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

ANNOUNCEMENT OF 2010 ANNUAL RESULTS

The directors of Wing On Company International Limited ("the Company") announce the consolidated financial results for the year ended 31 December 2010:

CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December **2010** **HK$'000**	 2009 HK$'000
Turnover	4	**1,572,597**	1,443,180
Other revenue	5	**37,288**	34,942
Other net gain	5	**71,629**	65,095
Cost of department store sales	6(d)	**(690,652)**	(626,866)
Cost of property leasing activities	6(c)	**(62,503)**	(58,959)
Other operating expenses		**(362,808)**	(376,565)
Profit from operations		**565,551**	480,827
Finance costs	6(a)	**(38,903)**	(35,075)
		526,648	445,752
Net valuation gain on investment properties		**1,107,570**	397,763
		1,634,218	843,515
Share of profits less losses of associates		**15,924**	(7,686)
Profit before taxation	6	**1,650,142**	835,829
Income tax	7	**(273,364)**	(98,056)
Profit for the year		**1,376,778**	737,773
Attributable to:			
Shareholders of the Company		**1,375,656**	736,817
Non-controlling interests		**1,122**	956
Profit for the year		**1,376,778**	737,773
Basic and diluted earnings per share	9(a)	**465.9 cents**	249.5 cents

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December			
	2010		2009	
	HK$'000	**HK$'000**	HK$'000	HK$'000
Profit for the year		**1,376,778**		737,773
Other comprehensive income for the year (after tax and reclassification adjustments):				
Foreign currency translation adjustments:				
- exchange differences on translation of financial statements of overseas subsidiaries	**232,937**		358,927	
- share of exchange differences on translation of financial statements of overseas associates	**3,159**		441	
- release of the exchange reserve upon return on investments in overseas subsidiaries	**(11,457)**		-	
- release of the exchange reserve upon dissolution of an overseas subsidiary	**-**		(251)	
		224,639		359,117
Share of cash flow hedge of an associate:				
- net movement in the hedging reserve		**5,420**		29,454
Available-for-sale securities:				
- changes in fair value recognised during the year		**2,709**		1,787
		232,768		390,358
Total comprehensive income for the year		**1,609,546**		1,128,131
Attributable to:				
Shareholders of the Company		**1,608,365**		1,127,165
Non-controlling interests		**1,181**		966
Total comprehensive income for the year		**1,609,546**		1,128,131

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	At 31 December 2010 HK$'000	At 31 December 2009 HK$'000
Non-current assets			
Fixed assets			
- Investment properties		**7,976,716**	6,548,149
- Other property, plant and equipment		**591,706**	626,493
		8,568,422	7,174,642
Goodwill		**1,178**	1,178
Interest in associates		**711,276**	686,738
Available-for-sale securities		**27,485**	24,776
Deferred tax assets		**25,922**	54,165
		9,334,283	7,941,499
Current assets			
Trading securities		**291,651**	174,940
Inventories		**90,437**	81,353
Debtors, deposits and prepayments	10	**50,110**	77,035
Loans to an associate		**3,264**	1,239
Amounts due from fellow subsidiaries		**1,801**	1,793
Current tax recoverable		**95**	-
Cash and cash equivalents		**1,569,618**	1,510,819
		2,006,976	1,847,179
Current liabilities			
Creditors and accrued charges	11	**359,331**	324,132
Amounts due to fellow subsidiaries		**3,645**	1,587
Secured bank loan		**594,187**	44,344
Amount due to an associate		**12,935**	13,133
Current tax payable		**19,986**	30,563
		990,084	413,759
Net current assets		**1,016,892**	1,433,420
Total assets less current liabilities		**10,351,175**	9,374,919
Non-current liabilities			
Secured bank loan		**-**	658,236
Deferred tax liabilities		**1,156,487**	924,834
		1,156,487	1,583,070
Net assets		**9,194,688**	7,791,849
Capital and reserves			
Share capital		**29,530**	29,530
Reserves		**9,147,447**	7,745,789
Total equity attributable to shareholders of the Company		**9,176,977**	7,775,319
Non-controlling interests		**17,711**	16,530
Total equity		**9,194,688**	7,791,849

Consolidated statement of changes in equity for the year ended 31 December 2010

		Attributable to shareholders of the Company										
	Note	Share capital	Land and building revaluation reserve	Investment revaluation reserve	Exchange reserve	Hedging reserve	Contributed surplus	General reserve fund	Retained earnings (note)	Total	Non-controlling interests	Total equity
		HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Balance 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
Profit for the year		-	-	-	-	-	-	-	1,375,656	1,375,656	1,122	1,376,778
Other comprehensive income		-	-	2,709	224,580	5,420	-	-	-	232,709	59	232,768
Total comprehensive income for the year		-	-	2,709	224,580	5,420	-	-	1,375,656	1,608,365	1,181	1,609,546
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	527	(527)	-	-	-
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(141,742)	(141,742)	-	(141,742)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	-	(64,965)	(64,965)	-	(64,965)
		-	-	-	-	-	-	527	(207,234)	(206,707)	-	(206,707)
Balance at 31 December 2010		29,530	176,750	11,807	579,292	(40,241)	754,347	1,068	7,664,424	9,176,977	17,711	9,194,688
Balance 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
Profit for the year		-	-	-	-	-	-	-	736,817	736,817	956	737,773
Other comprehensive income		-	-	1,787	359,107	29,454	-	-	-	390,348	10	390,358
Total comprehensive income for the year		-	-	1,787	359,107	29,454	-	-	736,817	1,127,165	966	1,128,131
Share of the general reserve fund of an associate: transfer to the general reserve fund		-	-	-	-	-	-	475	(475)	-	-	-
Purchase of own shares												
- par value paid		(3)	-	-	-	-	-	-	-	(3)	-	(3)
- premium paid		-	-	-	-	-	-	-	(234)	(234)	-	(234)
Dividends approved in respect of the previous year	8(b)	-	-	-	-	-	-	-	(50,200)	(50,200)	-	(50,200)
Dividends declared and paid in respect of the current year	8(a)	-	-	-	-	-	-	-	(64,965)	(64,965)	-	(64,965)
Distribution to non-controlling shareholders upon dissolution of a subsidiary		-	-	-	-	-	-	-	-	-	(387)	(387)
		(3)	-	-	-	-	-	475	(115,874)	(115,402)	(387)	(115,789)
Balance 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 31 December 2010 include the aggregate net valuation gain relating to investment properties after deferred tax of HK$4,319,152,000 (2009: HK$3,401,072,000).

NOTES

1. Basis of preparation

The annual results set out in the announcement do not constitute the Group's financial statements for the year ended 31 December 2010 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong. This announcement also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In addition, this announcement has been reviewed by the Company's Audit Committee.

The figures in respect of this announcement of the Group's results for the year ended 31 December 2010 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in respect of this announcement was limited and did not constitute an audit, review or other assurance engagement and consequently no assurance has been expressed by the auditor on this announcement.

2. Changes in accounting policies

The HKICPA has issued two revised HKFRSs, a number of amendments to HKFRSs and two new interpretations 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
- HK Int 5, *Presentation of financial statements - classification by the borrower of a term loan that contains a repayment on demand clause*

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 HK Int 5 and the amendments to HKAS 39 does 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 previous such transactions.

- The impact of 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 years ended 31 December 2010 and 2009 is 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
Revenue from external customers	**1,228,006**	1,133,414	**344,591**	309,766	**1,572,597**	1,443,180
Inter-segment revenue	**-**	-	**78,511**	79,928	**78,511**	79,928
Reportable segment revenue	**1,228,006**	1,133,414	**423,102**	389,694	**1,651,108**	1,523,108
Reportable segment profit	**172,727**	122,487	**324,223**	292,383	**496,950**	414,870
Finance costs	**-**	-	**38,903**	35,075	**38,903**	35,075
Depreciation and amortisation for the year	**9,363**	9,836	**44,334**	44,471	**53,697**	54,307
Impairment of trade and other debtors (written back)/ recognised	**6**	(1)	**(145)**	709	**(139)**	708
Reportable segment assets	**148,831**	136,172	**8,558,554**	7,165,137	**8,707,385**	7,301,309
Additions to non-current segment assets during the year	**6,513**	7,090	**28,832**	23,694	**35,345**	30,784
Reportable segment liabilities	**291,276**	257,696	**645,825**	751,869	**937,101**	1,009,565

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

	2010	2009
	HK$'000	HK$'000
Profit		
Reportable segment profit derived from the Group's external customers	**496,950**	414,870
Share of profits less losses of associates	**15,924**	(7,686)
Other revenue	**37,288**	34,942
Other net gain	**71,629**	65,095
Finance costs	**(38,903)**	(35,075)
Net valuation gain on investment properties	**1,107,570**	397,763
Unallocated head office and corporate expenses	**(40,316)**	(34,080)
Consolidated profit before taxation	**1,650,142**	835,829
Assets		
Reportable segment assets	**8,707,385**	7,301,309
Elimination of inter-segment receivables	**(7,261)**	(8,821)
	8,700,124	7,292,488
Goodwill	**1,178**	1,178
Interest in associates	**711,276**	686,738
Available-for-sale securities	**27,485**	24,776
Trading securities	**291,651**	174,940
Loans to an associate	**3,264**	1,239
Current tax recoverable	**95**	-
Deferred tax assets	**25,922**	54,165
Unallocated head office and corporate assets	**1,580,264**	1,553,154
Consolidated total assets	**11,341,259**	9,788,678
Liabilities		
Reportable segment liabilities	**937,101**	1,009,565
Elimination of inter-segment payables	**(7,261)**	(8,821)
	929,840	1,000,744
Amounts due to fellow subsidiaries	**3,645**	1,587
Amount due to an associate	**12,935**	13,133
Current tax payable	**19,986**	30,563
Deferred tax liabilities	**1,156,487**	924,834
Unallocated head office and corporate liabilities	**23,678**	25,968
Consolidated total liabilities	**2,146,571**	1,996,829

(c) Geographic information

The following table sets out information about the geographic location of (i) the Group's revenue from external customers and (ii) the Group's fixed assets, goodwill and interest in associates ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset in the case of fixed assets, the location of the operation to which they are allocated in the case of goodwill, and the location of operations in the case of interest in associates.

	Revenue from external customers		Specified non-current assets	
	2010	2009	**2010**	2009
	HK$'000	HK$'000	**HK$'000**	HK$'000
Hong Kong (place of domicile)	**1,421,724**	1,315,539	**6,014,083**	4,977,813
Australia	**134,129**	111,039	**2,454,648**	2,106,629
United States of America	**16,744**	16,602	**812,145**	778,116
	150,873	127,641	**3,266,793**	2,884,745
	1,572,597	1,443,180	**9,280,876**	7,862,558

4. Turnover

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

The Group's turnover for the year 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:

	2010	2009
	HK$'000	HK$'000
Sale of goods	**1,007,988**	923,927
Net income from concession sales	**220,018**	209,487
Department stores	**1,228,006**	1,133,414
Property investment	**344,591**	309,766
	1,572,597	1,443,180

5. Other revenue and other net gain

	2010	2009
	HK$'000	HK$'000
Other revenue		
Interest income from bank deposits	**23,905**	19,850
Interest income from loans to an associate	**244**	349
Interest income from listed securities	**260**	-
Dividend income from listed securities	**6,674**	2,772
Dividend income from unlisted securities	**3,259**	2,206
Compensation received on early termination of leases	**104**	584
Forfeiture of unclaimed dividends	**1,075**	7,530
Others	**1,767**	1,651
	37,288	34,942

Other net gain

	2010	2009
Net gain on remeasurement to fair value of trading securities	**24,132**	29,215
Net realised gain on disposal of:		
- trading securities	**9,269**	13,880
- derivative financial instruments	**11,081**	5,445
Release of the exchange reserve upon return on investments in overseas subsidiaries	**11,457**	-
Impairment loss on available-for sale securities written back	**4,799**	-
Net foreign exchange gain	**10,911**	15,593
Net (loss)/gain on disposal of other fixed assets	**(20)**	725
Net gain on dissolution of subsidiaries (note)	**-**	237
	71,629	65,095

Note: The amount for the year ended 31 December 2009 included translational exchange gains of HK$251,000 transferred from the exchange reserve.

6. Profit before taxation

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

		2010 HK$'000	2009 HK$'000
(a)	Finance costs:		
	Interest on bank loan repayable within five years	**38,903**	35,075
(b)	Staff costs (excluding directors' remuneration):		
	Contributions to defined contribution retirement plans	**10,577**	10,351
	Salaries, wages and other benefits	**182,855**	174,182
		193,432	184,533
(c)	Rentals received and receivable from investment properties:		
	Gross rentals	**(344,591)**	(309,766)
	Less: direct outgoings	**62,503**	58,959
		(282,088)	(250,807)
(d)	Other items:		
	Depreciation and amortisation		
	- owned assets	**41,413**	43,926
	- lease incentives	**12,557**	10,833
	Impairment losses (written back)/recognised		
	- available-for-sale securities	**(4,799)**	-
	- trade and other debtors	**(139)**	708
	- fixed assets	**-**	24
	Auditors' remuneration		
	- current year	**2,714**	2,530
	- prior year	**43**	16
	Operating lease charges		
	- minimum lease payments for hire of land and buildings	**36,242**	35,006
	- contingent rentals for hire of land and buildings	**372**	255
	Cost of inventories sold	**690,652**	626,866

7. Income tax in the consolidated income statement

	2010 **HK$'000**	2009 HK$'000
Current tax – Hong Kong Profits Tax		
Provision for the year	**32,138**	30,267
(Over)/under-provision in respect of prior year	**(52)**	5
	32,086	30,272
Current tax – Overseas		
Provision for the year	**17,824**	15,036
(Over)/under-provision in respect of prior year	**(1,272)**	64
	16,552	15,100
Deferred tax		
Origination and reversal of temporary differences		
- changes in fair value of investment properties	**188,883**	59,543
- other temporary differences	**35,843**	(6,859)
	224,726	52,684
Total income tax expense	**273,364**	98,056

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

8. Dividends

(a) Dividends payable to shareholders of the Company attributable to the year:

	2010	2009
	HK$'000	HK$'000
Interim dividend declared and paid of 22 HK cents (2009: 22 HK cents) per share	**64,965**	64,965
Final dividend proposed after the end of the reporting period of 59 HK cents (2009: 48 HK cents) per share	**174,224**	141,742
	239,189	206,707

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	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 year	**141,742**	50,205
- attributable to shares repurchased (note)	**-**	(5)
- paid during the year	**141,742**	50,200

Note: In respect of the final dividend for the year ended 31 December 2008, there was a difference of HK$5,000 between the final dividend approved and disclosed in the 2008 annual report and amounts paid in 2009 which represents dividends attributable to shares repurchased before the closing date of the register of members.

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 year ended 31 December 2010 of HK$1,375,656,000 (2009: HK$736,817,000) divided by the weighted average of 295,295,000 shares (2009: 295,305,000 shares) in issue during the year, calculated as follows:

	2010 Number of Shares ’000	2009 Number of Shares ’000
Issued shares at 1 January	**295,295**	295,326
Effect of shares repurchased	**-**	(21)
Weighted average number of shares at 31 December	**295,295**	295,305

There were no outstanding potential shares throughout the years 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 year should be adjusted for the net valuation gain on investment properties and the 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 year is reconciled as follows:

	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	**1,375,656**	**465.9**	736,817	249.5
Net valuation gain on investment properties	**(1,107,570)**	**(375.1)**	(397,763)	(134.7)
Increase in deferred tax liabilities in relation to the net valuation gain on investment properties	**188,883**	**64.0**	59,543	20.2
	456,969	**154.8**	398,597	135.0
Net valuation gain on investment properties net of related deferred tax attributable to non-controlling interests	**607**	**0.2**	92	-
Underlying profit attributable to shareholders of the Company	**457,576**	**155.0**	398,689	135.0

10. Debtors, deposits and prepayments

	2010	2009
	HK$'000	HK$'000
Trade and other debtors	**20,690**	48,117
Less: allowance for doubtful debts	**(348)**	(819)
	20,342	47,298
Deposits and prepayments	**29,768**	29,737
	50,110	77,035

Included in debtors, deposits and prepayments are trade and other debtors (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period:

	2010	2009
	HK$'000	HK$'000
Current or less than one month past due	**19,761**	46,722
One to three months past due	**472**	444
More than three months but less than twelve months past due	**62**	52
More than twelve months past due	**47**	80
	20,342	47,298

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

All debtors, deposits and prepayments of the Group, apart from certain rental deposits and prepayments totalling HK$12,531,000 (2009: HK$10,790,000), are expected to be recovered or recognised as an expense within one year.

11. Creditors and accrued charges

	2010	2009
	HK$'000	HK$'000
Trade and other creditors	**322,859**	289,529
Accrued charges	**36,472**	34,603
	359,331	324,132

Included in creditors and accrued charges are trade and other creditors with the following ageing analysis as of the end of the reporting period:

	2010	2009
	HK$'000	HK$'000
Amounts not yet due	**270,734**	238,131
On demand or less than one month overdue	**48,392**	48,647
One to three months overdue	**1,433**	502
Three to twelve months overdue	**285**	196
More than twelve months overdue	**2,015**	2,053
	322,859	289,529

2010 RESULTS AND DIVIDEND

For the year ended 31 December 2010, the Group's turnover increased by 9.0% to HK$1,572.6 million (2009: HK$1,443.2 million). The 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 year was HK$1,375.7 million (2009: HK$736.8 million), an increase of 86.7% due primarily to the significant increase in net valuation gain on investment properties as compared to last year. Excluding this non-cash item and related deferred tax thereon, the Group's underlying profit attributable to shareholders increased by 14.8% to HK$457.6 million (2009: HK$398.7 million). This was due mainly to the increase in the contributions from the Group's department stores operations and property investments.

Earnings per share was 465.9 HK cents per share in 2010 (2009: 249.5 HK cents per share). Excluding the net valuation gain on investment properties and related deferred tax thereon, underlying earnings per share for the year increased by 14.8% to 155.0 HK cents per share (2009: 135.0 HK cents per share).

In respect of 2010, the directors have recommended a final dividend of 59 HK cents (2009: 48 HK cents) per share payable to shareholders on the Register of Members on 13 June 2011 (Hong Kong time) which, together with the interim dividend of 22 HK cents (2009: 22 HK cents) per share paid on 20 October 2010 (Hong Kong time) makes a total payment of 81 HK cents (2009: 70 HK cents) per share for the whole year. Dividend warrants will be sent to shareholders on 22 June 2011 (Hong Kong time). The Register of Members will be closed from 3 June 2011 to 13 June 2011 (Hong Kong time), both dates inclusive, during which period no share transfer can be registered. To qualify for the final 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 before 4:00 p.m. on Thursday, 2 June 2011 (Hong Kong time).

LIQUIDITY AND FINANCIAL RESOURCES

Overall Financial Position

Shareholders' equity at 31 December 2010 was HK$9,177.0 million, an increase of 18.0% as compared to that at 31 December 2009. With cash and listed marketable securities at 31 December 2010 of about HK$1,822.0 million 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 31 December 2010, the Group's total borrowings amounted to HK$594.2 million, a decrease of about HK$108.4 million, due to partial repayments net of exchange differences, as compared to that at 31 December 2009. The partial repayments included an early repayment of HK$143.3 million made by the Group of its own volition. The Group's total borrowings of HK$594.2 million relate to a mortgage loan for Australian investment properties. The repayment of the borrowings will be due in December 2011. The management will renegotiate the repayment schedule nearer the time. As this outstanding loan is less than 30% of the security value of the Australian investment properties and taking into consideration the past timely and good repayment record, the Group does not anticipate any difficulties in extending this loan. Certain assets, comprising principally property interests with a book value of HK$2,454.4 million, have been pledged to banks as collateral security for banking facilities granted to the extent of HK$1,014.1 million. In view of the existing strong cash position, the Group does not anticipate any liquidity problems.

Gearing Ratio

The gearing ratio, which is computed from the total borrowings of the Group divided by shareholders' equity of the Group at 31 December 2010, was 6.5% 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 properties are denominated in Australian dollars. Hence, the foreign exchange exposure is limited to the net investments in overseas subsidiaries of approximately HK$1,958.7 million at 31 December 2010 (at 31 December 2009: HK$1,747.1 million).

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 dollar, United States dollar, Australian dollar and Renminbi.

Capital Commitments and Contingent Liabilities

At 31 December 2010, the total amount of the Group's capital expenditure commitments was HK$5.7 million (at 31 December 2009: HK$1.5 million). 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 31 December 2010, the maximum contingent liability shared by the Group was HK$28.1 million (at 31 December 2009: HK$19.8 million).

BUSINESS REVIEW

Department Stores Operations

Aided by a much improved and buoyant economy, consumer confidence and spending were high in 2010. The Group's department stores business performed strongly during the year under review with its turnover increased by 8.3% to HK$1,228.0 million (2009: HK$1,133.4 million) while its operating profit significantly increased by 41.0% to HK$172.7 million (2009: HK$122.5 million). The improvement in profit contribution was the result of customers' greater demand for better quality and higher price range merchandise and the management's effort in organising promotional activities to boost sales while keeping expenses under control.

Property Investments

For the year ended 31 December 2010, the Group's property investment income increased by 10.9% to HK$324.2 million (2009: HK$292.4 million). Stimulated by the better economic conditions and limited supply, tenants' demand for quality office space in Hong Kong increased strongly during the year under review, thereby pushing up office rents. The Group achieved a 7.1% increase in rental income from its commercial investment properties in Hong Kong to HK$187.3 million (2009: HK$174.9 million) while maintaining an overall occupancy rate of over 95%. Income from the Group's commercial investment properties in Australia increased by 18.2% to HK$130.9 million (2009: HK$110.7 million). This was mainly due to the strong Australian dollar during 2010 as income is 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

As the United States economy became more stabilised in the year under review, the business operation of the Group's automobile dealership associate in the United States steadily improved. For the year ended 31 December 2010, the Group's share of after tax profit of the associate was HK$13.9 million compared to an after tax loss of HK$13.7 million in 2009. Excluding the loss on fair value re-measurement of HK$19.4 million (2009: HK$28.0 million) in respect of the associate's Employee Stock Ownership Plan and Senior Stock Purchase Plan, the Group's share of after tax profit from the associate was HK$33.3 million (2009: HK$14.3 million). Attracted by the potentially huge car market in the People's Republic of China ("the PRC"), this associate has in recent years acquired interests in two automobile dealerships in Guangdong Province and these ventures have produced profits in the year under review. This associate will further expand its automobile dealership business in the PRC when good opportunities arise.

Others

For the year ended 31 December 2010, the Group's investments in securities recorded a profit of HK$58.0 million (2009: HK$52.4 million). Benefiting from the appreciation in its holdings of Australian currency, the Group recorded a net foreign exchange gain of HK$10.9 million in 2010 (2009: HK$15.6 million). The Group also recognised a foreign exchange gain of HK$11.5 million upon the return of investments from subsidiaries in Australia.

STAFF

As at 31 December 2010, the Group had a total staff of 953 (2009: 947). 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. Details of such policies will be published in the 2010 annual report.

OUTLOOK FOR 2011

Barring unforeseen circumstances, the Group expects consumer confidence and spending power in Hong Kong will remain positive in 2011. Such sentiment will be beneficial to the Group's retail business. However, rising operational costs due to inflation and a weak Hong Kong dollar will continue to be a concern for the Group's department store operations. The Group's investment properties in Hong Kong and Australia will continue to benefit from positive office demands. The Group's associate engaging in automobile dealership business is expected to continue to contribute profits to the Group.

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 financial year ended 31 December 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 year ended 31 December 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 year.

ANNUAL GENERAL MEETING

The 2011 Annual General Meeting of the Company will be held on 13 June 2011. The Notice of Annual General Meeting will be published and dispatched on or about 30 April 2011 in the manner as required by the Listing Rules.

PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE'S WEBSITE

The 2010 Annual Report containing all the information required by the Listing Rules will be published on the Stock Exchange's website in due course.

By Order of the Board
Karl C. Kwok
Chairman

Hong Kong, 29 March 2011

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.