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

(Incorporated in Bermuda with limited liability)

(Stock Code: 173)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

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**”) for the six months ended 30 June 2012 (“**Period**”) as follows:

- Revenue of the Group increased by 2.3 times to HK\$2,838 million.
- Profit attributable to equity holders increased by 6.1 times to HK\$2,899 million.
- Delivery of the impressive profit growth was both from Hong Kong (Marinella project) and Mainland China (Westwood Phase III and Shanghai Baoland disposal).
- Earnings per share was up 6.0 times to 112.51 HK cents and interim dividend per share is 5 HK cents.
- Total comprehensive income attributable to equity holders increased by 96% to HK\$3,648 million.
- Funding capability and sources enhanced by the successful tapping of US\$200 million Medium Term Note and recent conclusion of HK\$2.8 billion syndicated loan.
- As of 30 June 2012, cash and bank deposits amounted to HK\$5,501 million and net debt as a percentage of total equity was 22%.
- Capitalizing on market opportunities and strong funding capability, we are seeking opportunities on right terms to acquire quality land for development and the winning of the land auction at Tseung Kwan O Area 66D1 is a recent vindication.

INTERIM DIVIDEND

The Board has declared an interim scrip dividend (with a cash option) for the Period of 5 HK cents per share, totaling HK\$130,605,000, payable on 9 November 2012 to the shareholders whose names appear on the registers of members of the Company at the close of business on 5 October 2012 (2011: an interim scrip dividend (with cash option) of 2 HK cents per share, totaling HK\$51,064,000).

Payment of the scrip dividend is conditional upon The Stock Exchange of Hong Kong Limited (“**Exchange**”) 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 9 November 2012. The Company will send a circular to the shareholders containing, among others, details of the interim scrip dividend with cash option.

CONDENSED CONSOLIDATED PROFIT AND LOSS STATEMENT (unaudited)
For the six months ended 30 June 2012

	<i>Note</i>	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Revenue	3	2,837,529	863,735
Cost of sales		(1,014,827)	(290,603)
Gross profit		1,822,702	573,132
Other operating income		68,119	24,855
Other net gains		551,903	169,102
Other operating expenses		(98,140)	(94,489)
Administrative expenses		(199,856)	(181,314)
Change in fair value of investment properties		115,994	48,175
Finance costs		(21,951)	(10,895)
Share of profits of jointly controlled entities		1,619,552	3,234
Share of losses of associated companies		(20,005)	(1,531)
Profit before taxation	4	3,838,318	530,269
Taxation charge	5	(898,496)	(95,060)
Profit for the period		2,939,822	435,209
Attributable to:			
Equity holders of the Company		2,899,298	410,824
Non-controlling interests		40,524	24,385
		2,939,822	435,209
Earnings per share	6	<i>HK cents</i>	<i>HK cents</i>
Basic		112.51	16.10
Diluted		112.17	16.03
Dividend	7	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim dividend		130,605	51,064

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (unaudited)
For the six months ended 30 June 2012

	2012	2011
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the period	2,939,822	435,209
Other comprehensive income:		
Change in fair value of non-current investments	799,422	1,264,126
Exchange differences	(66,951)	208,176
Other comprehensive income for the period	732,471	1,472,302
Total comprehensive income for the period	3,672,293	1,907,511
Total comprehensive income attributable to :		
Equity holders of the Company	3,647,966	1,862,352
Non-controlling interests	24,327	45,159
	3,672,293	1,907,511

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2012

		(unaudited) 30 June 2012 HK\$'000	31 December 2011 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		610,672	605,121
Investment properties		4,797,343	4,555,685
Leasehold land and land use rights		16,043	16,479
Jointly controlled entities		2,451,325	2,658,402
Associated companies		421,007	1,327,832
Non-current investments		3,109,945	2,310,523
Deferred taxation assets		34,124	40,848
Other non-current assets		109,707	106,781
		11,550,166	11,621,671
Current assets			
Development properties		10,784,188	11,146,166
Inventories		6,892	9,557
Amount due from a jointly controlled entity		1,156,046	-
Amount due from an associated company		523,327	-
Debtors and prepayments	8	558,073	213,281
Tax recoverable		25,224	9,750
Structured bank deposits		1,748,037	968,299
Cash and bank deposits		3,752,852	3,594,592
		18,554,639	15,941,645
Total assets		30,104,805	27,563,316
EQUITY			
Share capital		257,693	257,690
Reserves		15,981,787	12,491,475
Shareholders' funds		16,239,480	12,749,165
Non-controlling interests		1,020,813	996,486
Total equity		17,260,293	13,745,651
LIABILITIES			
Non-current liabilities			
Borrowings		3,884,391	5,448,377
Guaranteed notes		1,551,056	-
Deferred taxation liabilities		981,198	912,207
		6,416,645	6,360,584
Current liabilities			
Amounts due to jointly controlled entities		67,859	67,148
Amount due to an associated company		53,935	-
Creditors and accruals	9	1,471,406	3,363,680
Current portion of borrowings		3,829,291	3,111,313
Taxes payable		1,005,376	914,940
		6,427,867	7,457,081
Total liabilities		12,844,512	13,817,665
Total equity and liabilities		30,104,805	27,563,316
Net current assets		12,126,772	8,484,564
Total assets less current liabilities		23,676,938	20,106,235

NOTES

1. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared under the historical cost convention, as modified by the revaluation of investment properties, non-current investments and derivative financial instrument, which are carried at fair value and in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011 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 condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 December 2011, except as stated below.

The adoption of revised HKFRSs

In 2012, the Group adopted the revised amendment of HKFRS below, which is relevant to its operations.

HKFRS 7 (Amendment) Financial Instruments: Transfers of Financial Assets

The Group has assessed the impact of the adoption of this amendment 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 condensed consolidated interim financial information.

Effective for accounting periods beginning on or after

Standards and amendments to existing standards that are not yet effective

HKAS 1 (Amendment)	Presentation of Financial Statements	1 July 2012
HKAS 19 (Amendment)	Employee Benefits	1 January 2013
HKAS 27 (2011)	Separate Financial Statements	1 January 2013
HKAS 28 (2011)	Investments in Associates and Joint Ventures	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
HKFRS 7 (Amendment)	Financial Instruments: Disclosures - Mandatory Effective Date of HKFRS 9 and Transition Disclosures	1 January 2015
HKFRS 9	Financial Instruments	1 January 2015
HKFRS 10	Consolidated Financial Statements	1 January 2013
HKFRS 11	Joint Arrangements	1 January 2013
HKFRS 12	Disclosure of Interests in Other Entities	1 January 2013
HKFRS 13	Fair Value Measurements	1 January 2013

HKICPA’s annual improvements to certain HKFRSs published in June 2012

HKAS 1 (Amendment)	Presentation of Financial Statements	1 January 2013
HKAS 16 (Amendment)	Property, Plant and Equipment	1 January 2013
HKAS 32 (Amendment)	Financial Instruments: Presentation	1 January 2013
HKAS 34 (Amendment)	Interim Financial Reporting	1 January 2013

The Group has not early adopted the above new standards and amendments, which are relevant to its operations and is not yet in a position to state whether substantial changes to the Group’s accounting policies and presentation of the condensed consolidated interim financial information will result.

2. 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 gains/losses, gain on disposal of a jointly controlled entity and change in fair value of investment properties. Also the Adjusted EBITDA excludes the share of results of jointly controlled entities 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 right, deferred taxation assets, other non-current assets, development and investment properties, debtors and prepayments, tax recoverable, cash and bank deposits and other assets mainly include non-current investments, hotel building and other non-operating assets held by the corporate office. Segment liabilities comprise mainly creditors and accruals, amounts due to jointly controlled entities and an associated company, borrowings, current and deferred taxation liabilities. Other liabilities include liabilities not arising from the operation of the operating segments.

2. 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 2012						
Revenue	351,512	2,312,847	-	136,880	36,290	2,837,529
Adjusted EBITDA	208,249	1,431,430	(1,129)	117,513	(113,637)	1,642,426
Other income and expenses/gains, net						28,842
Gain on disposal of a jointly controlled entity		493,040				493,040
Depreciation and amortisation						(19,580)
Change in fair value of investment properties				115,994		115,994
Finance costs						(21,951)
Share of profits of jointly controlled entities	1,619,909	(357)				1,619,552
Share of losses of associated companies	(20,005)					(20,005)
Profit before taxation						3,838,318
Taxation charge						(898,496)
Profit for the period						2,939,822
As at 30 June 2012						
Segment assets	2,028,914	13,723,011	132,241	4,938,001	-	20,822,167
Other assets	-	-	-	-	4,730,933	4,730,933
Jointly controlled entities	3,601,306	6,065	-	-	-	3,607,371
Associated companies	944,334	-	-	-	-	944,334
Total assets	6,574,554	13,729,076	132,241	4,938,001	4,730,933	30,104,805
Total liabilities	2,883,962	8,364,579	21,337	1,542,373	32,261	12,844,512
Six months ended 30 June 2011						
Revenue	670,634	37,921	22,014	133,166	-	863,735
Adjusted EBITDA	406,405	(20,830)	11,383	112,152	(111,035)	398,075
Other income and expenses/gains, net						(65,568)
Gain on disposal of an investment property				165,036		165,036
Depreciation and amortisation						(6,257)
Change in fair value of investment properties				48,175		48,175
Finance costs						(10,895)
Share of profits of jointly controlled entities	(1,650)	4,884				3,234
Share of losses of associated companies	(1,531)					(1,531)
Profit before taxation						530,269
Taxation charge						(95,060)
Profit for the period						435,209
As at 31 December 2011						
Segment assets	1,295,277	14,464,310	128,253	4,772,922	-	20,660,762
Other assets	-	-	-	-	2,916,320	2,916,320
Jointly controlled entities	1,940,158	718,244	-	-	-	2,658,402
Associated companies	1,327,832	-	-	-	-	1,327,832
Total assets	4,563,267	15,182,554	128,253	4,772,922	2,916,320	27,563,316
Total liabilities	2,730,755	9,180,160	24,036	1,569,367	313,347	13,817,665

2. Segment information (Cont'd)

Geographical information

The Group operates in three (2011: three) main geographical areas, including Hong Kong, Mainland China and Singapore. The revenue for the six months ended 30 June 2012 and 2011 and total non-current assets (other than non-current investments, deferred taxation assets and other non-current assets) as at 30 June 2012 and 31 December 2011 by geographical area are as follows:

Revenue

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Hong Kong	358,816	682,086
Mainland China	2,469,755	150,449
Singapore	8,958	31,200
	2,837,529	863,735

Non-current assets

(Other than non-current investments, deferred taxation assets and other non-current assets)

	30 June 2012 <i>HK\$'000</i>	31 December 2011 <i>HK\$'000</i>
Hong Kong	3,356,250	3,729,771
Mainland China	4,739,502	5,247,389
Singapore	200,638	186,359
	8,296,390	9,163,519

3. Revenue

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Sale of properties	2,664,359	730,569
Rental income	136,880	133,166
Hotel operations	36,290	-
	2,837,529	863,735

4. Profit before taxation

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit before taxation is stated after crediting:		
Net exchange gains	-	4,109
Interest income	56,287	22,765
Gain on disposal of an investment property	-	165,036
Gain on disposal of a jointly controlled entity	493,040	-
Fair value gain on derivative financial instruments	1,323	-
Gain on transfer of development properties to investment properties	60,713	-
and after charging:		
Cost of properties sold	981,450	281,393
Selling and marketing expenses	91,732	93,914
Depreciation (net of capitalization)	19,234	6,208
Amortisation for leasehold land and land use rights	346	49
Net exchange losses	3,136	-
Operating lease rental for land and buildings	785	712
Loss on disposal of property, plant and equipment	36	43

5. Taxation charge

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Current		
Hong Kong profits tax	24,974	52,203
Mainland China		
- Income tax	299,419	17,858
- Land appreciation tax	492,391	9,810
Overseas	303	1,942
Under/(over) provision in previous years	1,445	(201)
Deferred	79,964	13,448
	898,496	95,060

Hong Kong profits tax has been provided at the rate of 16.5% (2011: 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.

6. Earnings per share

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

	2012 <i>HK\$'000</i>	2011 <i>HK\$'000</i>
Profit attributable to equity holders of the Company	2,899,298	410,824
	Number of shares	
	2012	2011
Weighted average number of shares for calculating basic earnings per share	2,576,907,000	2,551,612,000
Effect of dilutive potential ordinary shares – share options	7,852,000	11,225,000
Weighted average number of shares for calculating diluted earnings per share	2,584,759,000	2,562,837,000

7. Dividend

The Board has declared an interim scrip dividend (with a cash option) of HK\$130,605,000 (being 5 HK cents per share) (2011: an interim scrip dividend (with a cash option) of 2 HK cents per share, totaling HK\$51,064,000). This dividend will be accounted for as an appropriation of revenue reserve in the year ending 31 December 2012.

8. Debtors and prepayments

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Trade debtors, net of provision	355,481	2,850
Other debtors, net of provision	69,934	54,836
Amount due from a non-controlling interest	7,078	7,117
Land deposits	9,706	9,706
Prepayments and other deposits	115,874	138,772
	558,073	213,281

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 doubtful debts is as follows:

Within one month	332,137	2,057
Two to three months	10,440	748
Four to six months	304	2
Over six months	12,600	43
	355,481	2,850

9. Creditors and accruals

	30 June 2012 HK\$'000	31 December 2011 HK\$'000
Trade creditors	617,044	877,402
Other creditors	51,335	60,080
Amounts due to non-controlling interests	33,450	69,220
Accrued operating expenses	67,292	46,082
Advanced proceeds on sale of properties	615,406	2,220,919
Rental deposits received	86,879	89,977
	1,471,406	3,363,680

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

Within one month	497,247	807,293
Two to three months	4,287	3,032
Over six months	115,510	67,077
	617,044	877,402

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND OUTLOOK

Operating Results

The revenue of the Group increased by 2.3 times to HK\$2,838 million for the first half of 2012 compared to the corresponding period last year. The revenue was mainly derived from the property sales of Westwood Phase III in Shanghai, Chantilly in Hong Kong and Le Palais in Guangzhou as well as from the rental income of Shanghai K. Wah Centre.

Profit attributable to equity holders of the Company increased by 6.1 times to HK\$2,899 million for the first half of 2012 compared to the corresponding period last year. The profit recognized in the first half was mainly derived from Marinella in which the Group has a 35% interest and acts as the project manager, Westwood Phase III, gain on disposal of interest in Shanghai Baoland and the increase in fair value of investment properties held by the Group.

Total comprehensive income attributable to equity holders of the Company increased by 96% to HK\$3,648 million for the first half of 2012 compared to the corresponding period last year. The substantial increase in such total comprehensive income was mainly due to the increase in fair value of our non-current investments in Galaxy Entertainment Group Limited (HK\$799 million) and the reasons cited in the foregoing paragraph for the increase in profit attributable to equity holders.

Property Development and Investment in Hong Kong SAR

The property market in Hong Kong was guarded in the first half with improved prices but subdued transaction volume, as a result of the financial turmoil in the Euro zone, expected increase in land supply and the change of administration in the Hong Kong SAR Government. Bidding results for new property projects reflected an assessment of more stable price outlook.

In spite of the market environment, Marinella continued to receive good response for its remaining units since its presale in October last year. The occupation permit for Marinella was issued in April so its profit was recognized in the first half, together with the recognition of the sale of Chantilly.

The Coronation project in which the Group has a 15% interest also achieved an overwhelming response with almost all of the units sold in the first half. Pre-sale in Providence Bay (15% interest owned by the Group) continued in the first half while pre-sale in Providence Peak (25% interest owned by the Group) was launched in June.

Property Development and Investment in Mainland China

Mainland China continued to achieve good economic growth this year albeit at a slower rate than that of previous years. The rampant increase in property prices experienced in the past few years has been reined in with the implementation of property market control measures last year aimed at promoting stable and healthy development of the market. The measures have had their intended effect of cooling down the market so we do not anticipate further tightening of the measures.

During the first half, the Group achieved the smooth handover of two blocks to buyers in Westwood Phase III with the relevant profit duly recognized. The Group also successfully

disposed of its 41.5% interest in a non-core asset, Shanghai Baoland Co Ltd, for RMB859 million. Shanghai K. Wah Centre continued to maintain a high occupancy rate of approximately 97%.

Construction of Upstream Park in Minhang District in Shanghai made good progress and the presale of the initial 266 units, benefiting partly from the prior interest rate reductions by the People's Bank of China, received good response with 80% units sold in early July. The construction progress of other projects is also in accordance with our schedule.

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 2012, the share price of GEG was HK\$19.14 per share representing an increase of 35% over its last carried fair value of HK\$14.22 per share as of 31 December 2011. The resulting increase in fair value of approximately HK\$799 million was recorded as an increase in reserve.

Outlook

Uncertainties still prevail in the developed economies with the sovereign debt crisis unfolding in the Euro zone and tepid recovery in the US economy. However, Mainland China is expected to achieve good GDP growth at its targeted 7.5% for this year although this is at a slower rate than the high single digit growth rates in the past few years. The fundamentals of the property market in Mainland China remain strong, particularly in big cities, owing to among other factors, the expected continued economic growth, rising affluence and desire for better living of the middle class, urbanization trend, and cultural preference for home ownership. In Hong Kong, the underlying housing demand has continued to be buoyed by demographic development, low interest rate environment and buying interest from Mainland China. Accordingly, we remain confident about the outlook of the property market in both Hong Kong and Mainland China.

Given the increase in land supply in Hong Kong and strong balance sheet position of the Group, we are actively seeking opportunities to acquire quality land for development. Suitable location, conducive size, ability of the Group to add unique value to the development, expected return and risks are among the factors considered in our evaluation of a new project. We secured Tseung Kwan O Area 66D1, announced on 1 August, of a gross floor area of 297,549 square feet at the land premium of HK\$1,168.933 million. In Mainland China, we are also seeking appropriate opportunities to acquire quality land for development in the Yangtze and Pearl River Delta areas in a prudent and progressive manner.

It is currently expected that the occupation permit in respect of The Coronation may be obtained in the second half. The occupation permit for each of Providence Bay and Providence Peak may also be obtained towards the end of this year. For Upstream Park in Minhang, the hand over notice to property buyers are not expected to be issued until next year.

The Group will continue with various marketing and selling efforts whenever there is an appropriate window of opportunity. Depending on market conditions, we will continue with and launch projects that will in particular meet the fundamental needs of customers in Mainland China.

We will continue to focus on delivering our existing niche and premium projects in Hong Kong, Shanghai and Guangzhou. Capitalizing on market opportunities and our strong funding position, we are actively seeking opportunities to acquire quality land for development to ensure sustainable growth. All these efforts aim at achieving our objective of generating long term shareholders' value.

FINANCIAL REVIEW

(1) Financial Position

The financial position of the Group remained strong. As of 30 June 2012, total funds employed increased to approximately HK\$26 billion (31 December 2011: HK\$22 billion). The number of the issued shares of the Company increased as a result of certain share options being exercised during the period.

(2) Liquidity and Gearing Ratio

Cash and bank deposits as of 30 June 2012 was HK\$5,501 million and the gearing ratio, defined as the total loans outstanding less cash and bank deposits to total equity, stayed at a satisfactory level of 22%.

In May 2012, the Group successfully issued a 5-year US\$200 million in guaranteed notes. Part of the proceeds will be used for refinancing, while the remaining will serve as general working capital enhancing the Group's liquidity.

The Group's liquidity and gearing ratio stayed at a healthy level and the Group has sufficient funds to meet its working capital and project development requirements.

(3) Treasury Policies

The Group continues to adopt a conservative approach regarding foreign exchange exposure, which is managed to minimise risk. The majority of the Group's borrowings are in Hong Kong dollar. Forward foreign exchange contracts are utilised when suitable opportunities arise and when considered appropriate, to mitigate foreign exchange exposures. Interest rate swap contracts may also be utilised when considered appropriate to avoid the impact of any undue interest rate fluctuation on the operation. During the period, the Group has engaged in the use of forward foreign exchange contracts to mitigate US dollar exposure in respect of the principal of the 5-year US\$200 million guaranteed notes issued in May 2012.

(4) Charges on Group Assets

As of 30 June 2012, 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\$14,487 million (31 December 2011: HK\$12,115 million) to banks to secure the Group's borrowing facilities.

(5) Guarantees

As of 30 June 2012, the Group has executed guarantees in favour of banks and financial institutions in respect of facilities granted to jointly controlled entities and associated companies amounting to HK\$1,518 million (31 December 2011: HK\$2,521 million) and HK\$794 million (31 December 2011: HK\$1,650 million) respectively, of which HK\$1,315 million (31 December 2011: HK\$1,860 million) and HK\$546 million (31 December 2011: HK\$1,054 million) have been utilised respectively. In addition, the Group provided guarantees amounting to HK\$141 million (31 December 2011: HK\$26 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.

CORPORATE GOVERNANCE

The Board and management of the Company are committed to principles of good corporate governance consistent with enhancement of long term shareholders' value. The Board has adopted a corporate governance policy which gives guidance on how corporate governance principles are applied to the Company. The Company will continue putting effort in maintaining high standards of corporate governance and enhancing corporate transparency, accountability and independence.

During the Period, the Company has complied with the code provisions ("*CG Codes*") of the Code on Corporate Governance Practices during the period from 1 January 2012 to 31 March 2012 and the Corporate Governance Code during the period from 1 April 2012 to 30 June 2012 as set out in Appendix 14 to the Rules Governing the Listing of Securities ("*Listing Rules*") on the Exchange at that time, except the deviations from (i) CG Code A.2.1, namely, the roles of chairman and managing director have not been separated; (ii) CG Code A.4.2, namely, the chairman and the managing director are not subject to retirement by rotation and (iii) CG Code A.6.7, namely, a Non-executive Director was unable to attend the annual general meeting of the Company held on 30 May 2012 as he was away from Hong Kong due to another engagement.

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 2011 Annual Report still holds. The Board will continue to review and recommend such steps and actions as appropriate in the circumstances of such deviations.

AUDIT COMMITTEE

The Audit Committee of the Company met on 21 August 2012 and reviewed the Company's accounting principles and practices and discussed auditing, internal control and financial reporting matters. The Group's unaudited interim results for the Period 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.

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.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members will be closed from 3 October 2012 to 5 October 2012, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrars 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 28 September 2012.

PUBLICATION OF FURTHER INFORMATION ON WEBSITE

This announcement will be published on the Company's website (www.kwih.com) and the Exchange's designated issuer website (www.hkexnews.hk). The 2012 Interim Report containing all the applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the respective websites of the Company and the Exchange in late September 2012.

DIRECTORS

As at the date of this announcement, the Executive Directors are Dr. Lui Che-woo (*Chairman & Managing Director*), Mr. Francis Lui Yiu Tung, Ms. Paddy Tang Lui Wai Yu and Mr. Alexander Lui Yiu Wah; the Non-executive Director is Dr. Moses Cheng Mo Chi; and the Independent Non-executive Directors are Dr. Robin Chan Yau Hing, Dr. William Yip Shue Lam, Professor Poon Chung Kwong, Mr. Au Man Chu and Mr. Wong Kwai Lam.

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

Hong Kong, 28 August 2012