WING ON COMPANY INTERNATIONAL LIMITED
永安國際有限公司
(Incorporated in Bermuda with limited liability)
(Stock code: 289)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2010

The directors of Wing On Company International Limited ("the Company") announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 ("interim financial report").

INDEPENDENT REVIEW

This interim financial report is unaudited, but has been reviewed by KPMG 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 ("HKICPA"). In addition, this interim financial report has been reviewed by the Company's Audit Committee.

CONSOLIDATED INCOME STATEMENT

		Six months ended 30 June	
	Note	**2010 HK$'000**	2009 HK$'000
Turnover	4	**750,968**	686,747
Other revenue	5	**16,203**	20,357
Other net (loss)/gain	5	**(8,643)**	40,969
Cost of department store sales	6(d)	**(329,630)**	(298,555)
Cost of property leasing activities	6(c)	**(31,598)**	(25,264)
Other operating expenses		**(176,627)**	(184,047)
Profit from operations		**220,673**	240,207
Finance costs	6(a)	**(18,071)**	(16,169)
		202,602	224,038
Net valuation gain on investment properties		**356,556**	90,112
		559,158	314,150
Share of profits of associates		**20,286**	3,440
Profit before taxation	6	**579,444**	317,590
Income tax	7	**(96,999)**	(30,906)
Profit for the period		**482,445**	286,684
Attributable to:			
Shareholders of the Company		**482,024**	285,977
Non-controlling interests		**421**	707
Profit for the period		**482,445**	286,684
Basic and diluted earnings per share	9	**163.2 cents**	96.8 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six months ended 30 June			
	2010		2009	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the period		**482,445**		286,684
Other comprehensive income for the period (after tax and reclassification adjustments):				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries	**(71,138)**		205,002	
- share of exchange differences on translation of financial statements of overseas associates	**2,867**		39	
- release of exchange reserve upon return on investments in overseas subsidiaries	**(645)**		-	
		(68,916)		205,041
Share of cashflow hedge of an associate:				
- net movement in hedging reserve		**(3,185)**		21,950
Available-for-sale securities:				
- changes in fair value recognised during the period		**100**		1,460
		(72,001)		228,451
Total comprehensive income for the period		**410,444**		515,135
Attributable to:				
Shareholders of the Company		**409,960**		514,427
Non-controlling interests		**484**		708
Total comprehensive income for the period		**410,444**		515,135

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Non-current assets			
Fixed assets			
- Investment properties		**6,811,343**	6,548,149
- Other property, plant and equipment		**607,246**	626,493
		7,418,589	7,174,642
Goodwill		**1,178**	1,178
Interest in associates		**706,744**	686,738
Available-for-sale securities		**24,876**	24,776
Deferred tax assets		**41,593**	54,165
		8,192,980	7,941,499
Current assets			
Trading securities		**253,878**	174,940
Inventories		**75,757**	81,353
Debtors, deposits and prepayments	10	**85,716**	77,035
Loans to an associate		**2,487**	1,239
Amounts due from fellow subsidiaries		**9,640**	1,793
Current tax recoverable		**63**	-
Cash and cash equivalents		**1,409,541**	1,510,819
		1,837,082	1,847,179
Current liabilities			
Creditors and accrued charges	11	**293,162**	324,132
Amounts due to fellow subsidiaries		**1,355**	1,587
Secured bank loan		**42,365**	44,344
Amount due to an associate		**13,075**	13,133
Current tax payable		**36,174**	30,563
		386,131	413,759
Net current assets		**1,450,951**	1,433,420
Total assets less current liabilities		**9,643,931**	9,374,919
Non-current liabilities			
Secured bank loan		**607,670**	658,236
Deferred tax liabilities		**975,710**	924,834
		1,583,380	1,583,070
Net assets		**8,060,551**	7,791,849
Capital and reserves			
Share capital		**29,530**	29,530
Reserves		**8,014,007**	7,745,789
Total equity attributable to shareholders of the Company		**8,043,537**	7,775,319
Non-controlling interests		**17,014**	16,530
Total equity		**8,060,551**	7,791,849

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2010

		Attributable to shareholders of the Company										
	Note	Share capital HK$'000	Land and building revaluation reserve HK$'000	Investment revaluation reserve HK$'000	Exchange reserve HK$'000	Hedging reserve HK$'000	Contributed surplus HK$'000	General reserve fund HK$'000	Retained earnings (note) HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2010		29,530	176,750	9,098	354,712	(45,661)	754,347	541	6,496,002	7,775,319	16,530	7,791,849
Total comprehensive income for the period		-	-	100	(68,979)	(3,185)	-	-	482,024	409,960	484	410,444
Dividends approved in respect of the previous year	8(c)	-	-	-	-	-	-	-	(141,742)	(141,742)	-	(141,742)
		-	-	100	(68,979)	(3,185)	-	-	340,282	268,218	484	268,702
At 30 June 2010		29,530	176,750	9,198	285,733	(48,846)	754,347	541	6,836,284	8,043,537	17,014	8,060,551
At 1 January 2009		29,533	176,750	7,311	(4,395)	(75,115)	754,347	66	5,875,059	6,763,556	15,951	6,779,507
Total comprehensive income for the period		-	-	1,460	205,040	21,950	-	-	285,977	514,427	708	515,135
Purchase of own shares	8(a)											
- par value paid		(3)	-	-	-	-	-	-	-	(3)	-	(3)
- premium paid		-	-	-	-	-	-	-	(234)	(234)	-	(234)
Dividends approved in respect of the previous year	8(c)	-	-	-	-	-	-	-	(50,200)	(50,200)	-	(50,200)
		(3)	-	1,460	205,040	21,950	-	-	235,543	463,990	708	464,698
At 30 June 2009 and 1 July 2009		29,530	176,750	8,771	200,645	(53,165)	754,347	66	6,110,602	7,227,546	16,659	7,244,205
Total comprehensive income for the period		-	-	327	154,067	7,504	-	-	450,840	612,738	258	612,996
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	475	(475)	-	-	-
Dividends declared and paid in respect of the current year	8(b)	-	-	-	-	-	-	-	(64,965)	(64,965)	-	(64,965)
Distribution to non-controlling interests upon dissolution of a subsidiary		-	-	-	-	-	-	-	-	-	(387)	(387)
		-	-	327	154,067	7,504	-	475	385,400	547,773	(129)	547,644
At 31 December 2009		29,530	176,750	9,098	354,712	(45,661)	754,347	541	6,496,002	7,775,319	16,530	7,791,849

Note: Retained earnings attributable to the shareholders of the Company as at 30 June 2010 include the aggregate net valuation gain relating to investment properties after deferred tax of HK$3,697,983,000 (as at 31 December 2009: HK$3,401,072,000).

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Cash generated from operations	**114,791**	216,671
Tax paid	**(17,296)**	(8,512)
Net cash generated from operating activities	**97,495**	208,159
Net cash generated from investing activities	**4,129**	85,234
Net cash used in financing activities	**(182,745)**	(10,624)
Net (decrease)/increase in cash and cash equivalents	**(81,121)**	282,769
Cash and cash equivalents at 1 January	**1,510,819**	1,118,141
Effect of foreign exchange rates changes	**(20,157)**	81,590
Cash and cash equivalents at 30 June	**1,409,541**	1,482,500

	At 30 June 2010	At 30 June 2009
	HK$'000	HK$'000
Analysis of the balances of cash and cash equivalents		
Cash at bank and in hand	**88,063**	92,304
Bank deposits	**1,321,478**	1,390,196
Cash and cash equivalents	**1,409,541**	1,482,500

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), including compliance with Hong Kong Accounting Standard ("HKAS") 34, Interim Financial Reporting, issued by the HKICPA. It was authorised for issue on 27 August 2010.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2009 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2010 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2009 annual financial statements. The condensed consolidated interim financial statements and notes thereto do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs", which term collectively includes HKASs and Interpretations).

The financial information relating to the financial year ended 31 December 2009 that is included in the interim financial report as being previously reported information does not constitute the Company's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2009 are available from the Stock Exchange's website. The auditors have expressed an unqualified opinion on those financial statements in their report dated 8 April 2010.

2. Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- HKFRS 3 (revised), Business combinations
- HKAS 27 (revised), Consolidated and separate financial statements
- Amendments to HKAS 39, Financial Instruments: Recognition and measurement – eligible hedged items
- Improvements to HKFRSs 2009

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The adoption of improvements to HKFRSs 2009 and the amendments to HKAS 39 do not have a significant impact on the Group's results of operations and financial position. The other developments resulted in changes in accounting policies but none of these changes in policies have a material impact on the current or comparative periods, for the following reasons:

- The impact of the majority of the revisions to HKFRS 3 and HKAS 27 have not yet had a material effect on the Group's financial statements as these changes will first be effective as and when the Group enters into a relevant transaction (for example, a business combination or a disposal of a subsidiary) and there is no requirement to restate the amounts recorded in respect of such previous transactions.

- The amendments to HKFRS 3 (in respect of recognition of acquiree's deferred tax assets) and HKAS 27 (in respect of allocation of losses to non-controlling interests (previously known as "minority interests") in excess of their equity interest) have had no material impact as there is no requirement to restate amounts recorded in previous periods and no such deferred tax assets or losses arose in the current period.

3. Segment reporting

The Group manages its business by two divisions, namely department stores and property investment. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Department stores: this segment operates department stores in Hong Kong.
- Property investment: this segment leases commercial premises to generate rental income. Currently the Group's investment property portfolio is located in Hong Kong, Australia and the United States of America.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible, intangible assets and current assets with the exception of goodwill, interest in associates, investments in financial assets, current tax recoverable, deferred tax assets and other corporate assets. Segment liabilities include trade and other creditors, accrued charges and bank borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is profit before interest income, finance costs and income tax.

In addition to receiving segment information concerning segment profit, management is provided with segment information concerning revenue (including inter-segment revenue), finance costs on bank borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods are set out below.

	Department stores		**Property investment**		**Total**	
	2010	2009	**2010**	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
For the six months end 30 June						
Revenue from external customers	**582,802**	540,193	**168,166**	146,554	**750,968**	686,747
Inter-segment revenue	**-**	-	**39,731**	40,077	**39,731**	40,077
Reportable segment revenue	**582,802**	540,193	**207,897**	186,631	**790,699**	726,824
Reportable segment profit	**74,207**	53,407	**157,832**	142,228	**232,039**	195,635
Balance at 30 June /31 December						
Reportable segment assets	**133,662**	136,172	**7,411,342**	7,165,137	**7,545,004**	7,301,309
Additions to non-current segment assets during the period/year	**1,603**	7,090	**6,249**	23,694	**7,852**	30,784
Reportable segment liabilities	**226,439**	257,696	**696,809**	751,869	**923,248**	1,009,565

(b) Reconciliations of reportable segment profit, assets and liabilities

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Profit		
Reportable segment profit derived from the Group's external customers	**232,039**	195,635
Share of profits of associates	**20,286**	3,440
Other revenue	**16,203**	20,357
Other net (loss)/gain	**(8,643)**	40,969
Finance costs	**(18,071)**	(16,169)
Net valuation gain on investment properties	**356,556**	90,112
Unallocated head office and corporate expenses	**(18,926)**	(16,754)
Consolidated profit before taxation	**579,444**	317,590

	At	At
	30 June	31 December
	2010	2009
	HK$'000	HK$'000
Assets		
Reportable segment assets	**7,545,004**	7,301,309
Elimination of inter-segment receivables	**(8,476)**	(8,821)
	7,536,528	7,292,488
Goodwill	**1,178**	1,178
Interest in associates	**706,744**	686,738
Available-for-sale securities	**24,876**	24,776
Trading securities	**253,878**	174,940
Loan to an associate	**2,487**	1,239
Deferred tax assets	**41,593**	54,165
Current tax recoverable	**63**	-
Unallocated head office and corporate assets	**1,462,715**	1,553,154
Consolidated total assets	**10,030,062**	9,788,678
Liabilities		
Reportable segment liabilities	**923,248**	1,009,565
Elimination of inter-segment payables	**(8,476)**	(8,821)
	914,772	1,000,744
Amounts due to fellow subsidiaries	**1,355**	1,587
Amount due to an associate	**13,075**	13,133
Current tax payable	**36,174**	30,563
Deferred tax liabilities	**975,710**	924,834
Unallocated head office and corporate liabilities	**28,425**	25,968
Consolidated total liabilities	**1,969,511**	1,996,829

4. Turnover

The principal activities of the Group during the period were the operation of department stores and property investment.

The Group's turnover for the period comprised the invoiced value of goods sold to customers less returns, net income from concession sales and income from property investment and is analysed by principal activities as follows:

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Sale of goods	**479,002**	438,533
Net income from concession sales	**103,800**	101,660
Department stores	**582,802**	540,193
Property investment	**168,166**	146,554
	750,968	686,747

5. Other revenue and other net (loss)/ gain

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Other revenue		
Interest income from bank deposits	**10,808**	9,535
Interest income from loans to an associate	**109**	211
Dividend income from listed securities	**2,927**	1,438
Dividend income from unlisted securities	**484**	468
Forfeiture of unclaimed dividends	**1,075**	7,530
Compensation received on early termination of leases	**-**	449
Others	**800**	726
	16,203	20,357
Other net (loss)/gain		
Net (loss)/gain on remeasurement to fair value of		
- trading securities	**(11,960)**	19,295
- derivative financial instruments	**(16)**	40
Net realised gain on disposal of		
- trading securities	**102**	8,758
- derivative financial instruments	**3,926**	1,575
Net foreign exchange (loss)/gain	**(1,340)**	10,573
Release of exchange reserve upon return on investments in overseas subsidiaries	**645**	-
Net gain on disposal of other fixed assets	**-**	728
	(8,643)	40,969

6. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		Six months ended 30 June	
		2010	2009
		HK$'000	HK$'000
(a)	Finance costs:		
	Interest on bank loan repayable within five years	**18,071**	16,169
(b)	Staff costs (excluding directors' remuneration):		
	Contributions to defined contribution retirement plans	**5,245**	5,170
	Salaries, wages and other benefits	**89,019**	86,474
		94,264	91,644
(c)	Rentals received and receivable from investment properties:		
	Gross rentals	**(168,166)**	(146,554)
	Less: direct outgoings	**31,598**	25,264
		(136,568)	(121,290)
(d)	Other items:		
	Depreciation and amortisation		
	- owned assets	**20,944**	21,978
	- lease incentives	**5,933**	4,770
	Impairment losses (written-back)/recognised		
	- trade and other debtors	**(63)**	354
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**18,060**	17,447
	- contingent rentals for hire of land and buildings	**525**	341
	Cost of inventories sold	**329,630**	298,555

7. Income tax in the consolidated income statement

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the period	**14,716**	16,409
Current tax – Overseas		
Provision for the period	**8,714**	5,422
Over-provision in respect of prior period	**(360)**	(10)
	8,354	5,412
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**59,645**	4,131
- other temporary differences	**14,284**	4,954
	73,929	9,085
Total income tax expense	**96,999**	30,906

The provision for Hong Kong Profits Tax is calculated at 16.5% (2009: 16.5%) of the estimated assessable profits for the six months ended 30 June 2010. Taxation for overseas subsidiaries is charged similarly at the appropriate current rates of taxation ruling in the relevant countries.

8. Capital and dividends

(a) Share capital

During the six months ended 30 June 2009, the Company purchased its own shares on the Stock Exchange as follows:

Month/year	Number of shares purchased	Highest price paid per share HK$	Lowest price paid per share HK$	Aggregate price paid HK$'000
May 2009	31,000	7.70	7.57	237

Pursuant to section 42A of the Bermuda Companies Act 1981, the above purchased shares were cancelled upon purchase and accordingly the issued share capital of the Company was reduced by the nominal value of these shares. The premium paid on the purchase of the shares of HK$234,000 was charged against retained earnings.

(b) Dividends payable to shareholders of the Company attributable to the interim period:

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Interim dividend declared and payable after the interim period end of 22 HK cents (2009: 22 HK cents) per share	64,965	64,965

The interim dividend declared after the interim period end date has not been recognised as a liability at the end of the reporting period.

(c) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and payable during the interim period:

	Six months ended 30 June	
	2010	2009
	HK$'000	HK$'000
Final dividend in respect of the financial year ended 31 December 2009 of 48 HK cents (31 December 2008: 17 HK cents) per share		
- approved during the following interim period	**141,742**	50,205
- attributable to shares repurchased	-	(5)
- payable during the following interim period	**141,742**	50,200

9. Basic and diluted earnings per share

(a) The calculation of basic earnings per share is based on the consolidated profit attributable to shareholders of the Company for the six months ended 30 June 2010 of HK$482,024,000 (six months ended 30 June 2009: HK$285,977,000) divided by the weighted average of 295,295,000 shares (2009: 295,316,000 shares) in issue during the interim period.

There were no outstanding potential shares throughout the periods presented.

(b) Adjusted basic earnings per share excluding the net valuation gain on investment properties and related deferred tax thereon

For the purpose of assessing the underlying performance of the Group, the management is of the view that the profit for the period should be adjusted for the net valuation gain on investment properties and related deferred tax thereon in arriving at the "underlying profit attributable to shareholders of the Company".

The difference between the underlying profit attributable to shareholders of the Company and profit attributable to shareholders of the Company as shown in the consolidated income statement for the period is reconciled as follows:

	Six months ended 30 June			
	2010		2009	
		Amount per share		Amount per share
	HK$'000	**HK cents**	HK$'000	HK cents
Profit attributable to shareholders of the Company as shown in the consolidated income statement	**482,024**	**163.2**	285,977	96.8
Net valuation gain on investment properties	**(356,556)**	**(120.7)**	(90,112)	(30.5)
Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	**59,645**	**20.2**	4,131	1.4
Underlying profit attributable to shareholders of the Company	**185,113**	**62.7**	199,996	67.7

10. Debtors, deposits and prepayments

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Trade and other debtors	**52,274**	48,117
Less: Allowance for doubtful debts	**(725)**	(819)
	51,549	47,298
Deposits and prepayments	**34,167**	29,737
	85,716	77,035

The ageing analysis of trade and other debtors, net of allowance for doubtful debts, is as follows:

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Current or less than one month past due	**50,754**	46,722
One to three months past due	**631**	444
More than three months but less than twelve months past due	**76**	52
More than twelve months past due	**88**	80
	51,549	47,298

Trade and other debtors are normally due within 30 days from the date of billing.

11. Creditors and accrued charges

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Trade and other creditors	**264,291**	289,529
Accrued charges	**28,659**	34,603
Derivative financial instruments	**212**	-
	293,162	324,132

The ageing analysis of trade and other creditors is as follows:

	At 30 June 2010 HK$'000	At 31 December 2009 HK$'000
Amounts not yet due	**231,251**	238,131
On demand or less than one month overdue	**28,757**	48,647
One to three months overdue	**2,002**	502
Three to twelve months overdue	**273**	196
More than twelve months overdue	**2,008**	2,053
	264,291	289,529

INTERIM RESULTS AND DIVIDEND

For the six months ended 30 June 2010, the Group's turnover increased by 9.4% to HK$751.0 million (2009: HK$686.7 million). This increase was attributable mainly to the improvement in both the Group's department stores business turnover and the rental income from the Group's investment properties.

Profit attributable to shareholders for the first half of 2010 was HK$482.0 million (2009: HK$286.0 million), an increase of 68.5% due primarily to the increase in net valuation gain on investment properties as compared to the same period last year. Excluding this non-cash item and related deferred tax thereon, the Group's underlying profit attributable to shareholders decreased by 7.4% to HK$185.1 million (2009: HK$200.0 million). This was due mainly to the unfavourable results from the Group's investments in securities.

Earnings per share increased by 68.5% to 163.2 HK cents per share from the 96.8 HK cents per share achieved for the same period last year. Excluding the net valuation gain on investment properties and related deferred tax thereon, underlying earnings per share for the period decreased by 7.4% to 62.7 HK cents per share (2009: 67.7 HK cents per share).

The directors have decided to pay an interim dividend of 22 HK cents (2009: 22 HK cents) per share, absorbing a total amount of HK$64,965,000 (2009: HK$64,965,000). The interim dividend will be paid on 20 October 2010 (Hong Kong time) to shareholders whose names appear on the Register of Members of the Company on 15 October 2010 (Hong Kong time). The Register of Members will be closed from 11 October 2010 to 15 October 2010 (Hong Kong time), both dates inclusive, during which period no share transfer will be accepted.

To qualify for the interim dividend, transfers to be dealt with must be lodged with the Company's Share Registrars, Tricor Progressive Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 8 October 2010 (Hong Kong time).

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 30 June 2010 was HK$8.0 billion, an increase of 3.4% compared to that at 31 December 2009. With cash and listed marketable securities at 30 June 2010 of about HK$1.6 billion as well as available banking facilities, the Group has sufficient liquidity to meet its current commitments and working capital requirements.

Borrowings and Charges on Group Assets

At 30 June 2010, the Group's total borrowings amounted to HK$650.0 million, a decrease of about HK$52.5 million, due to exchange differences and partial repayments, as compared to that at 31 December 2009. The Group's total borrowings of HK$650.0 million relate to a mortgage loan for Australian investment properties. The repayment of about 92% of the borrowings will be due in December 2011. The management will renegotiate the repayment schedule nearer the time. Certain assets, comprising principally property interests with a book value of HK$2.0 billion, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$0.8 billion. In view of the existing strong cash position, the Group does not anticipate any liquidity problems.

Gearing Ratio

The gearing ratio, which is computed as the total borrowings of the Group divided by shareholders' equity of the Group at 30 June 2010, was 8.1% as compared with 9.0% at 31 December 2009.

Funding and Treasury Policies

The Group adopts a prudent funding and treasury policy. To minimise exposure to foreign exchange fluctuations, the Group's borrowings in Australia for its Melbourne investment property are denominated in Australian dollars. Hence, the foreign exchange exposure is limited to the net investments in overseas subsidiaries of approximately HK$1.7 billion at 30 June 2010 (at 31 December 2009: HK$1.7 billion).

The Group's borrowings are on a floating rate basis. For overseas borrowings, when appropriate and at times of interest rate uncertainty or volatility, hedging instruments including swaps and forwards may be used to assist in the Group's management of interest rate exposure. The Group's cash and bank balances are mainly denominated in Hong Kong, United States and Australian dollars.

Capital Commitments and Contingent Liabilities

At 30 June 2010, the total amount of the Group's capital expenditure commitments was HK$8,784,000 (at 31 December 2009: HK$1,457,000). The Company has issued corporate guarantees to a financial institution in respect of banking facilities granted to a wholly-owned subsidiary of an associate, which expire within one year. The associate has also issued a corporate guarantee to a financial institution in respect of a financial facility granted to a jointly controlled entity of the associate, which expires within one year. At 30 June 2010, the maximum contingent liability shared by the Group was HK$26,483,000 (as at 31 December 2009: HK$19,789,000).

HALF YEAR BUSINESS REVIEW

Department Store Operations

Benefiting from the rebound of the Hong Kong economy and stronger consumer spending, the turnover of the department stores business increased by 7.9% to HK$582.8 million (2009: HK$540.2 million) while its operating profit increased by 39.0% to HK$74.2 million (2009: HK$53.4 million). This improvement in profit contribution was the result of management's effort in containing operating expenses while sales grew.

Property Investment

The Group's property investment income for the six months ended 30 June 2010 increased by 11.0% to HK$157.8 million (2009: HK$142.2 million). In line with the improving economic conditions and growing business confidence, the Group was able to raise rents for lease renewals and new lettings for its commercial investment properties in Hong Kong and Australia during the period under review. The Group achieved a 7.8% increase in rental income from its investment properties in Hong Kong to HK$95.0 million (2009: HK$88.1 million) while maintaining an overall occupancy rate of over 95%. Income from the Group's commercial investment properties in Australia increased by 17.4% to HK$58.1 million (2009: HK$49.5 million). This was mainly due to the strong Australian dollar during this interim accounting period when the income was translated back to the Hong Kong dollar for reporting purposes. The overall occupancy rate of the commercial investment properties in Australia remained stable at above 95%.

Automobile Dealership Business

With the United States economy becoming more stabilised in the period under review, and benefiting from the various cost reduction and streamlining measures implemented in late 2008, the business operations of the Group's automobile dealership associate in the United States steadily improved during the first half of 2010. For the six months ended 30 June 2010, the Group's share of the associate's profit after tax amounted to HK$16.7 million, compared to HK$3.0 million in the corresponding period last year.

Others

During the first half of 2010, the Group recorded a net exchange loss of HK$1.3 million (2009: a gain of HK$10.6 million) mainly from its Australian dollar deposits. The Group's investments in securities recorded a loss of HK$5.1 million compared to a profit of HK$31.1 million in the corresponding period last year. This was due to the downturn in stock markets.

Staff

As at 30 June 2010, the Group had a total staff of 955 (at 30 June 2009: 960). The Group's remuneration policies, bonus schemes, Mandatory Provident Fund Schemes, etc., have not changed materially from the information disclosed in the 2009 Annual Report.

OUTLOOK FOR THE REMAINDER OF 2010

Barring unforeseen circumstances, the Board is optimistic that consumer spending will remain strong in the second half of the year. The Group's department stores business will continue to benefit from such environment. The Group's commercial property investments locally and overseas will continue to contribute profits. The business performance of our automobile associate in the United States in the second half of the year will hinge on the speed of recovery of the United States economy and its car market.

CORPORATE GOVERNANCE

The Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the six months ended 30 June 2010.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its code of conduct regarding directors' securities transactions. The Company has made specific enquiries of all directors and all directors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2010.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed shares of the Company during the period.

By Order of the Board
Karl C. Kwok
Chairman

Hong Kong, 27 August 2010

As at the date of this announcement, the executive directors of the Company are Mr. Karl C. Kwok (Chairman), Mr. Lester Kwok (Deputy Chairman and Chief Executive Officer) and Mr. Mark Kwok, the non-executive director is Dr. Bill Kwok, and the independent non-executive directors are Miss Maria Tam Wai Chu, Mr. Ignatius Wan Chiu Wong, Mr. Iain Ferguson Bruce, Mr. Anthony Francis Martin Conway and Mr Leung Wing Ning.