of 30 June 2015 (31 December 2014: 44%).

In March 2015, the Group successfully arranged a syndicated loan of HK\$3.3 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.

### **(3) Treasury Policies**

The Group continues to adopt a conservative approach regarding foreign exchange exposure to minimise risk. 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.

## Management Discussion and Analysis

Of the Group's borrowings of bank loans and guaranteed notes of HK\$17,905 million as of 30 June 2015, approximately 88% was denominated in Hong Kong dollars after hedge with the remainder in Renminbi. Approximately 80% of such borrowings and notes was on a floating rate basis with the remainder on a fixed rate basis after hedge. The decision by China's central bank to reform the USD-RMB fixing mechanism in August is likely to lead to greater volatility in Renminbi exchange rate. The main effect of such volatility is expected to be reflected in the translation of the Group's Renminbi denominated net assets and trading results into Hong Kong dollars being the reporting currency of the Group.

### (4) Charges on Group Assets

As of 30 June 2015, 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\$20,293 million (31 December 2014: HK\$20,028 million) to banks to secure the Group's borrowing facilities.

### (5) Guarantees

As of 30 June 2015, 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\$23,795 million (31 December 2014: HK\$23,346 million), HK\$117 million (31 December 2014: HK\$117 million) and HK\$1,000 million (31 December 2014: HK\$1,000 million), of which facilities totalling HK\$12,909 million (31 December 2014: HK\$12,938 million), HK\$117 million (31 December 2014: HK\$117 million) and HK\$552 million (31 December 2014: HK\$440 million) have been utilised respectively.

In addition, a subsidiary of the Company provided guarantees amounting to HK\$377 million (31 December 2014: HK\$123 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.

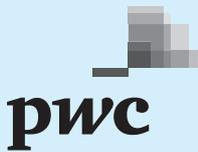
## EMPLOYEES AND REMUNERATION POLICY

As of 30 June 2015, the Group, excluding its associated companies and joint ventures, employed 883 employees in Hong Kong, Mainland China and Singapore. Employee costs, excluding Directors' emoluments, amounted to approximately HK\$188 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 2015 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 2015

*PricewaterhouseCoopers, 22/F Prince’s Building, Central, Hong Kong*  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

## Condensed Consolidated Profit and Loss Statement (unaudited)

	Note	For the six months ended 30 June	
		2015 HK\$'000	2014 HK\$'000
Revenue	6	<b>2,358,994</b>	749,692
Cost of sales		<b>(900,549)</b>	(376,157)
Gross profit		<b>1,458,445</b>	373,535
Other operating income		<b>104,973</b>	161,696
Other net losses		<b>(14,012)</b>	(16,961)
Other operating expenses		<b>(172,218)</b>	(54,935)
Administrative expenses		<b>(234,249)</b>	(217,371)
Change in fair value of investment properties		<b>100,899</b>	101,944
Finance costs		<b>(39,968)</b>	(12,912)
Share of profits of joint ventures		<b>67,815</b>	86,049
Share of profits/(losses) of associated companies		<b>30,756</b>	(7,641)
Profit before taxation	7	<b>1,302,441</b>	413,404
Taxation charge	8	<b>(719,692)</b>	(169,214)
Profit for the period		<b>582,749</b>	244,190
Attributable to:			
Equity holders of the Company		<b>533,776</b>	213,778
Non-controlling interests		<b>48,973</b>	30,412
		<b>582,749</b>	244,190
Earnings per share	9	<b>HK cents</b>	HK cents
Basic		<b>19.2</b>	7.9
Diluted		<b>19.1</b>	7.8
Dividend	10	<b>HK\$'000</b>	HK\$'000
Interim dividend		<b>140,181</b>	137,923

## Condensed Consolidated Statement of Comprehensive Income (unaudited)

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
<b>Profit for the period</b>	<b>582,749</b>	244,190
<b>Other comprehensive (loss)/income:</b>		
<i>Items that may be reclassified to profit and loss:</i>		
Change in fair value of non-current investment	<b>(2,079,796)</b>	(1,243,003)
Exchange differences	<b>6,902</b>	(162,248)
Other comprehensive loss for the period	<b>(2,072,894)</b>	(1,405,251)
<b>Total comprehensive loss for the period</b>	<b>(1,490,145)</b>	(1,161,061)
<b>Total comprehensive (loss)/income attributable to:</b>		
Equity holders of the Company	<b>(1,539,931)</b>	(1,179,990)
Non-controlling interests	<b>49,786</b>	18,929
	<b>(1,490,145)</b>	(1,161,061)

# Condensed Consolidated Balance Sheet

As at 30 June 2015

	Note	(unaudited) 30 June 2015 HK\$'000	(audited) 31 December 2014 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		535,869	553,866
Investment properties		8,231,632	8,127,845
Leasehold land and land use rights		17,228	17,555
Joint ventures		824,152	2,477,823
Associated companies		396,664	974,675
Non-current investment		5,020,757	7,100,553
Deferred taxation assets		80,058	36,455
Derivative financial instruments		918	2,644
Other non-current assets		78,318	41,886
		<b>15,185,596</b>	19,333,302
<b>Current assets</b>			
Development properties		23,263,822	22,547,104
Inventories		2,178	2,790
Amount due from a joint venture		168,262	228,260
Amounts due from associated companies		1,099,815	788,782
Debtors and prepayments	12	1,635,164	1,118,335
Taxes recoverable		193,302	112,763
Cash and bank deposits	13	7,277,233	6,038,760
		<b>33,639,776</b>	30,836,794
<b>Total assets</b>		<b>48,825,372</b>	50,170,096
<b>EQUITY</b>			
Share capital	14	278,715	278,715
Reserves		23,335,882	24,866,467
Shareholders' funds		23,614,597	25,145,182
Non-controlling interests		1,606,834	1,545,781
<b>Total equity</b>		<b>25,221,431</b>	26,690,963
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	15	14,081,449	13,244,026
Guaranteed notes	16	2,704,752	2,703,597
Derivative financial instruments		15,399	2,911
Deferred taxation liabilities		1,690,771	1,626,042
		<b>18,492,371</b>	17,576,576
<b>Current liabilities</b>			
Amounts due to joint ventures		182,237	1,789,263
Amount due to an associated company		27,085	27,085
Creditors and accruals	17	2,335,012	1,351,614
Current portion of borrowings	15	1,119,271	1,824,578
Taxes payable		1,447,965	910,017
		<b>5,111,570</b>	5,902,557
<b>Total liabilities</b>		<b>23,603,941</b>	23,479,133
<b>Total equity and liabilities</b>		<b>48,825,372</b>	50,170,096
<b>Net current assets</b>		<b>28,528,206</b>	24,934,237
<b>Total assets less current liabilities</b>		<b>43,713,802</b>	44,267,539

# Condensed Consolidated Cash Flow Statement (unaudited)

	For the six months ended 30 June	
	2015 HK\$'000	2014 HK\$'000
Net cash generated from/(used in) operating activities	<b>582,923</b>	(5,788,192)
Cash flows from investing activities		
Net changes in balances with joint ventures	<b>(1,548,070)</b>	159,063
Net changes in balances with associated companies	<b>297,434</b>	(29,698)
Acquisition of an investment property	—	(429,136)
Dividend received from a joint venture	<b>1,722,525</b>	—
Others	<b>(288,772)</b>	(860,471)
Net cash generated from/(used in) investing activities	<b>183,117</b>	(1,160,242)
Cash flows from financing activities		
New bank loans	<b>2,301,978</b>	6,521,264
Issue of guaranteed notes	—	447,035
Repayment of bank loans	<b>(2,223,514)</b>	(1,749,553)
Capital contribution from non-controlling interests	<b>26,218</b>	—
Dividend paid to non-controlling interests	<b>(14,951)</b>	—
Others	—	19,435
Net cash generated from financing activities	<b>89,731</b>	5,238,181
Net increase/(decrease) in cash and cash equivalents	<b>855,771</b>	(1,710,253)
Cash and cash equivalents at beginning of the period	<b>5,252,856</b>	5,590,615
Changes in exchange rates	<b>(3,090)</b>	(26,423)
Cash and cash equivalents at end of the period	<b>6,105,537</b>	3,853,939

## Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2015

	Share capital HK\$'000	Other reserves HK\$'000	Retained earnings HK\$'000	Shareholders' funds HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
<b>At 31 December 2014</b>	<b>278,715</b>	<b>10,254,403</b>	<b>14,612,064</b>	<b>25,145,182</b>	<b>1,545,781</b>	<b>26,690,963</b>
<b>Comprehensive income</b>						
Profit for the period	—	—	533,776	533,776	48,973	582,749
<b>Other comprehensive (loss)/income</b>						
Other comprehensive (loss)/income for the period	—	(2,073,707)	—	(2,073,707)	813	(2,072,894)
<b>Transactions with equity holders</b>						
Fair value of share options	—	9,346	—	9,346	—	9,346
Capital contribution from non-controlling interests	—	—	—	—	26,218	26,218
Dividends	—	—	—	—	(14,951)	(14,951)
<b>At 30 June 2015</b>	<b>278,715</b>	<b>8,190,042</b>	<b>15,145,840</b>	<b>23,614,597</b>	<b>1,606,834</b>	<b>25,221,431</b>
At 31 December 2013	271,215	14,480,325	12,867,213	27,618,753	1,475,193	29,093,946
<b>Comprehensive income</b>						
Profit for the period	—	—	213,778	213,778	30,412	244,190
<b>Other comprehensive loss</b>						
Other comprehensive loss for the period	—	(1,393,768)	—	(1,393,768)	(11,483)	(1,405,251)
<b>Transactions with equity holders</b>						
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

# 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 25 August 2015.

This interim financial information has not been audited.

## 2 BASIS OF PREPARATION

The interim financial information for the six months ended 30 June 2015 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. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2014 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 2014, except as stated below.

### The adoption of revised HKFRSs

In 2015, the Group adopted the following amendments to standards, which are relevant to its operations.

HKAS 19 (Amendment)	Defined Benefit Plan: Employee Benefits — Employee Contributions
---------------------	--

#### Annual Improvements to HKFRSs 2010–2012 Cycle

HKAS 16 (Amendment)	Property, Plant and Equipment
HKAS 24 (Amendment)	Related Party Disclosures
HKAS 38 (Amendment)	Intangible Assets
HKFRS 2 (Amendment)	Share-based Payment
HKFRS 8 (Amendment)	Operating Segments

#### Annual Improvements to HKFRSs 2011–2013 Cycle

HKAS 40 (Amendment)	Investment Property
HKFRS 3 (Amendment)	Business Combinations
HKFRS 13 (Amendment)	Fair Value Measurement

The Group has assessed the impact of the adoption of these amendments to standards 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 1 (Amendment)	Presentation of Financial Statements — Disclosure Initiative	1 January 2016
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 27 (Amendment)	Equity Method in Separate Financial Statements	1 January 2016
HKFRS 9	Financial Instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment Entities — Applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Joint Arrangement — Accounting for Acquisitions of Interests in Joint Operation	1 January 2016
HKFRS 14	Regulatory Deferral Accounts	1 January 2016
HKFRS 15	Revenue from Contracts with Customers	1 January 2018
Annual Improvements to HKFRSs 2012–2014 Cycle		1 January 2016

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 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 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

#### (a) Current and deferred taxation and land appreciation tax

Significant judgment is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final taxation outcome of these matters is different from the amounts that were initially recorded, such difference will impact the provision for current and deferred taxation in the financial period in which such determination is made.

The Group is subject to land appreciation tax in Mainland China. However, the actual implementation of this tax is uncertain and varies amongst local tax authorities. Accordingly, significant judgment is required in determining the amount of the land appreciation tax and its related tax provision. The Group recognises land appreciation tax based on best estimates according to the understanding of the tax rules. The final taxation outcome could be different from the amounts that were initially recorded, and these differences will impact the provision for taxation in the financial period in which such determination is made.

Deferred taxation assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

#### (b) Fair value of investment properties

The fair values of investment properties are determined by independent valuers on an open market for existing use basis. In making the judgment, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

If information on current or recent prices of investment properties is not available, the fair values of investment properties are determined using valuation techniques as disclosed in note 19 in the Group's annual financial statements for the year ended 31 December 2014. The Group uses assumptions that are mainly based on market conditions existing at each balance sheet date.

The principal assumptions underlying management's estimation of fair value are those related to: the receipt of contractual rentals; expected future market rentals; maintenance requirements; and appropriate discount rates. These valuations are regularly compared to actual market yield data, and actual transactions by the Group and those reported by the market. The valuations are reviewed annually by external valuers.

#### (c) Share-based payments

The fair value of option granted is estimated by independent professional valuers based on the various assumptions on volatility, life of options, dividend paid out rate and annual risk-free interest rate, excluding the impact of any non-market vesting conditions, which generally represent the best estimate of the fair value of the options at the date of granting the options.

#### (d) Provision for development properties

The Group assesses the carrying amounts of properties under development and completed properties for sale according to their net realisable value based on the realisability of these properties, taking into account estimated costs to completion based on past experience and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

#### (e) Impairment of non-financial assets

The Group tests at each balance sheet date whether assets that have indefinite useful lives have suffered any impairment. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit is determined based on value-in-use calculations. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

## Notes to the Interim Financial Information

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (cont'd)

#### (f) Recoverability of other non-current assets, debtors and prepayments

The Group assess whether there is objective evidence that other non-current assets, debtors and prepayment are impaired. It recognises impairment based on estimates of the extent and timing of future cash flows using applicable discount rates. The final outcome of the recoverability and cash flows of these non-current assets, debtors and prepayment will impact the amount of impairment required.

#### (g) Revenue recognition

The Group has recognised revenue from the sale of properties held for sales as disclosed in note 6 according to the accounting policy as stated in note 3.21 in the Group's annual financial statements for the year ended 31 December 2014. The assessment of when the Group has transferred the significant risks and rewards of ownership to buyers and whether it is probable that future economic benefit will flow to the Group requires the use of judgement. In making this judgement, the Group evaluates the circumstances of the transaction, the terms under the sales and purchase agreement and settlement status of consideration.

#### (h) Financial implication of regulation of idle land

Under the People's Republic of China ("PRC") laws and regulations, if a property developer fails to commence the development of land within the timeframe designated in the land grant contract, the PRC government may regard the land as idle land and issue a warning or impose a penalty on the developer or reclaim the land. Judgment is required in assessing whether these tracts of land will be subject to the penalty of idle land and thereby resulting in any financial impact to the Group. In making this judgment, the Group evaluates the extent of development of the whole tracts of land, status of negotiation with the government authorities as to the extension of time of commencement or revision of development plans.

### 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 2014.

There have been no material changes in the Group's financial risk management structure, policies and procedures since year ended 31 December 2014.

#### (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 2015, 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.

## 4 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 2015 and 31 December 2014, the Group had no Level 3 financial instruments, the only Level 1 financial instrument represents the non-current investment and Level 2 financial instrument represents the structured bank deposits and derivative financial instruments.

In 2015, there were no transfers of financial assets or financial liabilities between the levels in the hierarchy.

In 2015, 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 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.

## Notes to the Interim Financial Information

## 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
<b>Six months ended 30 June 2015</b>						
Revenue	—	2,133,341	—	173,623	52,030	2,358,994
Adjusted EBITDA	(971)	1,197,159	(1,458)	163,049	(112,648)	1,245,131
Other income and expenses/losses, net						(81,257)
Depreciation and amortisation						(20,935)
Change in fair value of investment properties				100,899		100,899
Finance costs						(39,968)
Share of profits/(losses) of joint ventures	68,010	(195)				67,815
Share of profits of associated companies	30,756					30,756
Profit before taxation						1,302,441
Taxation charge						(719,692)
Profit for the period						582,749
<b>As at 30 June 2015</b>						
Segment assets	11,003,315	20,844,455	326,178	8,616,385	—	40,790,333
Other assets	—	—	—	—	5,546,146	5,546,146
Joint ventures	995,665	(3,251)	—	—	—	992,414
Associated companies	1,496,479	—	—	—	—	1,496,479
Total assets	13,495,459	20,841,204	326,178	8,616,385	5,546,146	48,825,372
Total liabilities	8,711,524	13,256,214	401	1,578,091	57,711	23,603,941
<b>Six months ended 30 June 2014</b>						
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
<b>As at 31 December 2014</b>						
Segment assets	9,878,556	18,909,485	333,099	8,470,559	—	37,591,699
Other assets	—	—	—	—	8,108,857	8,108,857
Joint ventures	2,709,139	(3,056)	—	—	—	2,706,083
Associated companies	1,763,457	—	—	—	—	1,763,457
Total assets	14,351,152	18,906,429	333,099	8,470,559	8,108,857	50,170,096
Total liabilities	9,922,964	11,944,568	281	1,541,504	69,816	23,479,133
<b>Six months ended 30 June 2015</b>						
Additions to non-current assets	—	733	111	—	650	1,494
<b>Six months ended 30 June 2014</b>						
Additions to non-current assets	—	1,588	719	429,136	658	432,101

## 5 SEGMENT INFORMATION (cont'd)

### Geographical segment information

The Group operates in three (2014: three) main geographical areas, including Hong Kong, Mainland China and Singapore. The revenue for the six months ended 30 June 2015 and 2014 and total non-current assets (other than joint ventures, associated companies, non-current investment, deferred taxation assets, derivative financial instruments and other non-current assets) as at 30 June 2015 and 31 December 2014 by geographical area are as follows:

#### Revenue

	2015 HK\$'000	2014 HK\$'000
Hong Kong	20,828	14,752
Mainland China	2,338,166	734,940
	<b>2,358,994</b>	749,692

#### Non-current assets

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Hong Kong	1,257,067	1,257,365
Mainland China	7,527,143	7,441,380
Singapore	519	521
	<b>8,784,729</b>	8,699,266

## 6 REVENUE

	2015 HK\$'000	2014 HK\$'000
Sale of properties	2,133,341	551,524
Rental income	173,623	149,042
Hotel operations	52,030	49,126
	<b>2,358,994</b>	749,692

## 7 PROFIT BEFORE TAXATION

	2015 HK\$'000	2014 HK\$'000
<b>Profit before taxation is stated after crediting:</b>		
Interest income	47,741	43,725
Dividend income from non-current investment	45,495	113,739
Net exchange gains	701	—
<b>and after charging:</b>		
Cost of properties sold	867,156	344,708
Selling and marketing expenses	160,202	40,323
Depreciation (net of amount capitalised under properties under development of HK\$169,000 (2014: HK\$284,000))	20,869	22,779
Amortisation for leasehold land and land use rights	66	66
Operating lease rental for land and buildings	3,947	3,913
Loss on disposal of property, plant and equipment	499	—
Net fair value losses on derivative financial instruments	14,214	8,524
Net exchange losses	—	8,537

## Notes to the Interim Financial Information

## 8 TAXATION CHARGE

	2015 HK\$'000	2014 HK\$'000
Current		
Hong Kong profits tax	1,647	—
Mainland China		
— Income tax	256,863	66,798
— Land appreciation tax	435,094	59,926
Under/(over)-provision in previous years	4,503	(2,179)
Deferred	21,585	44,669
	<b>719,692</b>	169,214

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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 has been provided at the rates of taxation prevailing in Mainland China 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 loss.

## 9 EARNINGS PER SHARE

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

	2015 HK\$'000	2014 HK\$'000
Profit attributable to equity holders of the Company	533,776	213,778
	<b>Number of shares</b>	
	2015	2014
Weighted average number of shares for calculating basic earnings per share	2,787,154,000	2,716,238,000
Effect of dilutive potential ordinary shares — Share options	4,737,000	10,786,000
Weighted average number of shares for calculating diluted earnings per share	<b>2,791,891,000</b>	2,727,024,000

## 10 DIVIDEND

The Board has declared an interim scrip dividend (with a cash option) of HK\$140,181,000 (being 5 HK cents per share) (2014: an interim scrip dividend (with a cash option) of 5 HK cents per share, totaling HK\$137,923,000). This dividend will be accounted for as an appropriation of retained earnings in the year ending 31 December 2015.

## 11 CAPITAL EXPENDITURE

For the six months ended 30 June 2015, the Group incurred HK\$1 million (2014: HK\$3 million) on property, plant and equipment.

## 12 DEBTORS AND PREPAYMENTS

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Trade debtors, net of provision	<b>1,344,718</b>	839,924
Other debtors, net of provision	<b>199,627</b>	191,001
Amounts due from non-controlling interests	<b>9,384</b>	9,380
Land deposits	<b>9,706</b>	9,706
Prepayments and other deposits	<b>71,729</b>	68,324
	<b>1,635,164</b>	1,118,335

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:

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Within one month	<b>1,203,326</b>	798,151
Two to three months	<b>55,201</b>	188
Four to six months	<b>75,509</b>	21,842
Over six months	<b>10,682</b>	19,743
	<b>1,344,718</b>	839,924

## 13 CASH AND BANK DEPOSITS

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Short-term bank deposits maturing after three months	<b>38,042</b>	38,027
Structured bank deposits	<b>1,133,654</b>	747,877
	<b>1,171,696</b>	785,904
Cash at bank and in hand	<b>3,342,010</b>	2,378,317
Short-term and other bank deposits	<b>2,763,527</b>	2,874,539
Cash and cash equivalents	<b>6,105,537</b>	5,252,856
Cash and bank deposits	<b>7,277,233</b>	6,038,760

## Notes to the Interim Financial Information

## 14 SHARE CAPITAL

	2015		2014	
	Number of Shares of HK\$0.10 each	HK\$'000	Number of Shares of HK\$0.10 each	HK\$'000
Authorised:				
At 1 January and 30 June	<b>5,000,000,000</b>	<b>500,000</b>	5,000,000,000	500,000
Issued and fully paid:				
At 1 January	<b>2,787,154,270</b>	<b>278,715</b>	2,712,152,918	271,215
Share options exercised	—	—	4,941,750	494
At 30 June	<b>2,787,154,270</b>	<b>278,715</b>	2,717,094,668	271,709

The Company operates a share option scheme under which options to subscribe for 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, no share options were exercised (2014: share options to subscribe for 4,941,750 shares were exercised).

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 2015	31 December 2014
27 November 2008 to 26 November 2017	4.636	<b>5,223,000</b>	5,223,000
27 November 2008 to 26 November 2017	3.882	<b>1,405,000</b>	1,405,000
17 January 2013 to 16 January 2018	2.120	<b>9,234,000</b>	9,234,000
21 January 2014 to 20 January 2019	4.610	<b>15,248,000</b>	15,248,000
30 September 2015 to 29 September 2020	4.500	<b>16,540,000</b>	16,540,000
		<b>47,650,000</b>	47,650,000

## 15 BORROWINGS

	30 June 2015 HK\$'000	31 December 2014 HK\$'000
Long-term bank loans		
Secured	<b>5,613,312</b>	5,198,227
Unsecured	<b>9,487,408</b>	9,700,377
	<b>15,100,720</b>	14,898,604
Short-term bank loans		
Secured	<b>100,000</b>	100,000
Unsecured	—	70,000
	<b>100,000</b>	170,000
Total bank loans	<b>15,200,720</b>	15,068,604
Current portion included in current liabilities	<b>(1,119,271)</b>	(1,824,578)
	<b>14,081,449</b>	13,244,026

## 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 2015 was HK\$1,551 million (31 December 2014: HK\$1,551 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. The carrying amount approximates its fair value.

KWIFS issued additional 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 2015 was HK\$1,011 million (31 December 2014: HK\$1,022 million).

## 17 CREDITORS AND ACCRUALS

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Trade creditors	<b>872,669</b>	914,919
Other creditors	<b>53,623</b>	39,140
Amounts due to non-controlling interests	<b>5,850</b>	5,847
Accrued operating expenses	<b>202,933</b>	173,720
Advanced proceeds on sale of properties	<b>1,068,829</b>	95,869
Rental and other deposits received	<b>131,108</b>	122,119
	<b>2,335,012</b>	1,351,614

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

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Within one month	<b>869,379</b>	910,032
Two to three months	<b>2,165</b>	3,305
Four to six months	<b>321</b>	946
Over six months	<b>804</b>	636
	<b>872,669</b>	914,919

## 18 COMMITMENTS

	<b>30 June 2015 HK\$'000</b>	31 December 2014 HK\$'000
Contracted but not provided for commitments in respect of		
— property investment	—	—
— property development	<b>3,797,757</b>	3,070,870
— joint ventures	<b>5,997</b>	5,994
	<b>3,803,754</b>	3,076,864

## Notes to the Interim Financial Information

### 19 GUARANTEES

As of 30 June 2015, the Group has executed the following guarantees in favour of the following parties:

	30 June 2015		31 December 2014	
	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	551,600	1,000,000	440,400
— properties buyers	376,730	376,730	123,332	123,332
	<b>1,493,730</b>	<b>1,045,330</b>	1,240,332	680,732

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 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:

	2015 HK\$'000	2014 HK\$'000
Fees, salaries and other emoluments	14,796	14,153
Discretionary bonuses	3,354	5,518
Pension costs — defined contribution plans	1,430	1,371
Share option	5,313	—
	<b>24,893</b>	21,042

- (b) Rental income from an investee company amounted to HK\$663,000 (2014: HK\$661,000) based on the terms of rental agreement between the parties.
- (c) Rental expenses to a related company amounted to HK\$5,534,000 (2014: nil) based on the terms of master lease agreement between the parties.
- (d) As at 30 June 2015 and 31 December 2014, 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 2015, 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	21,883,798	8,317,120 <sup>(1)</sup>	3,660,766 <sup>(2)</sup>	1,652,420,993 <sup>(3)</sup>	1,686,282,677	60.50
Francis Lui Yiu Tung	8,738,035	—	—	1,652,420,993 <sup>(3)</sup>	1,661,159,028	59.60
Paddy Tang Lui Wai Yu	21,927,605	—	—	1,652,420,993 <sup>(3)</sup>	1,674,348,598	60.07
Alexander Lui Yiu Wah	13,673,234	—	3,859,147 <sup>(4)</sup>	1,652,420,993 <sup>(3)</sup>	1,669,953,374	59.92
Moses Cheng Mo Chi	560,000	—	—	—	560,000	0.02
Robin Chan Yau Hing <sup>(5)</sup>	2,154,506	—	—	—	2,154,506	0.08
William Yip Shue Lam	572,726	—	—	—	572,726	0.02
Poon Chung Kwong <sup>(6)</sup>	560,000	—	—	—	560,000	0.02
Au Man Chu	560,000	—	—	—	560,000	0.02
Wong Kwai Lam	760,000	—	—	—	760,000	0.03

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.
- (6) Professor Poon Chung Kwong has resigned as an independent non-executive Director and a member of the Audit Committee of the Company with effect from 31 July 2015.

## 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 and other qualifying grantees in aggregate under the Share Option Scheme of the Company during the period of six months ended 30 June 2015 were as follows:

Holders	Date of grant	Number of options		Exercise price per Share (HK\$)	Exercise period
		Held at 1 January 2015 and at 30 June 2015			
Lui Che-woo	27 Nov 2007	1,055,000		4.636	27 Nov 2008–26 Nov 2017
	17 Jan 2012	2,358,000		2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	2,630,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	2,700,000		4.500	30 Sep 2015–29 Sep 2020
Francis Lui Yiu Tung	17 Jan 2012	1,400,000		2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	1,500,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	1,300,000		4.500	30 Sep 2015–29 Sep 2020
Paddy Tang Lui Wai Yu	27 Nov 2007	940,000		4.636	27 Nov 2008–26 Nov 2017
	24 Jan 2008	500,000		3.882	27 Nov 2008–26 Nov 2017
	17 Jan 2012	2,358,000		2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	2,630,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	2,700,000		4.500	30 Sep 2015–29 Sep 2020
Alexander Lui Yiu Wah	27 Nov 2007	990,000		4.636	27 Nov 2008–26 Nov 2017
	24 Jan 2008	800,000		3.882	27 Nov 2008–26 Nov 2017
	17 Jan 2012	2,358,000		2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	2,630,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	2,700,000		4.500	30 Sep 2015–29 Sep 2020
Moses Cheng Mo Chi	17 Jan 2012	200,000		2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	200,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	160,000		4.500	30 Sep 2015–29 Sep 2020
Robin Chan Yau Hing	30 Sep 2014	160,000		4.500	30 Sep 2015–29 Sep 2020
William Yip Shue Lam	30 Sep 2014	160,000		4.500	30 Sep 2015–29 Sep 2020
Poon Chung Kwong*	21 Jan 2013	200,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	160,000		4.500	30 Sep 2015–29 Sep 2020
Au Man Chu	17 Jan 2012	200,000		2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	200,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	160,000		4.500	30 Sep 2015–29 Sep 2020
Wong Kwai Lam	17 Jan 2012	200,000		2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	200,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	160,000		4.500	30 Sep 2015–29 Sep 2020
Employees and others (in aggregate)	27 Nov 2007	2,238,000		4.636	27 Nov 2008–26 Nov 2017
	24 Jan 2008	105,000		3.882	27 Nov 2008–26 Nov 2017
	17 Jan 2012	160,000		2.120	17 Jan 2013–16 Jan 2018
	21 Jan 2013	5,058,000		4.610	21 Jan 2014–20 Jan 2019
	30 Sep 2014	6,180,000		4.500	30 Sep 2015–29 Sep 2020

\* Professor Poon Chung Kwong has resigned as an independent non-executive Director and a member of the Audit Committee of the Company with effect from 31 July 2015.

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, exercised, lapsed and cancelled during the period of six months ended 30 June 2015.

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 2015, 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 2015, 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
CWL Assets (PTC) Limited	1,652,420,993	59.29
HSBC International Trustee Limited	1,532,793,048	54.99
Super Focus Company Limited	1,218,151,584	43.71
Southeastern Asset Management, Inc.	279,111,601	10.01
Star II Limited	228,065,518	8.18
Favor Right Investments Limited	163,987,649	5.88
Premium Capital Profits Limited	159,285,715	5.71

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 2014 on 21 October 2014, the shareholding of HSBC International Trustee Limited was increased to 1,652,420,993 Shares. Such Shares are the aggregation of (i) 163,987,649 Shares held by Favor Right Investments Limited, (ii) 42,216,242 Shares held by Best Chance Investments Limited, (iii) 1,218,151,584 Shares held by Super Focus Company Limited, (iv) 159,285,715 Shares held by Premium Capital Profits Limited, and (v) 68,779,803 Shares held by Mark Liaison Limited; all the aforesaid companies are wholly-owned by a company controlled by the trust.

## Other Information

There was duplication of interests of 1,652,420,993 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, 1,218,151,584 Shares were interested by Super Focus Company Limited, 42,216,242 Shares were interested by Best Chance Investments Limited, 163,987,649 Shares were interested by Favor Right Investments Limited, 159,285,715 Shares were interested between Premium Capital Profits Limited and Star II Limited and 68,779,803 Shares were interested between Mark Liaison Limited and Star II Limited.

Save as disclosed above, as of 30 June 2015, 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 2015, 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:

	<b>Combined balance sheet HK\$'000</b>	<b>Group's attributable interest HK\$'000</b>
Non-current assets	1,225,598	189,903
Current assets	12,481,098	3,378,390
Current liabilities	(1,580,881)	(409,036)
	<b>12,125,815</b>	<b>3,159,257</b>
Share capital	73	27
Reserves	4,929,861	1,113,810
Amounts due to shareholders	5,576,367	1,375,843
Non-current liabilities	1,619,514	669,577
	<b>12,125,815</b>	<b>3,159,257</b>

## **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 2015.

## **AUDIT COMMITTEE**

The Audit Committee of the Company met on 18 August 2015 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 2015 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 2015 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 2015, 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; 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 2014 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 2014 Annual Report, the Company was informed of the following changes in Directors' information:

**Dr. Moses Cheng Mo Chi** *(Non-executive Director)*

Dr. Moses Cheng Mo Chi has ceased to be the chairman of the Committee on Free Kindergarten Education. He has been appointed as a member of the Audit Committee of the Company with effect from 31 July 2015.

**Professor Poon Chung Kwong** *(Independent Non-executive Director)*

Professor Poon Chung Kwong has resigned as an independent non-executive Director and a member of the Audit Committee of the Company with effect from 31 July 2015.

**Mr. Au Man Chu** *(Independent Non-executive Director)*

Mr. Au Man Chu has retired as a non-executive director of Noble Group Limited (a company listed in Singapore) with effect from 17 April 2015.

### CLOSURE OF REGISTERS OF MEMBERS

The registers of members will be closed from 16 September 2015 to 18 September 2015, 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 2015.

By Order of the Board

**K. Wah International Holdings Limited**

**Lee Wai Kwan, Cecilia**

*Company Secretary*

Hong Kong, 25 August 2015



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

29/F, K. Wah Centre, 191 Java Road, North Point, Hong Kong  
香港北角渣華道191號嘉華國際中心29樓  
Tel電話:(852) 2880 0178 Fax傳真:(852) 2880 5610

[www.kwih.com](http://www.kwih.com)

