

Excel
Through
穩行求拓 | 至精致遠
Enhancing
Exquisiteness



**Excel
Through**

穩行求拓 | 至精致遠

**Enhancing
Exquisiteness**

Our Mission

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

Contents

- | | | | |
|----------|--|-----------|--|
| 1 | Our Mission | 9 | Condensed Consolidated Statement of Comprehensive Income (unaudited) |
| 2 | Corporate Profile | 10 | Condensed Consolidated Balance Sheet (unaudited) |
| 3 | Corporate Information | 11 | Condensed Consolidated Cash Flow Statement (unaudited) |
| 4 | Interim Results Highlights and Interim Dividend | 12 | Condensed Consolidated Statement of Changes in Equity (unaudited) |
| 5 | Management Discussion and Analysis | 13 | Notes to the Interim Financial Information |
| 7 | Report on Review of Interim Financial Information | 25 | Other Information |
| 8 | Condensed Consolidated Profit and Loss Statement (unaudited) | | |

Corporate Profile

K. Wah International Holdings Limited (“KWIH”; stock code: 0173), listed in Hong Kong in 1987*, is the property flagship of K. Wah Group. With a property portfolio encompassing premium residential developments, grade-A office towers, hotels, serviced apartments and retail spaces, KWIH has a presence in Hong Kong, Shanghai, Guangzhou and Southeast Asia.

KWIH aims at establishing a position of large-scale integrated property developer and investor in the Greater China region. With a focus on an integrated approach for value creation, KWIH blends architectural design, quality, functionalities and top-notch building services in all its properties to redefine the standard of quality modern living. Furthermore, driven by a keen market sense and a versatile strategy, and backed by strong financial capability, KWIH has built up a prime land reserve in major cities of China, and thus a strong foothold for future growth.

KWIH has received several international accolades for its outstanding quality and service. Awarded BUSINESS SUPERBRANDS in the property development sector in 2006, KWIH was also the only winner in the Hong Kong Property Developer category of the High-Flyer Outstanding Enterprises consecutively in 2006 and 2007.

* Formerly K. Wah Stones (Holdings) Limited listed in 1987.

Corporate Information

CHAIRMAN & MANAGING DIRECTOR

Dr. Che-woo Lui, *GBS, 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
Ms. Claudia Cheung Man Wan

NON-EXECUTIVE DIRECTORS

Dr. Moses Cheng Mo Chi, *GBS, OBE, JP*
Dr. Robin Chan Yau Hing*, *GBS, LLD, JP*
Mr. Robert George Nield*
Dr. William Yip Shue Lam*, *LLD*
Professor Poon Chung Kwong*, *GBS, PhD, DSc, JP*
Mr. Au Man Chu* (*appointed on 25 August 2011*)
Mr. Wong Kwai Lam* (*appointed on 26 August 2011*)

* *Independent Non-executive Directors*

COMPANY SECRETARY

Ms. Cecilia Lee Wai Kwan, *LLM, ACIS, ACS*

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 REGISTRARS

Butterfield Fulcrum Group (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

HONG KONG BRANCH SHARE REGISTRARS

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

AMERICAN DEPOSITARY RECEIPTS DEPOSITARY

The Bank of New York Mellon
BNY Mellon Shareowner Services
P.O. Box 358516
Pittsburgh, PA 15252-8516
USA

WEBSITE ADDRESS

<http://www.kwih.com>

SHARE LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

Hong Kong 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”) for the six months ended 30 June 2011 (“Period”) as follows:

- Revenue was HK\$864 million (2010: HK\$584 million)
- Profit for the period was HK\$435 million (2010: HK\$180 million)
- Profit attributable to equity holders was HK\$411 million (2010: HK\$157 million)
- Total comprehensive income attributable to equity holders was HK\$1,862 million (2010: HK\$347 million)
- Earnings per share was 16.10 HK cents (2010: 6.35 HK cents)
- Encouraging sales and pre-sales despite competitive market
- All projects are in satisfactory progress

INTERIM DIVIDEND

The Board has declared an interim scrip dividend (with a cash option) for the Period of 2 HK cents per share, totaling HK\$51,062,000, payable on 4 November 2011 to the shareholders whose names appear on the registers of members of the Company at the close of business on 7 October 2011 (2010: an interim cash dividend of 1 HK cent per share, totaling HK\$25,506,000).

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 4 November 2011. The Company will send a circular to the shareholders containing, among others, details of the proposed scrip dividend.

Management Discussion and Analysis

BUSINESS REVIEW AND OUTLOOK

Operating Results

Revenue and net profit for the period ended 30 June 2011 were HK\$864 million and HK\$435 million respectively, as compared to the restated amount of HK\$584 million and HK\$180 million respectively. The revenue was mainly derived from the sales of The Great Hill, Westwood Phase II and the rental income of Shanghai K. Wah Centre.

Property Development and Investment in Mainland China

Despite a highly competitive market in Shanghai, the Group launched three blocks of Westwood Phase III in the latter part of last year. Subsequently, an additional block launched in March 2011 due to good response received from the market. The sales were again encouraging with over RMB2 billion contracted sales revenue which will bring remarkable profits to the Group upon completion of the project. For the investment properties, Shanghai K. Wah Centre maintained a high occupancy rate with attractive rentals during the period. The existing development projects are on schedule with good progress.

Property Development and Investment in Hong Kong

The property market in Hong Kong remained active during the first half of 2011. The completed property of the Group, The Great Hill, continued to have sales concluded with satisfactory prices. Almost all the remaining units were sold. Another luxury residential project Chantilly, located in mid-levels east, is ready for sales. We also completed the disposal of the entire block of Skyline Commercial Centre in June 2011, an investment property located in Sheung Wan, resulting in a net gain of approximately HK\$165 million. Other existing development projects were progressing well as planned.

Investment in Galaxy Entertainment Group Limited ("GEG")

The Group continues to hold its investment in GEG which is being carried at fair value. As of 30 June 2011, the share price of GEG increased to HK\$16.56 per share as compared to HK\$8.78 per share as of 31 December 2010. The substantial change in fair value of approximately HK\$1,264 million gain was recorded as an increase in reserve.

Outlook

Although regulatory measures and policies have been introduced to contain inflation and prevent asset bubbles, the domestic economy is strengthened by local consumer spending in China and supported by the policies on boosting household income in the 12th 5-year plan. Despite the recent stock market adjustment, the Group is cautiously optimistic about the economy in Hong Kong and Mainland China. We will watch closely to the changing environment and keep reviewing our sales and marketing plan as well as construction progress in order to pursue the best interests of the Group.

FINANCIAL REVIEW

(1) Financial Position

The financial position of the Group remained strong. As of 30 June 2011, total funds employed increased to approximately HK\$21 billion (31 December 2010: HK\$20 billion).

The number of the issued shares of the Company increased as a result of certain share options being exercised during the period. The dilution effect is minimal.

(2) Liquidity and Gearing Ratio

Cash and bank balances as of 30 June 2011 was HK\$3,594 million and the gearing ratio, defined as the total loans outstanding less cash and bank balances and deposits to total assets excluding cash and bank balances and deposits, stayed at a satisfactory level of 19%.

Management Discussion and Analysis

In June 2011, the Group successfully obtained a syndicated loan of HK\$1,470 million with a consortium of nine international and local banks. Part of the syndicated loan 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 hedge against 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 not engaged in the use of derivative products.

(4) Charges on Group Assets

As of 30 June 2011, 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\$10,023 million (31 December 2010: HK\$10,621 million) to banks to secure the Group's borrowing facilities.

(5) Guarantees

The Company has executed guarantees in favour of banks and financial institutions in respect of facilities granted to certain subsidiaries, jointly controlled entities and associated companies amounting to HK\$6,569 million (31 December 2010: HK\$7,094 million), HK\$2,521 million (31 December 2010: HK\$2,521 million) and

HK\$1,650 million (31 December 2010: HK\$1,650 million) respectively, of which HK\$5,474 million (31 December 2010: HK\$6,414 million), HK\$1,622 million (31 December 2010: HK\$1,622 million) and HK\$1,054 million (31 December 2010: HK\$1,054 million) have been utilised respectively.

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 2011, the Group, excluding its associated companies and jointly controlled entities, employs 444 employees in Hong Kong, the Mainland China and Singapore. Employee costs, excluding Directors' emoluments, amounted to approximately HK\$123 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 organizations in the areas in which the Group operates its principal business.

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. Likewise in the Mainland China, employees' remuneration is commensurate with market pay levels and the Group puts emphasis on the provision of training and development opportunities.

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 8 to 24, 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 2011 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 2011

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)

For the six months ended 30 June 2011

	Note	2011 HK\$'000	(Restated) 2010 HK\$'000
Continuing operations			
Revenue	6	863,735	583,505
Cost of sales		(290,603)	(175,962)
Gross profit		573,132	407,543
Other operating income		24,855	27,492
Other net gains		169,102	16,173
Other operating expenses		(94,489)	(39,972)
Administrative expenses		(181,314)	(134,973)
Change in fair value of investment properties		48,175	20,982
Finance costs		(10,895)	(5,553)
Share of profits of jointly controlled entities		3,234	28,953
Share of losses of associated companies		(1,531)	(29)
Profit before taxation	7	530,269	320,616
Taxation charge	8	(95,060)	(133,032)
Profit from continuing operations		435,209	187,584
Discontinued operation	9	—	(7,423)
Loss from discontinued operation		—	(7,423)
Profit for the period		435,209	180,161
Attributable to:			
Equity holders of the Company		410,824	157,290
Non-controlling interests		24,385	22,871
		435,209	180,161
		HK cents	HK cents
Earnings per share from continuing operations	10		
Basic		16.10	6.57
Diluted		16.03	6.54
Loss per share from discontinued operation			
Basic		—	(0.22)
Diluted		—	(0.22)
Earnings per share from operations			
Basic		16.10	6.35
Diluted		16.03	6.32
		HK\$'000	HK\$'000
Interim dividend	11	51,062	25,506

Condensed Consolidated Statement of Comprehensive Income (unaudited)

For the six months ended 30 June 2011

	2011 HK\$'000	(Restated) 2010 HK\$'000
Profit for the period	435,209	180,161
Other comprehensive income:		
Change in fair value of non-current investments	1,264,126	168,984
Change in fair value of land and buildings transferred to investment properties	—	4,132
Exchange differences	208,176	23,658
Other comprehensive income for the period, net of tax	1,472,302	196,774
Total comprehensive income for the period	1,907,511	376,935
Total comprehensive income attributable to:		
Equity holders of the Company	1,862,352	347,126
Non-controlling interests	45,159	29,809
	1,907,511	376,935

Condensed Consolidated Balance Sheet (unaudited)

As at 30 June 2011

	Note	(unaudited) 30 June 2011 HK\$'000	31 December 2010 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		568,190	492,383
Investment properties		4,483,499	4,565,479
Leasehold land and land use rights		16,581	16,288
Jointly controlled entities		2,726,913	2,608,155
Associated companies		1,255,157	1,193,796
Non-current investments		2,690,736	1,426,610
Deferred taxation assets		43,921	35,149
Other non-current assets		103,462	99,176
		11,888,459	10,437,036
Current assets			
Development properties		10,123,243	9,460,026
Debtors and prepayments	13	218,482	124,623
Tax recoverable		1,711	1,631
Structured bank deposits		455,964	155,130
Cash and bank balances		3,138,101	3,079,871
		13,937,501	12,821,281
Total assets		25,825,960	23,258,317
EQUITY			
Share capital	14	255,303	255,082
Reserves		11,819,289	9,953,423
Shareholders' funds		12,074,592	10,208,505
Non-controlling interests		963,044	896,919
Total equity		13,037,636	11,105,424
LIABILITIES			
Non-current liabilities			
Borrowings	15	5,736,011	5,661,799
Deferred taxation liabilities		845,651	808,206
		6,581,662	6,470,005
Current liabilities			
Amounts due to jointly controlled entities		67,198	67,218
Creditors and accruals	16	3,441,122	1,521,794
Current portion of borrowings	15	2,132,252	3,417,200
Tax payable		566,090	676,676
		6,206,662	5,682,888
Total liabilities		12,788,324	12,152,893
Total equity and liabilities		25,825,960	23,258,317
Net current assets		7,730,839	7,138,393
Total assets less current liabilities		19,619,298	17,575,429

Condensed Consolidated Cash Flow Statement (unaudited)

For the six months ended 30 June 2011

	2011	2010
	HK\$'000	HK\$'000
Net cash from/(used in) operating activities	1,402,363	(1,656,502)
Net cash used in investing activities	(144,856)	(815,617)
Net cash (used in)/from financing activities	(1,253,978)	2,551,743
Net increase in cash and cash equivalents	3,529	79,624
Cash and cash equivalents at beginning of the period	3,079,871	1,773,837
Changes in exchange rates	54,701	(2,085)
Cash and cash equivalents at end of the period	3,138,101	1,851,376

Condensed Consolidated Statement of Changes in Equity (unaudited)

For the six months ended 30 June 2011

	Share capital HK\$'000	Other reserves HK\$'000	Revenue reserve HK\$'000	Shareholders' funds HK\$'000	Non-controlling interests HK\$'000	Total HK\$'000
At 31 December 2010	255,082	3,877,572	6,075,851	10,208,505	896,919	11,105,424
Comprehensive income:						
Profit for the period	—	—	410,824	410,824	24,385	435,209
Other comprehensive income:						
Other comprehensive income for the period	—	1,451,528	—	1,451,528	20,774	1,472,302
Transactions with equity holders:						
Issue of shares upon exercise of share options	221	3,514	—	3,735	—	3,735
Lapse of share options	—	(1,947)	1,947	—	—	—
Capital contribution from non-controlling interests	—	—	—	—	20,966	20,966
At 30 June 2011	255,303	5,330,667	6,488,622	12,074,592	963,044	13,037,636
At 31 December 2009	247,038	2,687,686	6,019,793	8,954,517	1,492,701	10,447,218
Comprehensive income:						
Profit for the period	—	—	157,290	157,290	22,871	180,161
Other comprehensive income:						
Other comprehensive income for the period	—	189,836	—	189,836	6,938	196,774
Transactions with equity holders:						
Issue of shares upon exercise of share options	891	8,170	—	9,061	—	9,061
Lapse of share options	—	(325)	325	—	—	—
Acquisition of interest in a subsidiary from non-controlling interests	—	—	(35,236)	(35,236)	(766,614)	(801,850)
Capital contribution from non-controlling interests	—	—	—	—	118,535	118,535
Dividends	—	—	(247,914)	(247,914)	(27,741)	(275,655)
At 30 June 2010	247,929	2,885,367	5,894,258	9,027,554	846,690	9,874,244

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 condensed consolidated interim financial information is presented in Hong Kong dollars, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 25 August 2011.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

The condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared under the historical cost convention, as modified by the revaluation of investment properties and non-current investments, 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 2010 which has 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 2010, except as stated below.

The adoption of revised HKFRSs

In 2011, the Group adopted the revised accounting standards, amendments and interpretations of HKFRSs below, which are relevant to its operations.

HKAS 24 (Revised)	Related Parties Disclosures
HK(IFRIC) — Int 19	Extinguishing Financial Liabilities with Equity Instruments

HKICPA’s annual improvements to certain HKFRSs published in May 2010:

HKAS 1 (Amendment)	Presentation of Financial Statements
HKAS 27 (Amendment)	Consolidated and Separate Financial Statements
HKAS 32 (Amendment)	Financial Instruments: Presentation
HKAS 34 (Amendment)	Interim Financial Reporting
HKFRS 3 (Revised)	Business Combinations
HKFRS 7 (Amendment)	Financial Instruments: Disclosures

Notes to the Interim Financial Information

2 BASIS OF PREPARATION (CONT'D)

The Group has assessed the impact of the adoption of these revised standards, amendments and interpretations 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.

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	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
HKFRS 7 (Amendment)	Financial Instruments: Disclosures — Transfer of Financial Assets	1 July 2011
HKFRS 9	Financial Instruments	1 January 2013
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

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.

3 FINANCIAL RISK MANAGEMENT

(a) Financial risk factor

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

The condensed consolidated interim financial information which does not include all financial risk management information and disclosures required in the annual financial statements, should be read in conjunction with the annual financial statements for the year ended 31 December 2010.

There have been no changes in the Group's financial risk management structure, policies and procedures since year ended 31 December 2010.

(b) Liquidity risk

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

3 FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Estimates of fair value of financial instruments

In 2011, 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.

In 2011, there were no transfers of financial assets or financial liabilities between the levels in the hierarchy.

In 2011, there were no reclassifications of financial assets.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used 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 resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions applied 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 2010.

5 SEGMENT INFORMATION

The Group is principally engaged in property development and investment in Hong Kong, Mainland China and Singapore. The Group ceased to carry on trading of plant and machinery in Japan following the disposal of a subsidiary on 3 October 2010. 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 gains/losses 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 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, properties, debtors and prepayments, tax recoverable and cash, deposits and bank balances and other assets mainly include non-current investments and other non-operating assets held by the corporate office. Segment liabilities comprise mainly creditors and accruals, amounts due to jointly controlled entities, borrowings, current and deferred taxation liabilities. Other liabilities included liabilities not arising from the operation of the operating segments.

Notes to the Interim Financial Information

5 SEGMENT INFORMATION (CONT'D)

	Continuing operations					Total	Discontinued operation
	Property development		Others	Property investment	Others		
	Hong Kong	Mainland China					
	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000
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 30 June 2011							
Segment assets	1,506,770	12,283,524	78,709	4,682,355	—	18,551,358	—
Other assets	—	—	—	—	3,292,532	3,292,532	—
Jointly controlled entities	2,011,194	715,719	—	—	—	2,726,913	—
Associated companies	1,255,157	—	—	—	—	1,255,157	—
Total assets	4,773,121	12,999,243	78,709	4,682,355	3,292,532	25,825,960	—
Total liabilities	2,220,676	8,968,825	18,045	1,544,251	36,527	12,788,324	—
Six months ended 30 June 2010 (Restated)							
Revenue	178,946	279,418	—	125,141	—	583,505	33,490
Adjusted EBITDA	91,531	156,396	(648)	111,178	(82,069)	276,388	(7,105)
Other income and expenses/gains, net						3,693	(76)
Depreciation and amortisation						(3,818)	(73)
Change in fair value of investment properties				20,982		20,982	—
Finance costs						(5,553)	(169)
Share of profits of jointly controlled entities	1,408	27,545				28,953	—
Share of losses of associated companies	(29)					(29)	—
Profit/(loss) before taxation						320,616	(7,423)
Taxation charge						(133,032)	—
Profit/(loss) for the period						187,584	(7,423)
As at 31 December 2010							
Segment assets	1,726,852	10,902,290	72,774	4,811,657	—	17,513,573	—
Other assets	—	—	—	—	1,942,793	1,942,793	—
Jointly controlled entities	1,911,729	696,426	—	—	—	2,608,155	—
Associated companies	1,193,796	—	—	—	—	1,193,796	—
Total assets	4,832,377	11,598,716	72,774	4,811,657	1,942,793	23,258,317	—
Total liabilities	2,746,973	7,731,998	26,120	1,599,727	48,075	12,152,893	—

5 SEGMENT INFORMATION (CONT'D)

Geographical segment information

The Group operates in three (2010: four) main geographical areas, including Hong Kong, Mainland China and Singapore.

The revenue for the six months ended 30 June 2011 and 2010 and total non-current assets as at 30 June 2011 and 31 December 2010 by geographical area are as follows:

Revenue

	2011 HK\$'000	2010 HK\$'000
Continuing operations		
Hong Kong	682,086	190,782
Mainland China	150,449	383,184
Singapore	31,200	9,539
	863,735	583,505
Discontinued operation		
Japan	—	33,490
	863,735	616,995

Non-current assets

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Continuing operations		
Hong Kong	6,456,164	5,220,720
Mainland China	5,239,388	5,036,504
Singapore	192,907	179,812
	11,888,459	10,437,036

Notes to the Interim Financial Information

6 REVENUE

	2011 HK\$'000	(Restated) 2010 HK\$'000
Sales of properties	730,569	458,364
Rental income	133,166	125,141
	863,735	583,505

7 PROFIT BEFORE TAXATION

	2011 Continuing operations HK\$'000	(Restated) 2010	
		Continuing operations HK\$'000	Discontinued operation HK\$'000
Profit before taxation is stated after crediting:			
Net exchange gains	4,109	15,939	—
Interest income	22,765	14,968	6
Gain on disposal of property, plant and equipment	—	12	—
Gain on disposal of an investment property	165,036	—	—
and after charging:			
Cost of inventories sold	—	—	27,015
Cost of properties sold	281,393	166,632	—
Depreciation (net of amount capitalised under properties under development of HK\$153,000 (2010: HK\$117,000))	6,208	3,464	73
Amortisation for leasehold land and land use rights	49	354	—
Exchange losses	—	—	101
Operating lease rental for land and buildings	712	604	497
Loss on disposal of property, plant and equipment	43	—	—

8 TAXATION CHARGE

	2011 HK\$'000	(Restated) 2010 HK\$'000
Current		
Hong Kong profits tax	52,203	9,777
Mainland China		
— Income tax	17,858	49,604
— Land appreciation tax	9,810	74,506
Overseas	1,942	430
(Over)/under provision in previous years	(201)	1,448
Deferred	13,448	(2,733)
	95,060	133,032

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 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 levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, and is included in the profit and loss statement as taxation charge.

9 DISCONTINUED OPERATION

	2010 HK\$'000
Trading	
Revenue	33,490
Cost of sales and operating expenses	(40,913)
Loss before taxation	(7,423)
Taxation	—
Loss for the period	(7,423)
Loss from discontinued operation attributable to:	
Equity holders of the Company	(5,567)
Non-controlling interest	(1,856)
	(7,423)

The discontinued operation represented the trading of plant and machinery carried out in Japan, which ceased to be a subsidiary since October 2010.

Notes to the Interim Financial Information

10 EARNINGS PER SHARE

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

	Continuing operations		Discontinued operation	
	2011 HK\$'000	2010 HK\$'000	2011 HK\$'000	2010 HK\$'000
Profit for calculation of basic and diluted earnings per share	410,824	162,857	—	(5,567)
	Number of shares			
			2011	2010
Weighted average number of shares for calculating basic earnings per share			2,551,612,000	2,475,090,000
Effect of dilutive potential ordinary shares — share options			11,225,000	14,417,000
Weighted average number of shares for calculating diluted earnings per share			2,562,837,000	2,489,507,000

11 INTERIM DIVIDEND

The Board has declared an interim scrip dividend (with a cash option) of HK\$51,062,000 (being 2 HK cents per share) (2010: an interim cash dividend of 1 HK cent per share, totaling HK\$25,506,000). This dividend will be accounted for as an appropriation of revenue reserve in the year ending 31 December 2011.

12 CAPITAL EXPENDITURE

For the six months ended 30 June 2011, the Group incurred HK\$74 million (2010: HK\$83 million) on property, plant and equipment. The Group has disposed of HK\$0.2 million (2010: HK\$0.2 million) of property, plant and equipment.

13 DEBTORS AND PREPAYMENTS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade debtors, net of provision	7,799	7,072
Other debtors, net of provision	60,105	52,590
Land deposits, net of impairment	9,706	9,706
Prepayments and deposits	140,872	55,255
	218,482	124,623

Trade debtors mainly comprise rental receivable. Rental from tenants is due and payable in advance.

13 DEBTORS AND PREPAYMENTS (CONT'D)

The aging analysis of the trade debtors of the Group based on the date of invoices and net of provision for bad and doubtful debts is as follows:

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within one month	7,681	7,019
Two to three months	77	11
Four to six months	—	42
Over six months	41	—
	7,799	7,072

14 SHARE CAPITAL

	2011 Ordinary Shares of HK\$0.10 each HK\$'000		2010 Ordinary Shares of HK\$0.10 each HK\$'000	
Authorised				
At 1 January and 30 June	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid				
At 1 January	2,550,821,810	255,082	2,470,383,196	247,038
Share options exercised	2,212,400	221	8,906,450	891
At 30 June	2,553,034,210	255,303	2,479,289,646	247,929

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, options to subscribe for 2,212,400 shares were exercised (2010: 8,906,450 shares).

Options granted under the scheme are as follows:

Exercise period	Exercise price per share HK\$	Number of share options	
		30 June 2011	31 December 2010
22 October 2006 to 21 October 2011	1.906	3,320,000	5,035,000
27 November 2008 to 26 November 2017	4.636	9,634,000	10,825,000
27 November 2008 to 26 November 2017	3.882	3,537,000	3,657,000
3 March 2010 to 2 March 2014	0.938	11,939,650	12,437,050
		28,430,650	31,954,050

Notes to the Interim Financial Information

15 BORROWINGS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Long term bank loans		
Secured	2,556,169	3,252,842
Unsecured	5,160,128	5,064,098
	7,716,297	8,316,940
Short term bank loans		
Unsecured	151,966	762,059
	7,868,263	9,078,999
Current portion included in current liabilities	(2,132,252)	(3,417,200)
	5,736,011	5,661,799

16 CREDITORS AND ACCRUALS

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Trade creditors	219,659	340,476
Other creditors	34,546	44,757
Amounts due to non-controlling interests	52,248	124,407
Accrued operating expenses	60,500	52,247
Advanced proceeds on sale of properties	2,985,861	862,790
Rental deposits received	88,308	97,117
	3,441,122	1,521,794

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

	30 June 2011 HK\$'000	31 December 2010 HK\$'000
Within one month	219,659	340,476

17 COMMITMENTS

	30 June 2011	31 December 2010
	HK\$'000	HK\$'000
Contracted but not provided for Commitments in respect of property developments of the Group and its jointly controlled entities	2,277,808	2,259,312

18 GUARANTEES

As of 30 June 2011, the Group and the Company has executed the following guarantees in favour of the following parties:

Group

	30 June 2011		31 December 2010	
	Outstanding HK\$000	Utilised HK\$000	Outstanding HK\$000	Utilised HK\$000
Banks and financial institutions in respect of loan facilities granted to:				
— jointly controlled entities	2,521,250	1,621,900	2,521,250	1,621,900
— associated companies	1,650,000	1,053,900	1,650,000	1,053,900
	4,171,250	2,675,800	4,171,250	2,675,800

Company

	30 June 2011		31 December 2010	
	Outstanding HK\$000	Utilised HK\$000	Outstanding HK\$000	Utilised HK\$000
Banks and financial institutions in respect of loan facilities granted to:				
— subsidiaries	6,569,140	5,474,140	7,093,690	6,414,390
— jointly controlled entities	2,521,250	1,621,900	2,521,250	1,621,900
— associated companies	1,650,000	1,053,900	1,650,000	1,053,900
	10,740,390	8,149,940	11,264,940	9,090,190

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.

Notes to the Interim Financial Information

19 RELATED PARTY TRANSACTIONS

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

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

	2011	2010
	HK\$'000	HK\$'000
Fees	293	224
Salaries and other emoluments	12,206	9,216
Discretionary bonuses	1,297	1,406
Pension costs-defined contribution plans	1,189	903
	14,985	11,749

- (b) Rental income from an investee company amounted to HK\$1,054,000 (2010: HK\$1,007,000) based on the terms of rental agreement between the parties.

DIRECTORS' INTERESTS IN SECURITIES

As of 30 June 2011, 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 its associated corporation (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 Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they are 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 Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix 10 of the Rules Governing the Listing of Securities on the Exchange ("Listing Rules"), 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		
Che-woo Lui	11,348,946	7,559,932 ⁽¹⁾	3,224,879 ⁽²⁾	1,514,256,237 ⁽³⁾	1,536,389,994	60.18
Francis Lui Yiu Tung	5,878,035	—	—	1,514,256,237 ⁽³⁾	1,520,134,272	59.54
Paddy Tang Lui Wai Yu	13,523,802	—	—	1,514,256,237 ⁽³⁾	1,527,780,039	59.84
Alexander Lui Yiu Wah	6,437,065	—	3,713,520 ⁽⁴⁾	1,514,256,237 ⁽³⁾	1,524,406,822	59.71
Claudia Cheung Man Wan	4,072,583	—	—	—	4,072,583	0.16
Moses Cheng Mo Chi	—	—	—	—	—	0.00
Robin Chan Yau Hing	1,454,827	—	—	—	1,454,827	0.06
Robert George Nield	753,000	—	—	—	753,000	0.03
William Yip Shue Lam	—	—	—	—	—	0.00
Poon Chung Kwong	—	—	—	—	—	0.00

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

Notes:

- (1) Dr. Che-woo Lui is deemed to be interested in 7,559,932 Shares through the interests of his spouse.
- (2) Such Shares are held by a company which is beneficially owned and controlled by Dr. Che-woo Lui.
- (3) Such interests in the Shares are indirectly held by a company which is the trustee of a discretionary family trust established by Dr. Che-woo Lui as founder. Dr. Che-woo Lui, 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.

Other Information

(b) Underlying Shares — Share Options

A new share option scheme of the Company (“Share Option Scheme”) was approved and adopted by the shareholders of the Company at its annual general meeting held on 20 June 2011 in replacement of the existing share option scheme. Save as the changes for compliance with the requirements of rules 17.03(13) and (18) of the Listing Rules, all the other terms and conditions of the existing share option scheme remained unchanged and valid as the terms and conditions of the Share Option Scheme.

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 (other than the Directors) in aggregate and other participants granted under the Share Option Scheme of the Company during the Period were as follows:

Holders	Date of grant	Number of options			Held at 30 June 2011	Exercise price per Share (HK\$)	Exercise period
		Held at 1 January 2011	Exercised during the Period	Lapsed during the Period			
Che-woo Lui	21 Oct 2005	1,350,000	—	—	1,350,000	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	1,055,000	—	—	1,055,000	4.636	27 Nov 2008 – 26 Nov 2017
	3 Mar 2009	3,517,500	—	—	3,517,500	0.938	3 Mar 2010 – 2 Mar 2014
Francis Lui Yiu Tung	21 Oct 2005	1,340,000	—	—	1,340,000	1.906	22 Oct 2006 – 21 Oct 2011
Paddy Tang Lui Wai Yu	21 Oct 2005	930,000	930,000 ^(a)	—	—	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	940,000	—	—	940,000	4.636	27 Nov 2008 – 26 Nov 2017
	24 Jan 2008	800,000	—	—	800,000	3.882	27 Nov 2008 – 26 Nov 2017
	3 Mar 2009	3,133,400	—	—	3,133,400	0.938	3 Mar 2010 – 2 Mar 2014
Alexander Lui Yiu Wah	21 Oct 2005	460,000	—	—	460,000	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	990,000	—	—	990,000	4.636	27 Nov 2008 – 26 Nov 2017
	24 Jan 2008	800,000	—	—	800,000	3.882	27 Nov 2008 – 26 Nov 2017
	3 Mar 2009	3,300,000	—	—	3,300,000	0.938	3 Mar 2010 – 2 Mar 2014
Claudia Cheung Man Wan	27 Nov 2007	322,000	—	—	322,000	4.636	27 Nov 2008 – 26 Nov 2017
	24 Jan 2008	400,000	—	—	400,000	3.882	27 Nov 2008 – 26 Nov 2017
	3 Mar 2009	1,270,000	—	—	1,270,000	0.938	3 Mar 2010 – 2 Mar 2014

(b) Underlying Shares — Share Options (cont'd)

Holders	Date of grant	Number of options			Held at 30 June 2011	Exercise price per Share (HK\$)	Exercise period
		Held at 1 January 2011	Exercised during the Period	Lapsed during the Period			
Moses Cheng Mo Chi	—	—	—	—	—	—	
Robin Chan Yau Hing	21 Oct 2005	500,000	500,000 ^(b)	—	—	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	500,000	—	—	500,000	4.636	27 Nov 2008 – 26 Nov 2017
Robert George Nield	27 Nov 2007	500,000	—	—	500,000	4.636	27 Nov 2008 – 26 Nov 2017
William Yip Shue Lam	—	—	—	—	—	—	—
Poon Chung Kwong	—	—	—	—	—	—	—
Employees (in aggregate)	21 Oct 2005	455,000	285,000 ^(c)	—	170,000	1.906	22 Oct 2006 – 21 Oct 2011
	27 Nov 2007	5,518,000	—	191,000	5,327,000	4.636	27 Nov 2008 – 26 Nov 2017
	24 Jan 2008	1,657,000	—	120,000	1,537,000	3.882	27 Nov 2008 – 26 Nov 2017
	3 Mar 2009	1,216,150	497,400 ^(d)	—	718,750	0.938	3 Mar 2010 – 2 Mar 2014
Others	27 Nov 2007	1,000,000 ^(e)	—	1,000,000	—	4.636	27 Nov 2008 – 26 Nov 2017

Notes:

- (a) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the Period was HK\$2.710.
- (b) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the Period was HK\$3.080.
- (c) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the Period was HK\$3.202.
- (d) The weighted average closing price of the Shares immediately before the date on which the options were exercised during the Period was HK\$3.346.
- (e) 500,000 outstanding share options held by Mr. Michael Leung Man Kin were re-classified as "Others" following his resignation as a non-executive Director of the Company on 1 March 2011.

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.

Other Information

No options were granted or cancelled during the Period.

All the interests stated above represent long positions.

Dr. Che-woo Lui, 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, jointly controlled entity and associated company of the Company held through the Company under the provision of the SFO.

Save as disclosed above, as of 30 June 2011, 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 2011, 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 Exchange were as follows:

Name of Shareholders	Number of Shares (Long Position)	Approximate % of Issued Share Capital
HSBC International Trustee Limited	1,514,256,237	59.31
CWL Assets (PTC) Limited	1,514,256,237	59.31
Super Focus Company Limited	1,131,473,018	44.32
Star II Limited	201,692,074	7.90
Favor Right Investments Limited	143,901,600	5.64
Premium Capital Profits Limited	141,101,899	5.53

Note:

HSBC International Trustee Limited is the trustee of a discretionary trust established by Dr. Che-woo Lui as the founder which was interested in 1,514,256,237 Shares. Such Shares are the aggregation of (i) 143,901,600 Shares held by Favor Right Investments Limited, (ii) 37,189,545 Shares held by Best Chance Investments Limited, (iii) 1,131,473,018 Shares held by Super Focus Company Limited, (iv) 141,101,899 Shares held by Premium Capital Profits Limited and (v) 60,590,175 Shares held by Mark Liaison Limited, all the aforesaid companies are wholly-owned by a company controlled by the trust.

There was duplication of interests of 1,514,256,237 Shares among Dr. Che-woo Lui, 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, 1,131,473,018 Shares were interested by Super Focus Company Limited, 37,189,545 Shares were interested by Best Chance Investments Limited, 143,901,600 Shares were interested by Favor Right Investments Limited, 141,101,899 Shares were interested between Premium Capital Profits Limited and Star II Limited and 60,590,175 Shares were interested between Mark Liaison Limited and Star II Limited.

Save as disclosed above, as of 30 June 2011, 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 2011, the Group had given financial assistance and guarantees to financial institution for the benefit of its affiliated companies. In compliance with the requirements of rule 13.22 of the Listing Rules, the combined balance sheet of the affiliated companies as at the balance sheet date is disclosed as follows:

	Combined balance sheet HK\$'000	Group's attributable interest HK\$'000
Non-current assets	427,231	177,324
Current assets	28,761,008	6,682,907
Current liabilities	(5,827,654)	(1,573,826)
	23,360,585	5,286,405
Share capital	766,814	318,225
Reserves	1,083,525	464,758
Amounts due to shareholders	14,694,375	3,202,610
Non-current liabilities	6,815,871	1,300,812
	23,360,585	5,286,405

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.

AUDIT COMMITTEE

The Audit Committee of the Company has met on 19 August 2011 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.

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules as the Company's Code of Conduct for Securities Transactions by Directors ("Model Code"). Having made specific enquiries with all its Directors, the Company confirms that during the Period all its Directors have complied with the required standards as set out in the Model Code.

Other Information

CORPORATE GOVERNANCE

During the Period, save for code provisions A.2.1 and A.4.2, the Company has complied with all the code provisions in the Code on Corporate Governance Practices as set out in the Appendix 14 of the Listing Rules. The Board believes that the underlying rationale for such deviations, as mentioned under the section headed "COMPLIANCE WITH APPENDIX 14 OF THE LISTING RULES" in the Corporate Governance Report of its 2010 Annual Report, still holds. The Board will continue to review and recommend such steps and action as appropriate in the circumstances of such deviations.

CHANGES IN THE BOARD

The Board welcomes the appointment of Mr. Au Man Chu as the Independent Non-executive Director and a member of the Audit Committee of the Company with effect from 25 August 2011 and the appointment of Mr. Wong Kwai Lam as the Independent Non-executive Director and a member of the Remuneration Committee of the Company with effect from 26 August 2011, bringing their substantial valuable experience to the Group.

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

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

As informed by Dr. Cheng, he retired as an independent non-executive Director of China COSCO Holdings Company Limited, a public listed company on the Main Board of the Exchange, with effect from 17 May 2011.

Mr. Robert George Nield *(Independent Non-executive Director)*

As informed by Mr. Nield, he has resigned as the President of the Hong Kong Branch of the Royal Asiatic Society on 15 April 2011.

CLOSURE OF REGISTERS OF MEMBERS

The registers of members will be closed from 3 October 2011 to 7 October 2011, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed 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 30 September 2011.

By Order of the Board

Lee Wai Kwan, Cecilia

Company Secretary

Hong Kong, 25 August 2011

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

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